

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.'

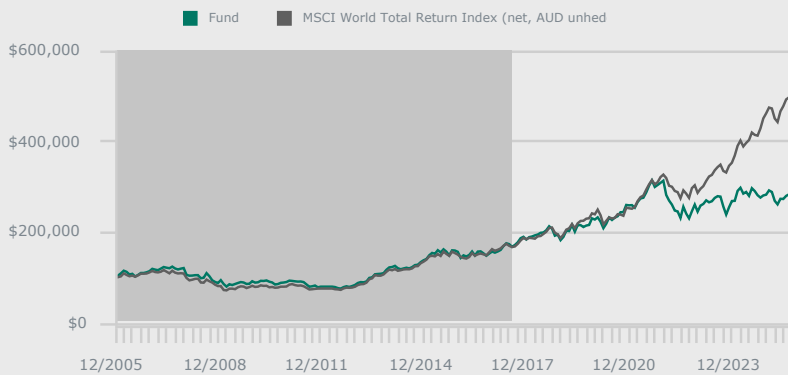
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Sep 2025¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	-0.7%	-0.1%	6.9%	2.9%	
Strategy (partial simulation – see below)					5.4%
MSCI World Total Return Index (net, AUD unhedged)	1.9%	22.7%	22.5%	16.2%	8.6%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Autodesk, Inc.	Information Technology
Bureau Veritas SA	Industrials
Ecolab Inc.	Materials
Infineon Technologies AG	Information Technology
Keyence Corporation	Information Technology
MSA Safety, Inc.	Industrials
STERIS plc	Health Care
TE Connectivity plc	Information Technology
Trimble Inc.	Information Technology
Xylem Inc.	Industrials

SECTOR BREAKDOWN

Consumer Discretionary	2.9%
Health Care	27.6%
Industrials	33.1%
Information Technology	25.9%
Materials	7.7%
Utilities	1.9%
Cash	0.9%

CAPITALISATION BREAKDOWN

1-2bn	0.4%
2-10bn	21.9%
10-20bn	17.6%
>20bn	59.2%
Cash	0.9%

CUSTOM SECTOR BREAKDOWN

Health	23.4%
Resource Efficiency	25.6%
Sustainable Transport	10.4%
Environmental Services	6.6%
Water Management	13.5%
Safety	11.3%
Cleaner Energy	6.3%
Education	2%
Cash	0.9%

REGION BREAKDOWN

North America	49.3%
Europe ex-UK	36.4%
Japan	7.2%
UK	6.2%
Cash	0.9%

SEPTEMBER REPORT

COMMENTARY

Global equities rose strongly in September, driven again by technology sectors, and in particular the very large “mega cap” technology names. Excitement about the potential of artificial intelligence was bolstered by positive earnings projections from those companies. The Fund was unable to keep pace with broader markets, and particularly the aforementioned stocks, which are not part of our universe of investable companies that provide sustainability solutions.

Market Review

Global equities rose strongly in September, driven again by technology sectors, and in particular the very large “mega cap” technology names. Excitement about the potential of artificial intelligence was bolstered by positive earnings projections from those companies.

An interest rate cut of 0.25% from the US Federal Reserve also boosted equity markets. Economic data in the US continues to be mixed, with some persistent inflation and weak growth outside the digital economy. The Trump administration is open in its preference for lower rates, and has been challenging the Federal Reserve’s independence, so the future path of US rates looks uncertain.

Global tensions around trade also continue, but with a slightly more orderly tone. Patterns and methods of communication between the US and the rest of the world are starting to emerge. In September, President Trump spoke with his Chinese counterpart Xi Jinping, and set the stage for in-person meetings. Many of the differences over social media platform TikTok were also resolved.

In the meantime, China moved to further insulate its technology industry from global supply chains, including banning chip purchases from Nvidia. The US, for its part, proposed targeted tariffs under Section 232 of the Trade Expansion Act, which has previously been used on specific industries including solar panels. This month, machine tools, and medical devices were in focus, amongst other sectors such as lumber. Several of the high-tech sectors targeted in this round of potential tariffs are important in solving sustainability challenges, so this provides a further headwind for positive impact companies.

September also continued challenges in the healthcare industry. In a wide-ranging press conference on 22 September, President Trump linked expectant mothers’ use of paracetamol, known as Tylenol in the US, with an increased risk of autism, a claim which is unsupported by medical science. This may well be the most significant political statement on medical matters so far in the current presidential term, and contributed to continued investor caution in the healthcare sector.

Fund Review

The Fund was unable to keep pace with broader markets, and particularly the mega cap tech stocks, which are not part of our universe of investable companies that provide sustainability solutions.

Health detracted in absolute terms. The possible Section 232 intervention weighed on medical devices companies, including **Siemens Healthineers** and **Globus Medical**. Siemens Healthineers’ stock is also under pressure due to speculation around parent company Siemens’ intentions for the business and their stake in it.

Drug company **AstraZeneca** was also weak as the uncertainty around healthcare in the US, and possible adverse developments in drug pricing, weighed on the pharmaceutical sector. As one of the non-US companies in the space, Astra is perceived as particularly at risk.

The largest positive contribution was from the Cleaner Energy theme. Solar panel manufacturer **First Solar** and solar tracker maker **Nextracker** continued their momentum from August. The resolution of uncertainty around the sector from the passage of the “One Big Beautiful Bill” continues to support the outlook for those companies.

There were also positive contributions from **Schneider Electric** in the Resource Efficiency theme, and **TE Connectivity** in the Sustainable Transport theme. Both of these companies have some products which enable the build out of datacentres and the digital economy, and rose with enthusiasm about the space.

Outlook

Further strong performance from a very small number of very large technology stocks has again highlighted the extreme concentration of global equity markets at the moment. Historically, such concentration has always unwound, and often with a general market reset at the same time. Despite the huge promise of artificial intelligence, there isn't a strong reason to believe that this time will be different.

Sustainability sectors, meanwhile, remain in the doldrums, with heavily discounted valuations and little investor interest. We continue to anticipate that the negative news flow will slow and eventually reverse. In the meantime, the ongoing resilience of the companies themselves demonstrates the long-term attraction of investing in these areas.

FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A\$ 1.547
FEES *	Management Fee: 1.35%
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 196.01m
FUND INCEPTION DATE	31 October 2007 Relunched on 1 August 2017.*

FUND MANAGERS



Ted Franks
Managing Director, Fund Manager



Seb Beloe
Managing Director, Head of Impact 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 (shown in the shaded area in the chart) 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 Impact 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 nulled. The Henderson Industries of the Future Fund's and the FP WHEB Sustainability Impact Fund's GBP net track record data is historical. Performance figures are calculated using net asset values after all fees and expenses, and assume reinvestment of distributions. 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 incepted on 31 October 2007 as the Hunter Hall Global Deep Green Trust. The Fund was relunched 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 Impact 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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