



Pengana Axiom International Ethical Fund

This report has been prepared for financial advisers only



Superior

August 2023

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

Currency of Reports

This Research Report is current as at the date on the report until it is replaced, updated or withdrawn. SQM Research reports are generally valid for a term of approximately 12 months but may be replaced, withdrawn or changed at any time as judged appropriate by SQM Research.

Star Rating*

Investment products are awarded a star rating out of a possible five stars and placed on the following website:
www.sqmresearch.com.au

Star Rating*	Description	Definition	
4½ stars and above	Outstanding	Highly suitable for inclusion on APLs <i>SQM Research believes the Fund has considerable potential to outperform over the medium-to-long term. Past returns have typically been quite strong. Product disclosure statement (PDS) compliance processes are of a high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.</i>	High Investment grade
4¼ stars	Superior	Suitable for inclusion on most APLs <i>SQM Research considers the Fund has substantial potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.</i>	High Investment grade
4 stars	Superior	Suitable for inclusion on most APLs <i>In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no corporate governance concerns. Management is of a high calibre.</i>	High Investment grade
3¾ stars	Favourable	Consider for APL inclusion <i>SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality. There are no corporate governance concerns, or they are of a minor nature.</i>	Approved
3½ stars	Acceptable	Consider for APL inclusion <i>In SQM Research's view, the potential for future outperformance in the medium-to-long term is somewhat uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and capable. SQM Research has identified weaknesses which need addressing in order to improve confidence in the Manager.</i>	Low Investment grade
3¼ stars	Caution Required	Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potential substandard. There are possible corporate governance concerns. Management quality is not of investment-grade standard.</i>	Unapproved
3 stars	Strong Caution Required	Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There may be some material corporate governance concerns. SQM Research has a number of concerns regarding management.</i>	Unapproved
Below 3 stars	Avoid or redeem	Not suitable for most APL inclusion	Unapproved

Event-driven Rating	Definition
Hold	<i>Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks.</i>
Withdrawn	<i>Rating no longer applies. Significant issues have arisen since the last report date. Investors should consider avoiding or redeeming units in the fund.</i>

* The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.

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Report Date: 30 August 2023

CONTENTS

Summary	2
Fund Summary	3
SQM Research's Review & Key Observations	3
Strengths of the Fund	5
Weaknesses of the Fund	5
Other Considerations	5
Key Changes Since the Last Review	5
Investment Process & Portfolio Construction	6
Investment Process Diagram	6
Process Description	6
Corporate Governance / Business Strategy	11
Key Counterparties	11
Parent Company	11
Investment Manager / Fund Manager	11
Responsible Entity	11
Management Risk	12
Funds under Management (FUM)	12
Management & People	13
Investment Team	13
Meeting Schedule	14
Staffing Changes	14
Remuneration and Incentives	14
Product Features - Fees, Redemption Policy	15
Management Fee	15
Performance Fee	15
Quantitative Analysis	16
Quantitative Insight	16
Return and Risk	19
Risk Constraints and Limits	21
Glossary	22

SQM Rating ★★★★★

Superior. Suitable for inclusion on most APLs.

Fund Description	
Fund Name	Pengana Axiom International Ethical Fund
APIR code	HOW0002AU
Asset Class	Equities
Management and Service Providers	
Fund Manager	Axiom Investors LLC
Responsible Entity	Pengana Capital Ltd
Fund Information	
Fund Inception Date	5-May-2021 (new strategy and investment manager)
Fund Size	\$311m
Return Objective (per PDS/IM)	To obtain returns greater than the MSCI All Country World Total Return Index (net, AUD) over the medium to long term.
Internal Return Objective	As per PDS
Risk Level (per PDS/IM)	High
Internal Risk Objective	Not Applicable
Benchmark	MSCI All Country World Total Return Index (net, AUD)
Number of stocks/positions	45-75 (typical)
Fund Leverage	None
Portfolio Turnover	32% (2022 calendar year)
Top 10 Holdings Weight	Approximately 35% - 40% typically
Investor Information	
Management Fee	1.35%
TCR (Total Cost Ratio)	1.35%
Buy Spread	0.15%
Sell Spread	0.15%
Performance Fee Rate	0.00%
Minimum Application	\$10,000
Redemption Policy	Daily
Distribution Frequency	Semi-Annual (June & December)
Investment Horizon	Five Years
Currency Hedging Policy	The Fund is unhedged. Pengana also offers a hedged version of the Fund, APIR code HHA0002AU.

Note: On the 5th of May 2021, Pengana appointed a new Investment Manager (Axiom Investors LLC) to manage this Fund. The Fund's name was changed from Pengana International Fund – Ethical to Pengana Axiom International Ethical Fund.

SUMMARY

Fund Summary

Description

The **Pengana Axiom International Ethical Fund (the "Fund")** is an ethically screened, actively managed portfolio of listed international equities with an investment objective to obtain a return greater than the MSCI All Country World Total Return Index (net, AUD) over the medium to long term. The Manager uses a negative screening process to remove non-ethical companies from its investment universe.

The Fund is structured as an open-ended unlisted, registered managed investment scheme.

Pengana also offers a HEDGED version of this Fund.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.00 stars	Superior	Suitable for inclusion on most APLs	High Investment Grade

Previous Rating: 4.00 stars (Issued August 2022)

SQM Research's Review & Key Observations

About the Manager

Pengana Capital Group ("Pengana") is a diversified fund management business offering investment strategies that aim to deliver superior long-term risk-adjusted returns to investors, with a focus on capital preservation. Now a publicly listed company (ASX Code: PCG), its business was established in 2003 with the founding of Pengana Capital Limited, a wholly-owned subsidiary and the responsible entity for the Fund. Pengana is headquartered in Sydney, with offices in Melbourne, Brisbane, and Perth. Pengana manages over \$3bn, as of the end of July 2023, across a range of international and Australian strategies, each run by a separate investment team with unique skills relevant to their investment class. The directors and staff currently own around 45% of the business.

Pengana has appointed Axiom Investors LLC ("Axiom") as the investment manager for the Fund. Axiom is a Connecticut-based global equity investment specialist founded in 1998 with over USD18bn in assets under management. It manages a variety of mostly global strategies that include small-cap, all-cap, and emerging markets equities. Axiom follows a dynamic growth philosophy and process that focuses on forward-looking

trends in a company's operations. The firm has been 100% employee-owned since its inception, and outside of extending the partnership to key contributors, there have been no changes to its ownership structure.

Investment Team

Axiom's 31-strong investment team includes 11 portfolio managers, 15 analysts, and five traders, together running ten strategies. The team is differentiated by the significant experience and tenure at Axiom of the majority of its members. The vast majority of Axiom's 26 partners, or equity owners, are from its investment team. All portfolio managers and six of its seven most senior analysts are equity owners.

The shared experience of team members suits the Manager's highly collaborative approach. All are located at one office in Greenwich, Connecticut. All analysts and portfolio managers meet formally on a daily basis. Portfolio management responsibilities are shared somewhat while maintaining personal responsibility for individual strategies. Lead Portfolio Manager for the Fund, Bradley Amoils, a 21-year veteran of Axiom, is supported by Co-Portfolio Manager Andrew Jacobson, who is also Axiom's CEO and Chief Investment Officer (CIO). Axiom's team of analysts include seven global sector analysts, who are industry specialists, and along with Axiom's supporting analysts, provide coverage for all of Axiom's strategies. Given the common process and the widely shared tenure, experience and ownership of Axiom, SQM Research views key-person risk as low.

1. Investment Philosophy and Process

Investable Universe

The Fund's investable universe includes developed and emerging markets companies that must meet certain size-related criteria depending on which of these markets they call home. Developed markets companies must have a minimum market capitalisation of USD250m, be covered by three or more sell-side brokerage analysts, and have a trading volume of over USD1m per day to be included in the investable universe. Emerging markets companies must have a minimum market capitalisation of USD1bn, be covered by three or more sell-side brokerage analysts, and have a trading volume of over USD5m per day. The Manager also employs a negative screening process to exclude non-ethical companies from its investable universe.

Philosophy / Process / Style

Axiom implements a highly differentiated fundamental, bottom-up, dynamic growth investment philosophy



consistently across the organisation. Axiom's dynamic growth philosophy can be characterised as the intersection of three key elements, positive change, sustainability of growth, and valuation, with the most important element being positive change. Rather than focusing on backward-looking financial metrics, Axiom's time is spent identifying forward-looking positive changes, accelerations, and inflections in an enterprise's key operational catalysts that could ultimately anticipate subsequent improvements in reported financial results or impact earnings projections over the medium-term, 12-36 months.

The Manager specifically looks for 10 to 12 key growth drivers for every investment option within five general categories: company, industry, secular, macroeconomic, and country. Buy candidates are those companies where the key drivers are exceeding investor expectations. Risk and return ratings are prepared for each company, which provide an essential signal for stock selection. While ratings translate directly into suggested weights within the portfolio, the lead portfolio manager has the final say for buys, sells, and position sizing.

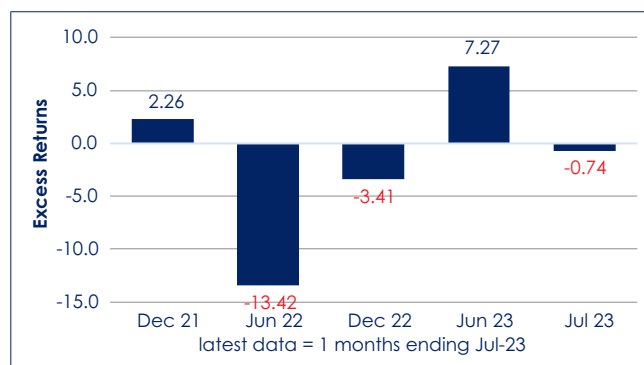
2. Performance & Risk

Return Objective

The return objective stated in the PDS is: "to obtain returns greater than the MSCI All Country World Total Return Index (net, AUD) ('Index') over the medium to long term."

The Fund's benchmark, as stated in the PDS, is the MSCI All Country World Total Return Index (net, AUD).

Fund Excess Returns %: Half-yearly (net of fees)



Length of Track Record

The Pengana Axiom International Ethical Fund has a relatively short history of 2.2 years. Observations and analysis of returns will have slight statistical meaning. SQM Research notes that returns, volatility, and other risk measures can be "noisy" and less reliable when quantified using a small sample size of observations.

Risk Objective

The Fund's PDS states that the risk level of the Fund is "High".

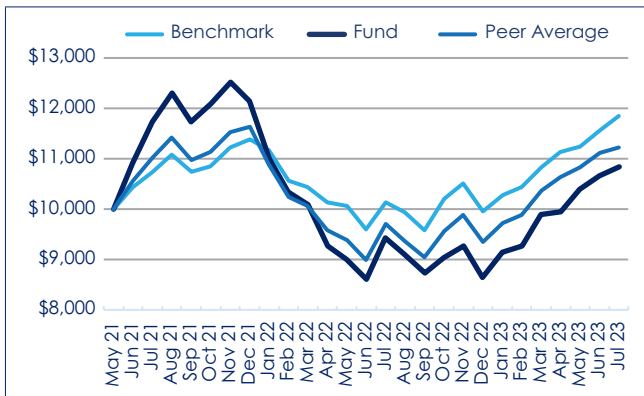
Fund Performance to 31 July 2023 (% p.a.)					
Total Return	1-Month	3-Month	6-Month	1-Year	Inception
Fund	1.66	8.87	18.36	14.78	3.76
Benchmark	2.40	6.41	15.24	16.92	8.13
Peer Average	0.90	5.53	15.45	15.32	5.29
Alpha	-0.74	2.46	3.11	-2.14	-4.37

With dividends reinvested. Returns beyond one year are annualised. Return history starts Jun-2021

Benchmark: MSCI ACWI NR AUD

SUMMARY

Growth of \$10,000



Strengths of the Fund

- A well-established (circa 20 years) institutional-grade investment manager employing a well-articulated investment process.
- Axiom's investment approach is highly systems and data-driven which promotes efficiency and lets the manager quickly incorporate relevant developments into investment appraisal and portfolio positioning.
- The investment team is experienced (PMs 25+ years, Analysts 20+ years), own the business, and co-invests alongside investors in the Funds they manage, resulting in a high level of investor alignment.
- Investment team stability is high, with an average tenure at Axiom of portfolio managers above ten years and global sector analysts above nine years.
- The investment manager has a long track record of successfully managing international equities.

Weaknesses of the Fund

- Despite the Manager's highly systems-driven approach, analyst resources, at seven global sector analysts plus six in support, could be said to be stretched too thin. They cover all of Axiom's investment strategies across developed and emerging markets.
- Company-level understanding may, at times, be relatively limited as a result.

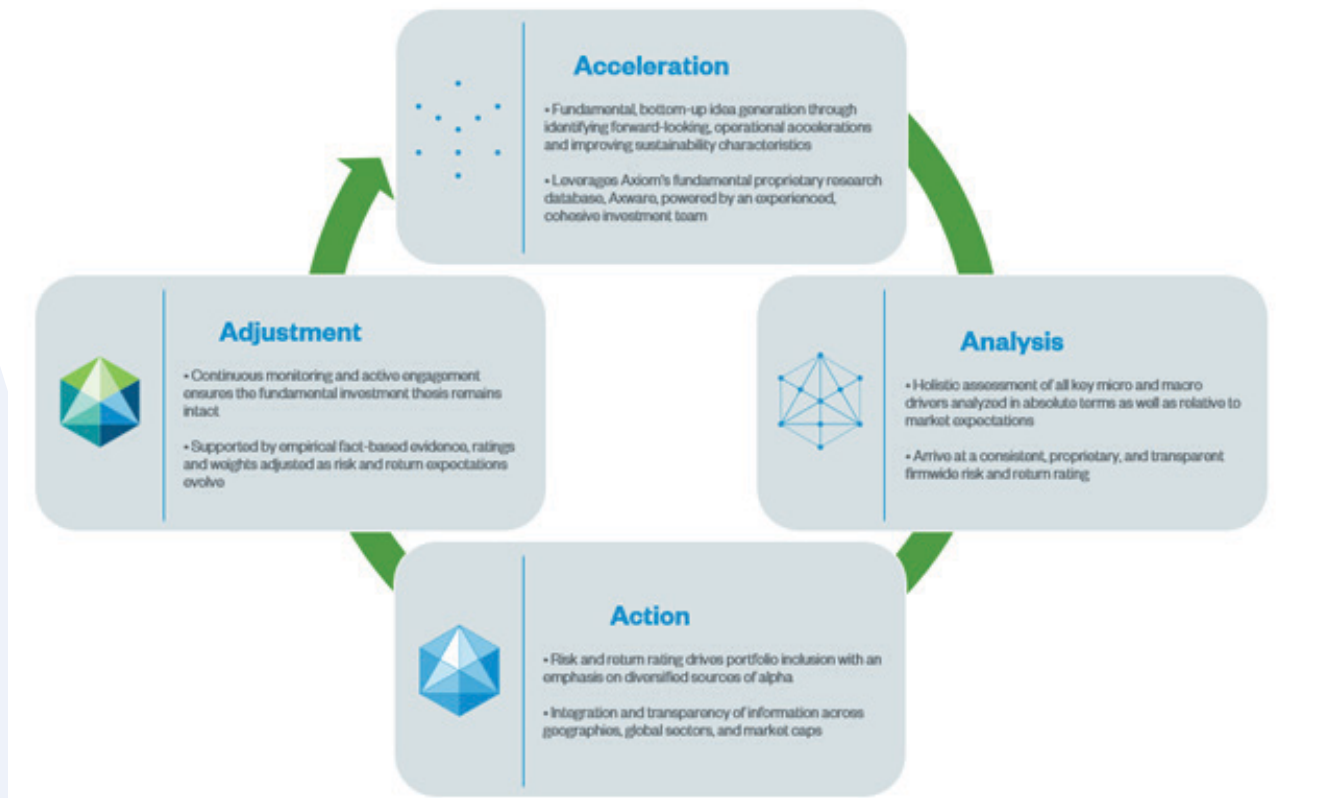
Other Considerations

- Pengana has a long and successful history of overseeing investment strategies, particularly with an ethical bias.
- The growth style of the Pengana Axiom International Ethical Fund will result in it underperforming at times, sometimes significantly.
- The ethical nature of the Fund, whereby a negative screen is applied to the broad investment universe to exclude stocks that do not meet ethical criteria, is reinforced by Axiom's integrated consideration of ESG factors, which has been part of its dynamic growth investment process since its inception in 1998.

Key Changes Since the Last Review

- No changes to the investment process since the previous review
- The Buy/Sell spread for the Fund of 0.15% was reduced from 0.30% at the time of our last review

Investment Process Diagram



Process Description

Investment Process

Research and Portfolio Construction Process

Idea Generation

The Manager characterises idea generation for the Fund as forward-looking. It constantly searches for companies that are dynamically growing and changing for the better and doing so more rapidly than generally expected. It does this by reviewing all available information, including news items, sell-side analyst reports and data, and information gleaned from meetings with companies. Most of Axiom's new ideas are identified based on specific positive fundamental developments in a company's operations. The Manager seeks to efficiently capture all relevant information in Axiware, Axiom's proprietary database, from where data analysis may generate additional ideas.

Screening

Apart from screening based on ethical considerations discussed below, Axiom does not use conventional screening or quantitative tools to focus its research efforts at the front end of its process. Rather, its data-intensive process, which focuses on collecting, synthesising, and calibrating operational data in a bespoke manner and on an ongoing basis, could be said to be constantly screening the investment universe. From consistent tracking of key operational data points, the Manager seeks to identify potential dynamic growth gaps where consensus expectations lag recent developments, allowing it to focus its research on the best opportunities.

Investment Process

Research and Portfolio Construction Process

...continued

Ethical Screening

The Fund applies an ethical filter to its investment universe. It aims to avoid investment in companies that derive significant operating revenues from direct and material business involvement in activities that are unnecessarily harmful to people, animals, or the environment. Pengana has composed a list of these activities, which include:

- Alcohol
- Adult content
- Non-regulatory animal testing
- Fossil fuels (GICS 101020)
- Gambling
- Genetically modified organisms (GMO) in agriculture
- Human rights abuses and exploitation
- Mining (GICS 151040)
- Nuclear
- Palm oil production
- Securities from issuers on the UN sanctions list
- Tobacco
- Weapons

Research

Axiom looks for companies that it forecasts will grow more rapidly than generally expected by the market and, as such, where forecast growth is yet to be reflected in share prices. It labels this difference between its view and market expectations, as reflected in consensus forecasts, a 'dynamic gap.' Axiom's approach to research is highly systems and data-driven. It focuses on identifying and collecting relevant data, which it then seeks to incorporate into its assessments of individual stocks and portfolio positioning, all in a timely manner.

When researching a company, Axiom looks to identify forward-looking positive change, accelerations, and inflections in a business's key operations, which it believes will lead to subsequent improvements in reported financial results or earnings projections over the next 12-36 months. It specifically looks for 10 to 12 key growth drivers for every investment option within five general categories: company, industry, secular, macroeconomic, and country. Buy candidates are those companies where the key drivers are exceeding investor expectations. By explicitly defining the fundamental drivers of its investment thesis, the Manager can rapidly identify relevant data that it can incorporate into its company assessments on a real-time basis to ensure the thesis remains intact. Meetings with companies are another form of data collection employed by the Manager and are used mainly to challenge investment theses.

Investment Process

Research and Portfolio Construction Process

...continued

A key tool Axiom employs in its data collection and processing tasks is its proprietary database, which it calls Axware. Rather than a quantitative model, the Manager refers to Axware as a dynamic research data warehouse, where it can collect, evaluate, and synthesise fundamental data, enabling it to make time-critical portfolio decisions. It is central to the Manager's research and portfolio management processes, and a key element of the research team's daily routine is gathering and manually storing relevant data in Axware.

Once an analyst has identified a new company idea that meets the necessary investment criteria and has conducted a certain level of fundamental research, the idea is presented to the entire investment team at its daily new ideas meeting. Research to this point considers consensus expectations as well as the most recent actual data relating to the key business drivers the analyst has specified for the company. If the company is then considered a potential investment, a fundamental risk/return rating grid is prepared. This applies a risk rating, from A to E, to a company based on a range of factors, including enterprise characteristics (market cap, liquidity, competitive position, etc.), financial soundness (net debt/equity, profit consistency, FCF, etc.), ESG factors (social/environmental risks, incentive alignment, management depth/reputation, etc.), and statistical factors (beta/share price volatility, shareholder profile, etc.). A return rating from 0 to 3 is also applied based on the size of the perceived dynamic gap. A return rating of 3 is applied to companies whose dynamic gap is thought to be 20% or more.

In addition to the ethical screening outlined above, the Fund's ethical focus also results from Axiom's integrated consideration of ESG factors, which has been part of its dynamic growth investment process since its inception in 1998. Axiom believes that ESG factors are material to both achieving investment outperformance and managing investment risk, and ESG data points are among the broad array of information it collects and synthesises within Axware. It believes that significant investment opportunities arise when companies improve their ESG characteristics. To advance favourable outcomes, the investment team incorporates ESG considerations into its regular engagement with company management.

Stock Selection

The most attractive companies will have positive fundamental changes occurring in their earnings growth, creating natural compounding performance tailwinds and an attractive valuation providing both upside potential and risk control benefits. These qualities will be reflected in the risk and return ratings prepared for each company, which provide an essential signal for stock selection.

Risk ratings partly reflect competitive strength and other quality factors. In the Manager's words, companies rated A or B would represent 'global champions,' C's 'strong niche businesses', and D's and E's either smaller companies in a developed market or emerging market companies. Stock selection favours the best-positioned companies with the highest return rating.

Portfolio Construction

The portfolio management team is responsible for translating risk and return ratings into a high-conviction portfolio of companies emphasising diversified sources of alpha. The aim is to build high-active share portfolios with high upside participation and downside protection. While ratings translate directly into suggested weights within the portfolio, with the maximum being 5% at purchase, the lead portfolio manager has the final say for buys, sells, and position sizing. The Manager largely disregards the benchmark when selecting stocks or building the portfolio, though Fund performance over the medium to long term does aim to exceed that of the MSCI All Country World Index (Total Return Net in AUD).

Investment Process

Research and Portfolio Construction Process

...continued

Lead and co-portfolio managers meet at least daily to review portfolio positioning and discuss company developments. The Axware database plays a key role in this task, enabling the Manager to quickly incorporate relevant data into its company risk and return ratings and ensure that suggested portfolio weightings reflect the latest information. Axware also communicates updates on portfolio holdings to all relevant users (portfolio managers and other analysts) in real time.

Axiom's trading desk is staffed 24 hours a day, six days a week, to live-trade, real-time in local markets worldwide. Trading costs are monitored daily, and Axiom actively engages with brokers in its efforts to achieve best execution.

Sell Discipline

Axiom's sell discipline is based on the same fundamental analysis it performs to identify buy candidates. If the dynamic growth opportunities of a particular holding are falling short of expectations, it becomes a sell candidate. In addition, if the price of a stock appreciates to a point where the business results are effectively priced into the position or the majority of the upside potential has been achieved, then the Manager will reallocate to a new idea. Alternatively, if a stock the Manager continues to like has appreciated significantly and remains a viable investment, it will reduce the position size for diversification purposes. Finally, while the process does not use stop-loss limits, portfolio managers are constantly monitoring portfolio holdings and challenging themselves to find the best possible investment opportunities for the portfolio.

Risk Management

Risk is managed in part through diversification. The portfolio comprises 45-75 stocks with limits on individual stock size, industry exposure and geographic exposure. Tracking error is not considered due to the benchmark unaware nature of the fund. Volatility, drawdown and related risk measures are monitored at the individual stock and overall portfolio levels, though targets for these are not specified.

Risk is also managed through Axiom's research process, which favours stocks with relatively strong downside protection. Its assessment of a company's return potential also considers various associated risks. A company's risk rating is integral in determining its suggested position size in the portfolio, and companies' risk/return ratings are continuously updated to reflect the latest information and help ensure the portfolio retains the desired risk/return profile. Axiom believes its focus on positive change and future earnings not only allows it to identify potential positive earnings surprises but also potential negative earnings events. Macroeconomic developments are monitored, in around 100 countries, not to serve as a primary driver of portfolio positioning but more to help the Manager understand potential risks and opportunities. The Manager more views macroeconomic factors as providing potential headwinds or tailwinds to its investment theses.

Axiom uses various systems to monitor and manage risk. Apart from its Axware database, Axiom uses the Eze Compliance module as its compliance engine and Bloomberg PORT. Among its functions, Eze Compliance houses all investment management guidelines for sub-accounts assists with pre-trade compliance and generates a variety of end-of-day reports used in risk management. Bloomberg and Eze provide real-time portfolio analytic data to the investment teams, including information on sources of excess return, VAR, tracking error, and portfolio stress testing.

Investment Process**Research
and Portfolio
Construction
Process***...continued***Portfolio Characteristics****Portfolio Biases**

At the time of our review, the average market capitalisation of portfolio companies was more than 10 times that of the average for benchmark companies. A substantial large cap bias can be considered typical, largely because the process favours higher-quality growth companies.

Portfolio Turnover

Axiom was appointed Investment Manager of the Fund late in the 2020/21 financial year. Fund turnover was 40% in the 2021/22 financial year to the end of June 2022 and 32% in the 2022 calendar year. The three-year average annual turnover for the Axiom Global Equity Strategy, the approach Axiom employs to manage this Fund, is typically between 50% and 60%, which could be expected for the Fund in the future.

Liquidity

The Manager is aware of liquidity risks, imposing minimum size, sell-side broker coverage and trading volume limits for companies to be eligible for purchase. The minimums are higher for emerging markets companies. The liquidity of individual positions and the overall portfolio are monitored daily to ensure they are commensurate with the Fund's mandate and objective.

Daily redemption is available for Fund investors.

Leverage

This Fund does not employ direct leverage (through borrowing by the Fund) **or** economic leverage (through the use of derivatives).

Key Counterparties



Parent Company

Pengana Capital Group ("Pengana") is a diversified fund management business offering investment strategies that aim to deliver superior long-term risk-adjusted returns to investors, with a focus on capital preservation. Now a publicly listed company (ASX Code: PCG), its business was established in 2003 with the founding of Pengana Capital Limited, a wholly-owned subsidiary and the responsible entity for the Fund. Pengana is headquartered in Sydney, with offices in Melbourne, Brisbane, and Perth. Pengana manages over \$3bn, as of the end of July 2023, across a range of international and Australian strategies, each run by a separate investment team with unique skills relevant to their investment class. The directors and staff currently own around 45% of the business.

In its capacity as the responsible entity of the Fund (through Pengana Capital Limited), Pengana is responsible for all aspects of operating the Fund, including administration of the assets, overall investment policy and investment selection. Pengana also provides a range of distribution, marketing, compliance and client service functions associated with the Fund.

Investment Manager / Fund Manager

Pengana has appointed Axiom Investors LLC ("Axiom") as the investment manager for the Fund. Axiom is a Connecticut-based global equity investment specialist founded in 1998 with over USD18bn in assets under management. It manages a variety of mostly global strategies that include small-cap, all-cap, and emerging markets equities. Axiom follows a dynamic growth philosophy and process that focuses on forward-looking trends in a company's operations. The firm has been 100% employee-owned since its inception, and outside of extending the partnership to key contributors, there have been no changes to its ownership structure.

Governance

Responsible Entity

The Board of Directors of the Responsible Entity (Pengana Capital Limited) consists of **3** directors, **none** of whom are independent. SQM Research prefers the inclusion of independent members on the Board of Directors – it is a meaningful way to enhance governance and oversight. Board members have an average of **32** years of industry experience.

The Responsible Entity's **Compliance Committee** is composed of **3** members, **2** of whom are independent. The Chair **is** independent. SQM Research views independence in a RE oversight body such as the Compliance Committee as a strong and favourable factor in Fund governance. Compliance Committee members have an average of **37** years of industry experience.

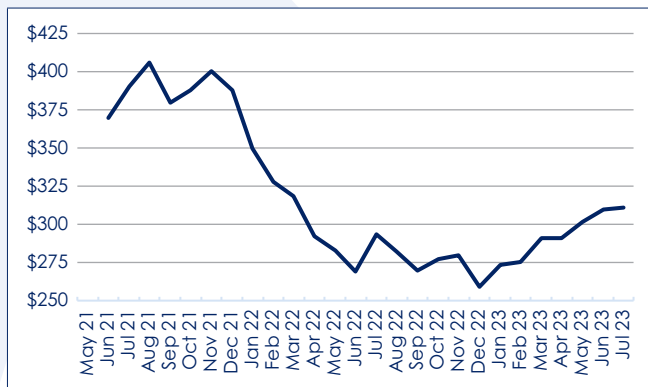
Management Risk

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the responsible entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are appropriately qualified to carry out their assigned responsibilities. Management risk is rated as modest.

Funds under Management (FUM)

FUM for Fund under Review (\$mill)



Distributions

The Manager has a policy to make distributions semi-annually, subject to the availability of distributable income. In a scenario where the Fund's realised losses and expenses exceed income in a distribution period, the Fund may elect not to make a distribution during that time. No distributions have occurred since December 2021.

Distribution Date	Distribution CPU
Jun-21	5.30
Dec-21	3.00

Name	Responsibility / Position	Location	Years at Firm	Years in Industry	Qualifications
Bradley Amoils	Managing Director/ Portfolio Manager	Greenwich, CT	21	33	B.Sc., M.B.A.
Andrew Jacobson, CFA	CEO/Chief Investment Officer	Greenwich, CT	25	36	A.B., M.B.A., CFA
Jonathan Ellis, CFA	Director of Research/ Portfolio Manager	Greenwich, CT	12	26	B.A., M.B.A., CFA
Carl Brown	Vice President/Research Analyst - Health Care	Greenwich, CT	7	30	B.A., M.B.A.
Anna Browning, CFA	Research Analyst - Industrials & Materials	Greenwich, CT	4	21	B.A, CFA
Steven Espinosa, CFA	Research Analyst - Information Technology & Communication	Greenwich, CT	10	24	B.S., M.B.A., CFA
Tyler Gaylord	Vice President/ Research Analyst - Financials	Greenwich, CT	11	22	B.S., M.B.A.
Alexander Harrison	Research Analyst - Consumer	Greenwich, CT	9	24	B.S., M.B.A.
Alexis Kokolis, CFA	Research Analyst - Consumer	Greenwich, CT	8	19	B.B.A., B.A., M.B.A, CFA
David Schneider, CFA	Vice President/Research Analyst - Information Technology & Energy	Greenwich, CT	17	20	B.S., CFA

Investment Team

Axiom's 31-strong investment team includes 11 portfolio managers, 15 analysts, and five traders, together running ten strategies. The team is differentiated by the significant experience and tenure at Axiom of the majority of its members. The average industry experience of portfolio managers is more than 25 years, and the average time they have been with Axiom exceeds ten years. The analyst team includes a Director of Research, seven global sector analysts, and eight generalist or supporting analysts and associates. The average industry experience for the Director of Research and global sector analysts exceeds 20 years, and the average time they have been with Axiom is more than nine years. All portfolio managers, the Chief Investment Officer (CIO), the Director of Research, six global sector analysts and three traders are among Axiom's 26 partners or equity owners.

The shared experience of team members suits the Manager's highly collaborative approach. All are located at one office in Greenwich, Connecticut. All analysts and portfolio managers meet formally on a daily basis for a research meeting where developments related to portfolio holdings are raised for open discussion. Team members also meet informally throughout the day to discuss developments relating to the Portfolio.

Portfolio management responsibilities are shared somewhat while maintaining personal responsibility for individual strategies. The Lead Portfolio Manager for the Fund is Bradley Amoils, a 21-year veteran of Axiom and its Managing Director. He is supported by Co-Portfolio Manager Andrew Jacobson, a founder of Axiom and its CEO, Chief Investment Officer (CIO) and majority shareholder. Bradley Amoils also serves as co-portfolio manager for other of Axiom's strategies, including a concentrated global strategy.

Global sector analysts are industry specialists and, along with Axiom's supporting analysts, provide coverage for all strategies across developed and emerging markets, from large to microcap companies. Each typically maintains detailed research on 15–20 portfolio companies and an additional 20–30 companies, which may be future portfolio companies.

Given the common process and the widely shared tenure, experience and ownership of Axiom, SQM Research views key-person risk as low.

Meeting Schedule

The table below shows regular meetings that form an essential part of the overall process.

Meeting	Agenda	Frequency	Participants
Daily	Review daily developments, performance/trading, sector specific data points and worldwide trends at macro, country, and sector levels and discuss company-specific news	Daily	Investment Team
Daily	Discuss further any necessary items from the morning investment team meeting	Daily	Strategy PM teams and dedicated portfolio analyst/associate
Portfolio management	Formally present new idea(s) to the entire investment team	Weekly	Investment Team
Portfolio management	Sector reviews (one sector per week) Evaluate current sector specific trends/risks, determine whether current portfolio positioning or specific trends/risks, determine whether current portfolio positioning remains appropriate, review any ideas that have been presented but not yet purchased.	Weekly	Portfolio managers, Strategy research analysts/associates, Global sector analysts
Portfolio management	Earnings previews and reviews Reevaluate the current rating, earnings upside potential, update the price target and recommend any warranted action in position size.	Quarterly	Portfolio managers
Portfolio management	Portfolio reviews Evaluate portfolio construction, attribution and client outcomes; detailed review of portfolio risk.	Quarterly	PM team and dedicated portfolio analyst/associate
Risk	Discuss factor & style risk and attribution analysis	Monthly	Risk Team
Stock	Discussions on existing and new opportunities/ ideas	Continuous	Investment Team

SQM Research believes the practice of constant communication and the broad-based inclusion of team members in decision-making is a vital ingredient to the success of the process. Interactive peer review and collaboration across a tightly knit group of experienced investors will likely make the best use of their combined intellectual property and shared history.

Staffing Changes

There have been no material staff changes among Axiom's investment team or leadership in the last three years.

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Remuneration and Incentives

Compensation for portfolio managers comprises a base salary, equity partnership (100% of portfolio managers are partners), and a bonus tied to the investment performance of the funds they manage. A percentage of the bonus is in the form of deferred compensation on a vesting schedule. In addition, Axiom's portfolio managers have a mandatory investment in the strategies they manage that are 100% vested after five years.

Compensation for Axiom's analysts comprises a base salary, equity partnership (if applicable), and a bonus. Three components considered when awarding analyst bonuses are firm performance, sector value added, and other qualitative factors. A percentage of the analysts' discretionary bonus comes as deferred compensation on a vesting schedule. Axiom is committed to providing a pathway for senior analysts to become partners of the firm and share in the long-term development of the business, which further aligns interests and best practices.

Significant personal investment in the portfolios they manage also helps align the interests of investment team members with those of Fund investors. As of the end of June 2023, Axiom employees collectively have over USD130m of their assets invested alongside Axiom clients.

SQM Research believes remuneration in the form of firm equity and client-focused performance bonuses act as strong incentives for optimising staff engagement, retention, and productivity. The intention (and SQM believes the effect) is to align staff performance with client and shareholder objectives. It focuses on the customers' needs and medium to long-term results.

Fees and Costs	Fund	Peer Avg
Management Fee % p.a.	1.35%	0.98%
Expense Recovery/Other Costs % p.a.	–	–
Performance Fee %	–	15.00%
Total Cost Ratio TCR % p.a.	1.35%	1.01%
Buy Spread %*	0.15%	0.15%
Sell Spread %*	0.15%	0.15%

* This spread is the difference between the Fund's application price and withdrawal price and reflects transaction costs relating to the underlying assets.

Management Fee

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC).

Performance Fee

The Fund does not charge a performance fee

SQM Research observes that:

- *The Fund management fee is 1.35% p.a., which is 37 basis points higher than the peer group average of 0.98% p.a.*
- *The Total Cost Ratio (TCR) is 1.35% p.a., which is 34 basis points higher than the peer group average of 1.01% p.a.*
- *The Buy/Sell spread of 0.15% was reduced from 0.30% at the time of our last review and is now in line with the peer group average of 0.15%*

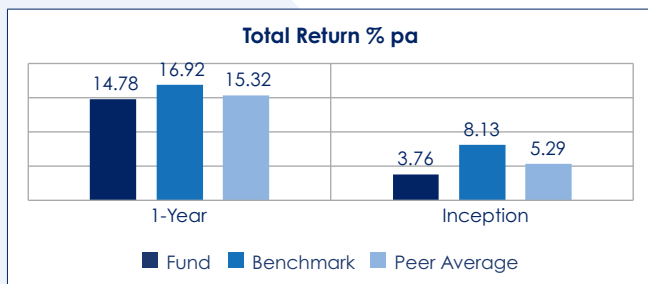
Risk/Return Data to 31 July 2023					
Total Return	1-Month	3-Month	6-Month	1-Year	Inception
Fund	1.66	8.87	18.36	14.78	3.76
Benchmark	2.40	6.41	15.24	16.92	8.13
Peer Average	0.90	5.53	15.45	15.32	5.29
Alpha	-0.74	2.46	3.11	-2.14	-4.37
Metrics				1-Year	Inception
Tracking Error (% p.a.) - Fund				7.37	10.49
Tracking Error (% p.a.) - Peer Average				6.14	6.99
Information Ratio - Fund				-0.29	-0.42
Information Ratio - Peer Average				-0.55	-0.22
Sharpe Ratio - Fund				0.81	0.12
Sharpe Ratio - Peer Average				0.88	0.25
Volatility - Fund (% p.a.)				14.31	18.75
Volatility - Peer Average (% p.a.)				13.53	15.37
Volatility - Benchmark (% p.a.)				11.54	11.70
Beta based on stated Benchmark				1.06	1.38

Distributions reinvested. Returns beyond one year are annualised. Return history starts Jun-2021
 Benchmark: MSCI ACWI NR AUD

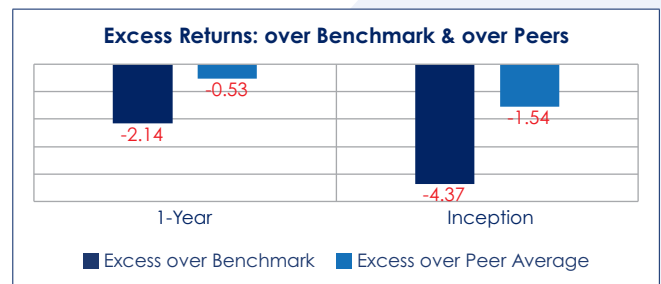
Quantitative Insight¹

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for **periods ending Jul-2023**.

Returns



Excess Returns (Alpha)

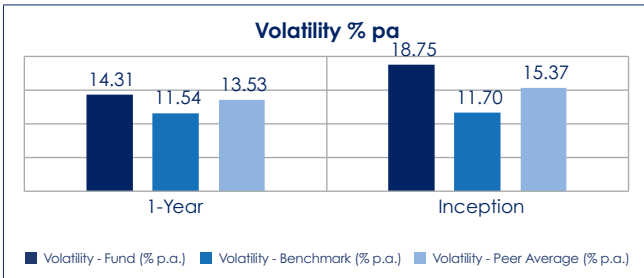


The Fund has displayed weak performance across the periods shown above when compared with benchmark and peers. These results are not surprising given the strategy’s dynamic growth investment style.

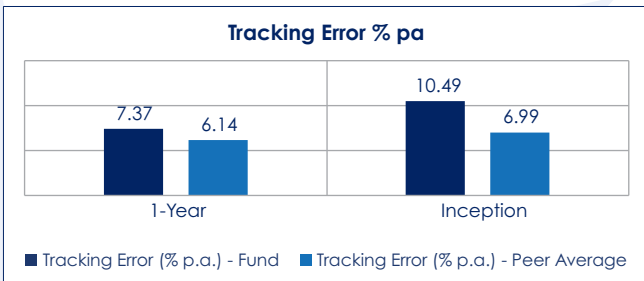
The **return outcomes** as described above are below the PDS objective and consistent with SQM’s expectations for the Fund relative to its fee level and volatility.

¹ Note: Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

Risk



The Fund's **volatility** (annualised standard deviation of monthly returns) has tended to be higher than benchmark and peers.



The Fund's **tracking error** (annualised standard deviation of monthly **excess** returns) has tended to be higher than peers.

The **risk outcomes** as described above regarding volatility and tracking error are consistent with the PDS statements about risk and are in line with SQM's expectations for this Fund.

Drawdowns

Drawdown Summary			
Drawdown Size (peak-to-trough)			
	Fund	Bench	Peers
Average	-17.96%	-9.45%	-14.76%
Number	2	2	2
Smallest	-4.69%	-3.00%	-6.26%
Largest	-31.23%	-15.90%	-23.27%
Length of Drawdown (in months)			
	Fund	Bench	Peers
Average	3.0	10.5	12.1

Length of Drawdown = time from peak to trough and back to the previous peak level

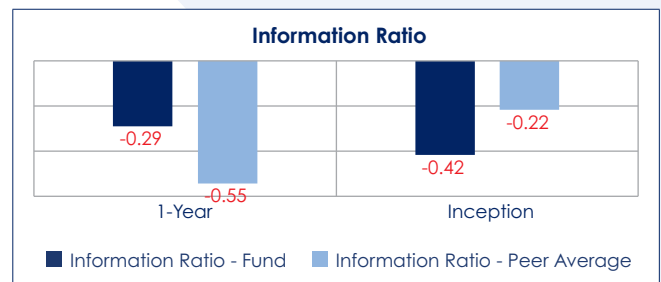
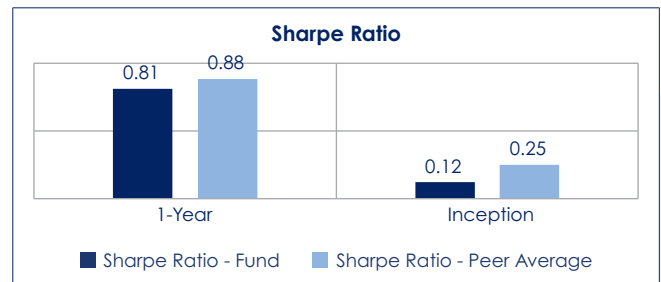
Average drawdowns have been substantially worse than the benchmark and modestly worse than the peer average.

Upside/Downside Capture

	Downside Capture	Upside Capture
	Inception	Inception
Fund	172.2%	131.1%
Peer Average	137.1%	113.4%

for a cash benchmark, downside capture is not valid

Risk-Adjusted Returns



The Fund's risk-adjusted returns (as measured by Sharpe and Information ratios) have been modestly worse than the peer average.

Correlation of Fund to Asset Classes

Market	Inception	Market Indexes
Aust Bonds	+64.4%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+51.4%	S&P/ASX 300 TR
Global Bonds	+76.5%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+86.8%	MSCI World Ex Australia NR AUD

Correlation Key

Low	High	Description
0%	20%	low, weak
20%	40%	modest, moderate
40%	70%	significant, material
70%	90%	strong, high
90%	100%	substantial

Tail Risk

*(The analysis in the table below looks at the **tail risk performance relationship of the Fund to the ASX300**, a practice that SQM has set as common across asset classes in Fund reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class **risk** regarding **size** and **volatility** is to Australian equities. Exploring that relationship is useful regardless of the asset class of the Fund itself, as it is helpful to understand how a Fund has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)*

The table below details the **largest negative monthly returns** for the ASX 300 **since the inception of the Fund**. This is compared to the Fund's performance over the same months.

Extreme Market Returns vs Fund Return Same Month				
Index: S&P/ASX 300 TR		From Jun-21 to Jul-23		
Rank	Date	Market	Fund	Difference
1	Jun-22	-8.97%	-4.43%	+4.54%
2	Jan-22	-6.45%	-9.37%	-2.92%
3	Sep-22	-6.29%	-3.92%	+2.38%
4	Dec-22	-3.29%	-6.85%	-3.55%
5	May-22	-2.76%	-2.82%	-0.06%
6	Feb-23	-2.55%	+1.31%	+3.85%
7	May-23	-2.53%	+4.47%	+7.00%
8	Sep-21	-1.89%	-4.69%	-2.80%
9	Apr-22	-0.84%	-8.06%	-7.22%
10	Nov-21	-0.53%	+3.66%	+4.19%
Totals		-36.10%	-30.69%	+5.41%

			No. of Months
Correlation	+36.9%	Positive Return	3
Capture	+85.0%	Outperform	5

Tail Risk Observations:

The data in the table above indicate that the Fund displays low **defensive characteristics** in the face of extreme Australian equity tail risk.

Snail Trail

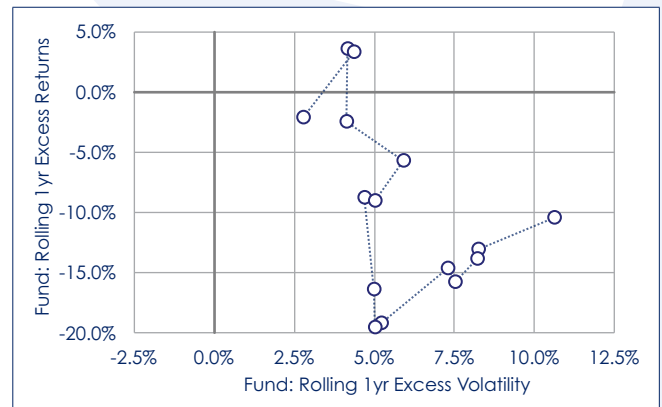
The snail trail chart and tables below show the combination of the Fund's rolling 1-year excess returns and volatility.

There are 15 observations in total.

The two tables below display the distribution of these observations and their overall frequency across the risk/return quadrants.

Snail Trail Distribution			
Frequency	Lo-Vol	Hi-Vol	Total
Hi-Return	0	2	2
Lo-Return	0	13	13
Total	0	15	15

15 rolling 1-year observations			
% of Total	Lo-Vol	Hi-Vol	Total
Hi-Return	0.0%	13.3%	13.3%
Lo-Return	0.0%	86.7%	86.7%
Total	0.0%	100.0%	100.0%



In assessing a snail trail it is important to note the following:

Q1 upper left-hand quadrant - higher return than the Fund's market index with lower volatility (less risk). This is the optimal position.

Q2 upper right-hand quadrant - higher return than the Fund's market index with higher volatility (more risk). This can often be a desirable position depending on the attractiveness of the Sharpe ratios produced in this zone. It is important to note that in the case of inflation or cash-style benchmarks, the Q1 top left-hand quadrant is unachievable as it is not possible to deliver lower volatility than what is virtually zero for the benchmark. In such cases, the Q2 zone is the optimal position.

Q3 lower left-hand quadrant - lower return than the Fund's market index with lower volatility (less risk). Less than ideal, and Sharpe ratios can assist in assessing the risk/return trade-off in this zone.

Q4 lower right-hand quadrant - lower return than the Fund's market index with higher volatility (more risk). The least desirable outcome.

Consistency

The more "bunched together" the cluster of dots, the more consistent is the performance. A second indicator of consistency is the trail's nomadic nature. Trails that roam across multiple quadrants over time are indicating **low consistency** in the Fund's risk-return profile. The quadrant that **contains the bulk** of the Fund's snail trail is likely to be more representative of the Fund's risk/return characteristics and identity.

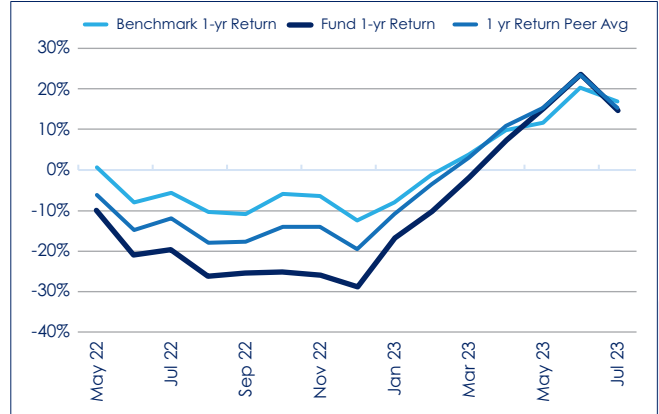
Annual Returns

Year	Fund	Benchmark	Peer Avg	vs. Bench	vs. Peers
2022	-28.82	-12.48	-19.59	-16.34	-9.22
Jul-23	+25.39	+18.86	+19.86	+6.53	+5.54

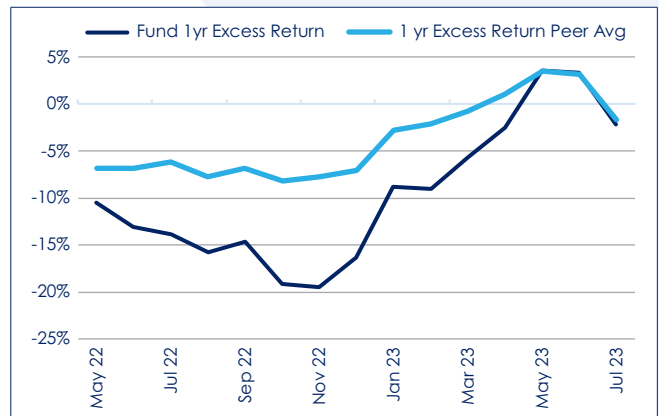
2023 data = 7 months ending Jul-23

Return and Risk

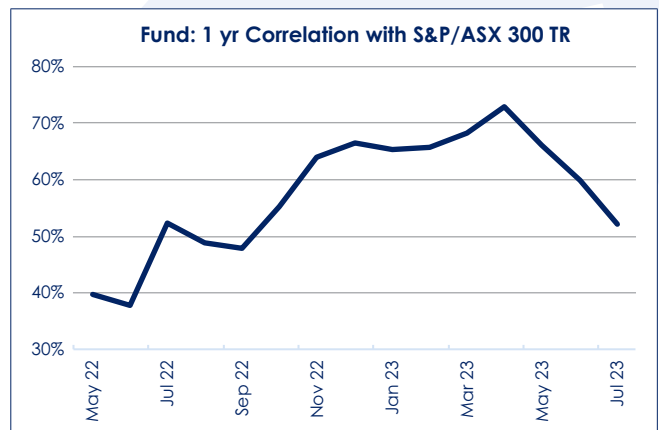
Rolling Returns



Rolling Excess Returns

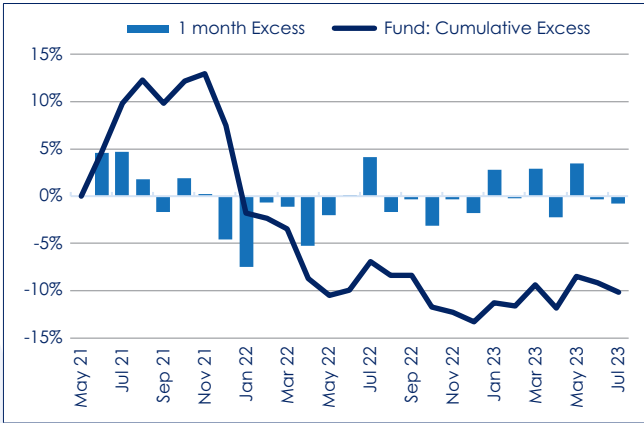


Rolling Correlation

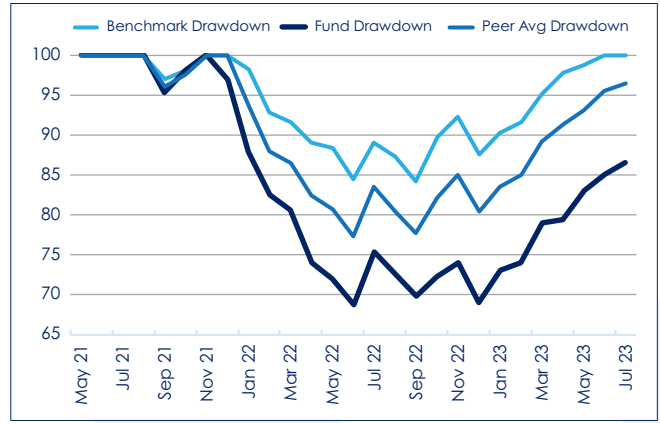


Return and Risk

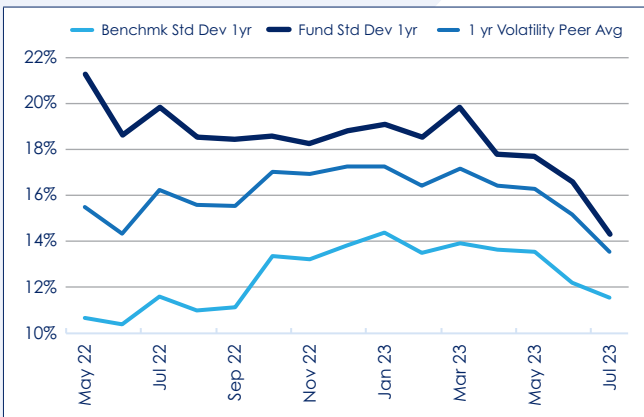
Cumulative Excess Returns



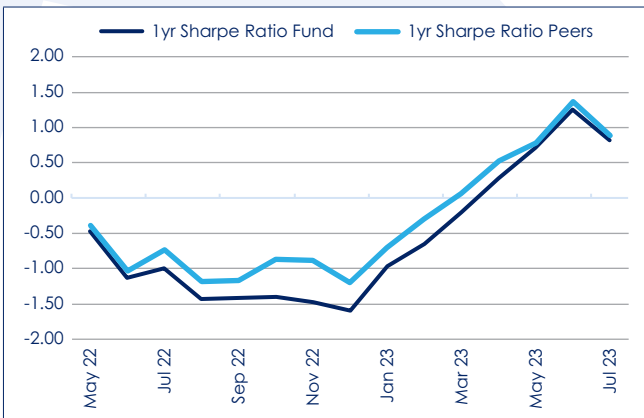
Drawdowns



Rolling Volatility



Rolling Sharpe Ratio



The table below outlines limits on the Fund's asset allocation and other risk parameters:

Fund Constraints and Risk Limits	Permitted Range or Limit
Number of stocks/positions	45 to 75
Minimum/maximum exposure to cash and cash equivalents	1% to 5%
Maximum exposure to single security	No more than 6%, or 1.5x the index, in a single position
Maximum exposure to single sector	No more than 40% in a single sector (45% in IT)
Maximum exposure to a single country	No more than 30% in a single country (0.5 to 1.5x the Index in the US)
Maximum exposure to geographic region	No more than 25% in emerging markets

Top 5 Holdings*

Ticker	Holding	Sector	Weight %	Index %	Country
RMS FP	HERMES INTERNATIONAL	Consumer Discretionary	4.78%	0.11%	AUS
DHR US	DANAHER CORP	Health Care	4.49%	0.29%	AUS
ASML NA	ASML HOLDING NV	Information Technology	4.15%	0.46%	AUS
MSFT US	MICROSOFT CORP	Information Technology	3.78%	3.40%	AUS
V US	VISA INC-CLASS A SHARES	Financials	3.61%	0.61%	AUS

* As reported to SQM on the return of the RFI – holdings will change over time.

Drawdown

A drawdown tracks the path of the Fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

$$\text{Alpha} = \text{Fund Return} - \text{Benchmark Return}$$

A General Note on Distributions for Managed Funds

The responsible entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the Fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, a Fund itself should not be liable for tax on its net earnings.

If a Fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the Fund's taxable income for that year.

If the total distributions a Fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a Fund may make additional distributions.

A Fund's ability to distribute income is determined by the performance of the Fund and general market conditions. Accordingly, there is no guarantee that a Fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

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