

**PENGANA WHEB SUSTAINABLE IMPACT FUND**

**DESCRIPTION**

The Pengana WHEB Sustainable Impact Fund invests in companies with activities providing solutions to sustainability challenges. WHEB have identified critical environmental and social challenges facing the global population over coming decades including a growing and ageing population, increasing resource scarcity, urbanisation and globalisation. The Fund invests in companies providing solutions to these sustainability challenges via nine sustainable investment themes – five of these are environmental (cleaner energy, environmental services, resource efficiency, sustainable transport and water management) and four are social (education, health, safety and well-being). WHEB's mission is 'to advance sustainability and create prosperity through positive impact investments.'

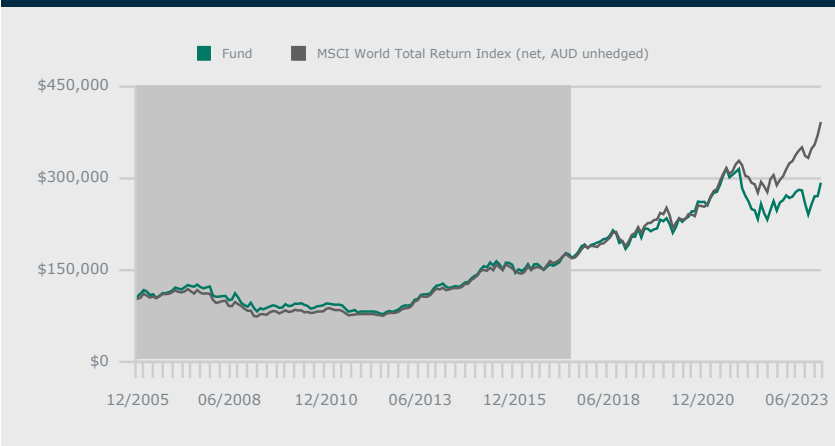
**PERFORMANCE TABLE**

NET PERFORMANCE FOR PERIODS ENDING 29 Feb 2024<sup>1</sup>

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	8.1%	10.9%	4.6%	7.4%	
Strategy (partial simulation – see below)					6.1%
MSCI World Total Return Index (net, AUD unhedged)	5.8%	29.3%	15.1%	13.6%	7.8%

**PERFORMANCE CHART**

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



**TOP HOLDINGS (ALPHABETICALLY)**

Agilent Technologies Inc	Health Care
Autodesk Inc	Information Technology
CSL Ltd	Health Care
Danaher Corp	Health Care
Ecolab Inc	Materials
ICON PLC	Health Care
Linde PLC	Materials
Thermo Fisher Scientific Inc	Health Care
Trane Technologies PLC	Industrials
Xylem Inc/NY	Industrials

**SECTOR BREAKDOWN**

Consumer Discretionary	3%
Health Care	31.9%
Industrials	29.7%
Information Technology	22.7%
Materials	11.8%
Cash	0.9%

**CAPITALISATION BREAKDOWN**

2-10bn	21.8%
10-20bn	11.2%
>20bn	66.1%
Cash	0.9%

**CUSTOM SECTOR BREAKDOWN**

Health	28.5%
Resource Efficiency	26.6%
Sustainable Transport	5.5%
Environmental Services	10%
Water Management	12.6%
Safety	8.1%
Cleaner Energy	4.6%
Wellbeing	1.5%
Education	1.8%
Cash	0.9%

**REGION BREAKDOWN**

North America	45.5%
Europe ex-UK	32.3%
Japan	6.4%
UK	9.9%
Asia Pacific	5%
Cash	0.9%

## WHAT DOES IT MEAN TO BE A B-CORP?

### COMMENTARY

February was a positive month for global stock markets with the MSCI World Index up +5.8%. This was led by the US, with resilient economic data and relatively strong earnings reports supporting returns. The Fund delivered strong performance over the month returning +8.1%, outperforming the broader index.

In this month's commentary, Laura Grenier (Director of Operations) discusses WHEB's journey to becoming a B Corp (a corporation that is accountable to all stakeholders and not just its shareholders) as well as WHEB's continuing goal of seeking further improvements.

### Market Review

February was a positive month for global stock markets with the MSCI World Index up +5.8%. This was led by the US, with resilient economic data and relatively strong earnings reports supporting returns. In addition, both the US and the eurozone composite Purchasing Managers' Index (PMI), which measures business confidence, rose over the month. Sector-wise, Consumer Discretionary, Technology, and Industrials were the best performing sectors while Utilities was weak, being the only sector to post a negative return.

### Fund Review

The Fund delivered strong performance over the month returning +8.1%, outperforming the broader index.

Resource Efficiency was the largest positive contributor to performance at a thematic level, with several holdings performing well including Trane, Trimble, Schneider Electric and Daifuku. Daifuku, a global material handling systems manufacturer, reported results which showed a sharp increase in profitability, reassuring the market about its ability to meet full-year guidance.

The Environmental Services theme also performed well. The largest positive contributor in the theme was Advanced Drainage Systems (ADS), a leading provider of stormwater management systems in the US. ADS reported strong quarterly results driven by demand in the infrastructure and residential industries and gave a positive outlook for 2024.

Further positive contributions came from the Health and Water Management themes. Within Health, the top performer was Icon, a clinical research organisation. The company delivered strong results and confirmed its guidance, as well as making more positive comments regarding its market environment than in January implying upside to guidance.

### Outlook

Following the fall in inflation, sentiment in global equities is more positive with markets expecting that the central bank tightening phase is nearing its end. This environment should be more supportive for the generally smaller and more growth-orientated impact stocks we invest in. Our faith in the sustainability-led growth drivers and competitive advantages of the companies themselves is as strong as ever.

# What does it mean to be a B-Corp?

Laura Grenier (Director of Operations)

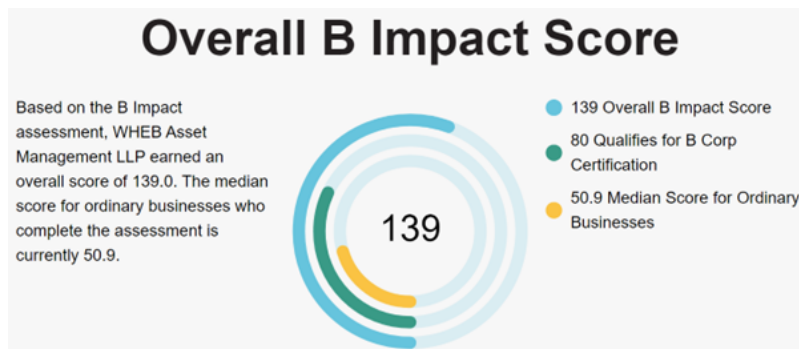
I had only recently joined WHEB in 2015 when George Latham (Managing Partner) asked me if I knew what it meant to be a B Corp. I didn't! But soon afterwards I embarked on the journey to certification, and in 2016 [WHEB joined the cohort of founding B Corps](#) in the UK.

Roll the clock forward to 2024 and there are now more than 1,500 B Corps in the UK, and over 6,000 worldwide in more than 80 countries spanning 150 industries. We are now in the company of many well-known brands and there are even B Corp aisles in the UK supermarket chain Waitrose, where you can add positive impact to your weekly shop!

## So, what does it mean to be a B Corp?

Primarily, a B Corp has to legally commit (by changing its constitutional documents), to be accountable to all stakeholders, not just its shareholders. Just as important as the legal framework, is the assessment. This is an intensive process that ensures that key stakeholders are taken into account in decision-making and that processes and performance is verified to meet high standards of social and environmental performance, transparency, and accountability. Focusing on 'five pillars' this requires consideration of the impact of the firm's activities vis-à-vis Governance, Workers, Customers, Environment, and Community. During the certification process, we realised that this approach to doing business was very much aligned with WHEB's own mission "To advance sustainability and create prosperity through positive impact investments".

The process of certification itself offered us the opportunity to consider how well we serve the interests of these stakeholders. As we were completing the initial assessment, we quickly realised where we had a gap or didn't score so well, and could ask ourselves whether this was an opportunity to do things better? The answer was very often: 'Yes'!



Approaching the certification with this mindset has enabled us to embrace the challenge and actively seek improvements in the way our business interacts with all of our stakeholders. Our score increased accordingly; in 2016 we registered a score of 106.6, in 2018 we achieved 125.4 and our current impact score is 139. The B Lab assessment is, in our view, a really useful framework for continuous improvement.

Being part of the B Corp community has many other benefits including valuable opportunities to knowledge share and network with like-minded businesses and their teams with a common aligned goal to address society's most critical challenges, from different sectors, businesses, and countries. We also try to ensure our own procurement is focused on other B Corps wherever possible.

As we set off on another recertification cycle, we are excited to continue on this journey with the B Corp community. We look forward to making further improvements to our score and being at the vanguard of the movement to transform the global economy to benefit all people, communities, and the planet.

## FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A\$ 1.5997
FEES *	Management Fee: 1.35%
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 276.27m
FUND INCEPTION DATE	31 October 2007

## FUND MANAGERS



**Ted Franks**  
Partner, Head of Investment



**Seb Beloe**  
Partner, Head of Research

1. From August 2017, performance figures are those of the Pengana WHEB Sustainable Impact Fund's class A units (net of fees and including reinvestment of distributions). The strategy's AUD performance between January 2006 and July 2017 has been simulated by Pengana from the monthly net GBP returns of the Henderson Industries of the Future Fund (from 1 January 2006 to 31 December 2011) and the FP WHEB Sustainability Fund (from 30 April 2012 to 31 July 2017). This was done by: 1) converting the GBP denominated net returns to AUD using FactSet's month-end FX rates (London 4PM); 2) adding back the relevant fund's monthly ongoing charge figure; then 3) deducting the Pengana WHEB Sustainable Impact Fund's management fee of 1.35% p.a. The WHEB Listed Equity strategy did not operate between 1 January 2012 and 29 April 2012 – during this period returns are zeroed. The Henderson Industries of the Future Fund's and the FP WHEB Sustainability Fund's GBP net track record data is historical. No allowance has been made for buy/sell spreads. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance. The value of the investment can go up or down.
  2. The Fund inception on 31 October 2007 as the Hunter Hall Global Deep Green Trust. The Fund was relaunched on 1 August 2017 as the Pengana WHEB Sustainable Impact Fund employing the WHEB Listed Equity strategy. This strategy was first employed on 1 January 2006 by the Henderson Industries of the Future Fund and currently by the FP WHEB Sustainability Fund.
  3. Annualised standard deviation since inception.
  4. Relative to MSCI World Total Return Index (net, AUD unhedged)
- \* For further information regarding fees please see the PDS available on our website.

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### PENGANA.COM

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