

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

VOLATILITY⁷ 11.8%

NUMBER OF STOCKS 44

BETA⁸ 0.83

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2022¹

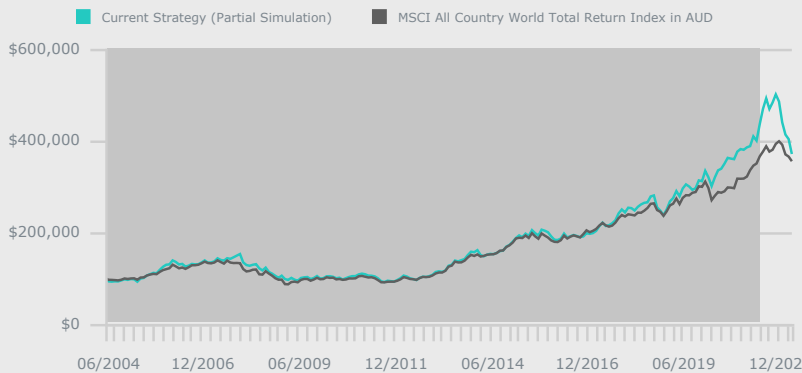
Pengana Axiom International Ethical Fund

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 ¹	1Y	3Y	Since Fund Inception July 2017 ²	5Y	Since Strategy Inception July 2004 ³
Fund: APIR (HOW002AU)^{1,2} Managed by Axiom from June 2021	-8.1%	-7.3%	-7.2%	6.9%	8.2%		
Current Strategy (Partial Simulation)⁴ Axiom Global Equity Strategy			-9.4%	8.5%	12.1%	11.7%	7.6%
Index⁵	-2.8%	1.4%	2.8%	9.1%	10.9%	10.6%	7.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon	Consumer Discretionary
Asml Holdings	Information Technology
Danaher	Health Care
Estee Lauder Cos Inc	Consumer Staples
Gartner Inc	Information Technology
Microsoft	Information Technology
ServiceNow Inc	Information Technology
TE Connectivity	Information Technology
Tesla Inc	Consumer Discretionary

SECTOR BREAKDOWN

Consumer Discretionary	17.3%
Consumer Staples	4.5%
Financials	6.2%
Health Care	12.1%
Industrials	10.6%
Information Technology	35.1%
Materials	1.9%
Real Estate	1.1%
Communication Services	8.3%
Cash	2.8%

CAPITALISATION BREAKDOWN

Under 5bn USD	3.4%
In between 5bn - 10bn USD	0.5%
In between 10bn - 50bn USD	21.6%
In between 50bn - 150bn USD	31.5%
In between 150bn - 500bn USD	18.4%
Above 500bn USD	21.9%
Cash	2.8%

REGION BREAKDOWN

North America	73.5%
Europe ex-UK	15%
Emerging Markets - Asia	1.5%
Japan	6%
Asia Pacific ex-Japan	1.2%
Cash	2.8%

AT THIS POINT IN THE ECONOMIC CYCLE (VIDEO UPDATE)

COMMENTARY

- Dual headwinds of accelerating inflation and slowing economic growth led the Pengana Axiom International Ethical Fund ("Fund") underperformed the benchmark, the MSCI All Country World Index ("Index"), in AUD terms, by 5.3%.
- During the month the fund trimmed exposure to Semiconductors which are exposed to the deteriorating economic environment, and exited our holding in Align Technology.
- The largest positional increase was to Novo Nordisk, supported by strong demand for their drug Ozempic.



The Fund's improved relative performance during the second half of March took a step back in April. This was largely due to the headwinds of accelerating inflation and slowing economic growth, and further exacerbated by China's Zero COVID policy which resulted in the lockdown of significant portions of the domestic population which slowed growth and intensified supply chain disruptions. Recession watchers have also been very concerned by the US yield curve with the closely watched 2- to 10-year curve oscillating between 0 and 40bps during April.

The Axiom process continues to focus on investing in dynamically growing businesses and for the most part, these businesses have continued to perform strongly, notwithstanding the current environment. We ultimately expect upward earnings revisions of our portfolio companies to be the factor that will drive outperformance at this point in the economic cycle. The Fund continues to be overweight in information technology, consumer discretionary, and industrials and underweight in financials, energy, and materials.

Turning to attribution, the underperformance occurred in the consumer discretionary, health care, and industrial sectors. **Tesla**, **Generac**, and **Alphabet** were the largest relative detractors. Tesla reversed its strong March performance due to a combination of production impacts from China's COVID lockdowns in Shanghai (site of Tesla's factory) and volatility related to founder/CEO Elon Musk's proposed acquisition of Twitter. **Gartner**, **Estee Lauder**, and **Novo Nordisk** were top relative performers in April. Gartner, a technology research and consulting firm continues to benefit from the digital transformation tailwinds in corporate IT spending. Their expert advice on IT solutions and products is a differentiator in the marketplace driving strong new customer growth and pricing trends across their core Research business.

We continued to reduce our exposure to semiconductors which are exposed to the deterioration in macroeconomic conditions. The Fund's largest trims during April were **AMD** and **STMicroelectronics**; both semiconductor companies have exposure to PCs and smartphones where demand has been slowing. Our biggest add was **Novo Nordisk**. In addition to very strong operating results near the end of the month, our tracking of prescription data indicated to us that key drug Ozempic continued to indicate strong, above consensus expectations trends.

We initiated one new position in April, **Prologis**. Prologis is the world's leading warehouse REIT. Global demand for distribution/fulfillment centres continues to grow strongly as companies continue to deal with pandemic-related supply-chain bottlenecks. In the most recent quarter, the key metrics we track, lease amounts and net effective rent change (in addition to the income statement), showed accelerating year-over-year trends, above consensus estimates. Average occupancy also continues to improve (97.5%).

We exited one name during the month, **Align Technology**. Align reported worse than expected March quarter results driven by impacts from COVID lockdowns in China, inflation-driven weaker consumer spending intentions, and the conflict in Ukraine/Russia. Comments from Management indicate that they expect these weak trends to continue in the medium term so we took the opportunity to deploy the capital into other, more defensive health care positions.

FEATURES	
APIR CODE	HOW0002AU
REDEMPTION PRICE	A\$ 2.4922
FEES *	Management Fee: 1.35% p.a
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 292.46m
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.

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PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com



PENGANA.COM

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