

## PENGANA AXIOM INTERNATIONAL ETHICAL FUND HEDGED

### DESCRIPTION

The Pengana Axiom International Ethical Fund (Hedged) 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\$19 billion in assets under Management.

### STATISTICAL DATA

VOLATILITY<sup>8</sup> 9.4%

NUMBER OF STOCKS 47

BETA<sup>9</sup> 0.76

### PERFORMANCE TABLE

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

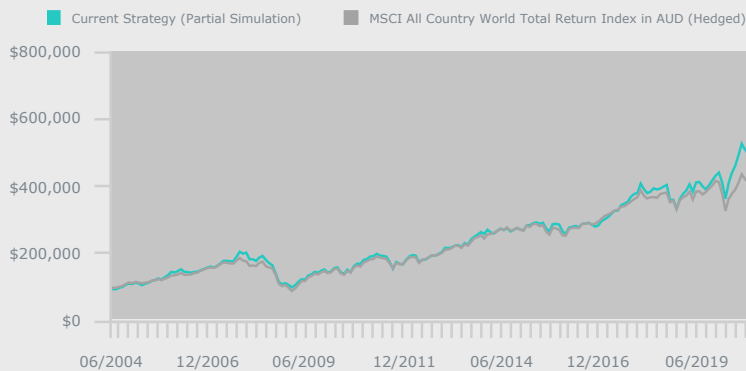
#### Pengana Axiom International Ethical Fund (Hedged)<sup>1</sup>

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	1Y	3Y	Since Fund Inception July 2017 <sup>3</sup>	5Y	Since Strategy Inception July 2004 <sup>4</sup>
<b>Fund: APIR (HHA0002AU)<sup>2,3</sup></b> Managed by Axiom from June 2021	-0.8%	15.3%	18.0%	18.3%	14.1%		
<b>Current Strategy (Partial Simulation)<sup>5</sup></b> Axiom Global Equity Strategy			21.5%	28.2%	18.4%	19.9%	11.8%
<b>Index (Hedged)<sup>6</sup></b>	3.6%	8.4%	20.1%	20.5%	13.4%	14.5%	10.6%

### 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
Danaher	Health Care
Estee Lauder Cos Inc	Consumer Staples
Microsoft	Information Technology
ServiceNow Inc	Information Technology
TE Connectivity	Information Technology
Tesla Inc	Consumer Discretionary

### SECTOR BREAKDOWN

Consumer Discretionary	18.8%
Consumer Staples	2.9%
Financials	4%
Health Care	13.2%
Industrials	11.2%
Information Technology	37.4%
Communication Services	11.2%
Cash	1.2%

### CAPITALISATION BREAKDOWN

Under 5bn USD	2.2%
In between 5bn - 10bn USD	1.6%
In between 10bn - 50bn USD	14.8%
In between 50bn - 150bn USD	30.2%
In between 150bn - 500bn USD	25.8%
Above 500bn USD	24.1%
Cash	1.2%

### REGION BREAKDOWN

North America	73.1%
Europe ex-UK	16.1%
Emerging Markets - Asia	2%
Japan	6.7%
Asia Pacific ex-Japan	0.9%
Cash	1.2%

## VALUE STOCKS SHOWED SOME RENEWED STRENGTH INTO YEAR-END

### COMMENTARY

During December 2021, the Pengana Axiom International Ethical Fund (Hedged) ("Fund") underperformed the benchmark, the MSCI All Country World Index (Hedged) ("Index"), in AUD terms.

The Fund underperformed as value stocks showed some renewed strength into year-end due to inflation concerns, continued strong global growth, and potential central bank tightening measures causing global interest rates to increase. There are also some early signs that these reflationary tailwinds will continue to hurt our dynamic growth names as these factors crest into the first half of 2022. Underperformance was driven by stock selection in information technology and underweight to interest-rate-sensitive financial. The Fund continues to be the most overweight information technology, consumer discretionary and communication services, and underweight financials, materials, and consumer staples.

At the stock level, **Adobe**, **Square** (now renamed **Block**), and **Sea** were significant detractors. Adobe reported in-line quarterly results that disappointed some investor expectations as their single application business saw less of a holiday sales boost compared to previous years. Initial forward guidance was also conservative, but we expect Adobe to surprise positively during the upcoming year driving high-single-digit potential earnings and FCF positive surprise. We have downgraded the stock to an A1 (from A2). **Estee Lauder**, **Atlas Copco**, and **Live Nation** were top performers. The travel sector and post-COVID reopening names recovered in December as cyclicals moved up.

We initiated a new position in the Denmark-based diabetic care franchise **Novo Nordisk** based on positive surprise potential from their new weight loss and Type 2 GLP products. Our forecasts are 7% and 12% respectively ahead of consensus expectations for FY2022 and FY2023 EPS.

We continued to reduce the positions in **Sea**, **Moderna**, and **RingCentral** while we added to more dynamic names **Tesla** and **TE Connectivity**. The transition to battery electric vehicles continued to show positive surprise particularly for deliveries of Tesla's Model 3 and Model Y cars. We also added to the position in **Recruit Holdings**, an online digital job posting site, that operates the Indeed digital recruiting platform in the US.

## FEATURES

APIR CODE	HHA0002AU
REDEMPTION PRICE	A\$ 3.1491
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 63.81m
STRATEGY INCEPTION DATE	1 July 2004
BENCHMARK	MSCI All Country World Total Return in AUD (Hedged)

## FUND MANAGERS



**Bradley Amoils**  
Managing Director/Portfolio Manager



**Andrew Jacobson**  
CEO/Chief Investment Officer

1. From 4 June 2021 the capital component of the foreign currency exposure for the Fund is hedged back to Australian dollars.
  2. Axiom was appointed fund manager as of 5 May 2021. June 2021 represents the first full month of Axiom managing the Fund.
  3. 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 (HHA0002AU) in the table above which is the continuous performance of both the current and previous strategies.
  4. Axiom Global Equity Strategy inception 1 Jul 2004.
  5. Prior to 1 June 2021, the Axiom Global Equity Strategy performance (labeled 'Current Strategy (Partial Simulation)' and shown in the shaded area) includes the strategy performance simulated by Pengana from the monthly gross USD returns of the Axiom Global Equity strategy. The Axiom Global Equity Strategy performance does not include the Pengana ethical screen
  6. Prior to 4 June 2021 hedged performance has been simulated by Pengana for both the Fund and Index. This was done by: 1) using 3 month rolling forwards to hedge movements in the AUD/USD spot rate, and 2) deducting the Pengana International Ethical Fund (Hedged) management fee of 1.35% p.a. from the Fund's performance.
  7. 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.
  8. Annualised standard deviation since inception.
  9. Relative to the MSCI All Country World Total Return in AUD (Hedged).
- \*For further information regarding fees please see the PDS available on our website.

## PENGANA AXIOM INTERNATIONAL ETHICAL FUND HEDGED

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### PENGANA.COM

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