

**PENGANA AXIOM INTERNATIONAL ETHICAL FUND**

**DESCRIPTION**

The Pengana Axiom International Ethical Fund invests in companies that are dynamically growing and changing for the better, more rapidly than generally expected and where the positive changes are not yet reflected in expectations or valuation.

The Global Equity Strategy seeks dynamic growth by concentrating its investments in global developed markets, and may also invest in companies located in emerging markets.

The investment manager is Axiom Investors, a Connecticut-based global equity fund manager formed in 1998 with over US\$19billion in assets under Management.

**STATISTICAL DATA**

VOLATILITY<sup>7</sup> 9.6%

NUMBER OF STOCKS 49

BETA (USING DAILY RETURNS)<sup>8</sup> 0.74

**PERFORMANCE TABLE**

NET PERFORMANCE FOR PERIODS ENDING 31 Oct 2021<sup>1</sup>

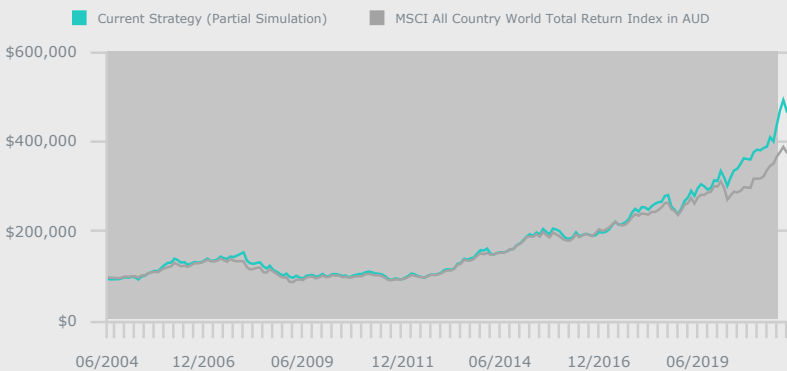
**Pengana Axiom International Ethical Fund**

The Class was established in 1 July 2017. From June 2021 Axiom was appointed as the investment manager for the Fund.

	1M	Since Axiom Appointed June 2021 <sup>1</sup>	1Y	3Y	Since Fund Inception July 2017 <sup>2</sup>	5Y	Since Strategy Inception July 2004 <sup>3</sup>
<b>Fund: APIR (HOW0002AU)<sup>1,2</sup></b> Managed by Axiom from June 2021	3.0%	20.8%	32.7%	20.1%	16.1%		
<b>Current Strategy (Partial Simulation)<sup>4</sup></b> Axiom Global Equity Strategy			34.4%	23.8%	20.7%	20.6%	9.5%
<b>Index<sup>5</sup></b>	1.1%	8.6%	28.3%	15.2%	14.0%	15.0%	8.0%

**PERFORMANCE CHART**

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



**TOP HOLDINGS (ALPHABETICALLY)**

Adobe Inc	Information Technology
Alphabet Inc	Communication Services
Amazon	Consumer Discretionary
Asml Holdings	Information Technology
Copart Inc	Industrials
Danaher	Health Care
Generac Holdings Inc	Industrials
Microsoft	Information Technology
ServiceNow Inc	Information Technology
Tesla Inc	Consumer Discretionary

**SECTOR BREAKDOWN**

Consumer Discretionary	17.6%
Consumer Staples	2.5%
Financials	3.1%
Health Care	12.2%
Industrials	11.1%
Information Technology	39.3%
Communication Services	13%
Cash	1.1%

**CAPITALISATION BREAKDOWN**

Under 5bn USD	1.8%
In between 5bn - 10bn USD	1.9%
In between 10bn - 50bn USD	20.5%
In between 50bn - 150bn USD	32.5%
In between 150bn - 500bn USD	19.5%
Above 500bn USD	22.7%
Cash	1.1%

**REGION BREAKDOWN**

North America	73.7%
Europe ex-UK	14.9%
Emerging Markets - Asia	3%
Japan	6.1%
Asia Pacific ex-Japan	1.1%
Cash	1.1%

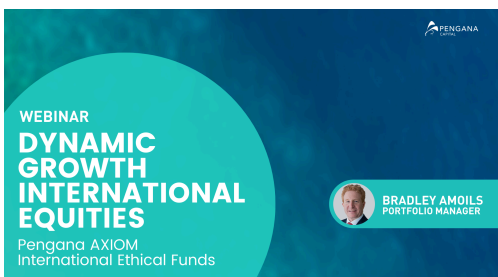
## A STRONG UNDERLYING LABOR MARKET AND PERSISTENT INFLATION

### COMMENTARY

During October 2021, the Pengana Axiom International Ethical Fund outperformed the benchmark with a return of 3.0% versus 1.1% for the MSCI All Country World Index (“Index”), in AUD terms.

The Fund outperformed in October largely due to security selection. While there was an underlying rotation to growth stocks in the market, other factors such as strong performance of energy and financial stocks offset their impact.

We have also included a recording of our recent investor webinar below.



With a strong underlying labour market and persistent inflation, market expectations for interest rates continued to rise and nearly reached year-to-date highs in October- as the ten-year US government bond yield rose to 1.74%. This narrative drove performance in value stocks for the early part of the month, however, the growth tenant of the US Federal Reserve Bank’s mandate came under scrutiny as third-quarter earnings reports told a story of lack of product availability and increasing challenges to profitability. Peak cycle concerns took hold and drove rates back down and market rotation to growth stocks.

At the stock level, Tesla and Generac were top performers over the month, while Moderna and Paypal were among the largest detractors. Tesla stood out as one of the only automotive companies in the world to procure enough components to deliver unit growth. They also continued to benefit from green policies and company-specific strategic actions such as partnering with Hertz. Moderna reacted negatively to headlines of strong efficacy of oral COVID therapeutics from Merck. As we’ve noted in the prior months, the Fund continued to reduce Moderna from the top overall holding to one of the smaller positions.

The Fund initiated a position in B2 rated Recruit Holdings in October. For a variety of reasons including COVID spikes, lack of childcare, and generous unemployment benefits, companies have struggled to find labor in the post-COVID world. Companies across the services and manufacturing industries have talked up both lack of labor availability and wage pressures. Recruit Holdings has a variety of technology and staffing businesses that assist employers in identifying the talent they need. Their key platform Indeed.com has the largest network of job seekers globally and has seen a significant step up in growth as employers increase spending to attract employees to their job postings. As a result, Recruit delivered a 16% revenue beat in their last quarter driven by Indeed and raised guidance significantly. Despite the guidance raise, the company’s forecasts leave room for both revenue and EBITDA upside. This supports the high returns rating. In addition, the company has several domestic digital consumer properties including dining reservations, real estate classified, automotive classified, and others. These provide the next level of upside to forecasts as a speedy deployment of vaccines in Japan drives a consumer recovery.

## FEATURES

APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 3.2769
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 388.24m
STRATEGY INCEPTION DATE	1 July 2004
BENCHMARK	MSCI All Country World Total Return Index (net, AUD)

## FUND MANAGERS



**Bradley Amoils**  
Managing Director/Portfolio Manager



**Andrew Jacobson**  
CEO/Chief Investment Officer

Prior to June 2021, the Axiom Global Equity Strategy performance (shown in the shaded area) includes the strategy performance simulated by Pengana from the monthly gross returns of the Axiom Global Equity strategy. This simulation was done by: 1) the conversion of US-denominated gross returns to AUD, 2) applying the fee structure of the stated class. The simulation does not include the Pengana ethical screen. From June 2021 the strategy performance is the performance of the Pengana Axiom International Ethical Fund.

1. Axiom was appointed fund manager as of 5 May 2021. June 2021 represents the first full month of Axiom managing the Fund.
2. Inception date 1 July 2017. Figures shown are calculated from the continuous performance of both the current and previous strategies. For performance see row labelled Fund: APIR (HOW0002AU) in the table above which is the continuous performance of both the current and previous strategies.
3. Axiom Global Equity Strategy inception 1 Jul 2004.
4. Prior to June 2021, the Axiom Global Equity Strategy performance (labeled 'Strategy (Partial Simulation)' and shown in the shaded area) includes the strategy performance simulated by Pengana from the monthly gross returns of the Axiom Global Equity strategy. This simulation was done by: 1) the conversion of US-denominated gross returns to AUD, 2) applying the fee structure of the stated class. The simulation does not include the Pengana ethical screen. From June 2021 the strategy performance is the performance of the Pengana Axiom International Ethical Fund.
5. MSCI All Country World Total Return Index in AUD.
6. Performance for periods greater than 12 months are annualised. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.
7. Annualised standard deviation since inception.
8. Relative to the MSCI All Country World Total Return Index in AUD.

\*For further information regarding fees please see the PDS available on our website.

## PENGANA AXIOM INTERNATIONAL ETHICAL FUND

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### PENGANA.COM

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