

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.'

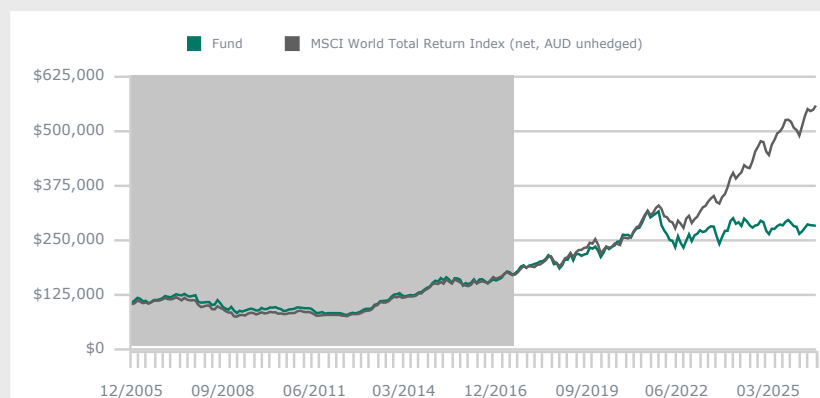
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Sep 2026¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	-0.4%	-0.4%	3.0%	-1.3%	
Strategy (partial simulation – see below)					5.1%
MSCI World Total Return Index (net, AUD unhedged)	1.8%	9.8%	18.4%	12.7%	8.6%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Agilent Technologies, Inc.	Health Care
Ecolab Inc.	Materials
Globus Medical Inc Class A	Health Care
ICON Plc	Health Care
Keyence Corporation	Information Technology
STERIS plc	Health Care
TE Connectivity plc	Information Technology
Thermo Fisher Scientific Inc.	Health Care
Trimble Inc.	Information Technology
Xylem Inc.	Industrials

SECTOR BREAKDOWN

Consumer Discretionary	8.1%
Health Care	29.8%
Industrials	28.3%
Information Technology	21.9%
Materials	7.4%
Utilities	4.1%
Cash	0.4%

CAPITALISATION BREAKDOWN

2-10bn	24.4%
10-20bn	16.3%
>20bn	58.9%
Cash	0.4%

CUSTOM SECTOR BREAKDOWN

Health	26.3%
Resource Efficiency	23.9%
Sustainable Transport	10.1%
Environmental Services	8.2%
Water Management	15.2%
Safety	7.3%
Cleaner Energy	4.9%
Education	3.6%
Cash	0.4%

REGION BREAKDOWN

North America	62.6%
Europe ex-UK	20.1%
Japan	7.8%
UK	9%
Cash	0.4%

SEPTEMBER REPORT

COMMENTARY

Global equities slipped in local currency over September as investors weighed higher oil prices, rising bond yields and a more hawkish tone from central banks. The Fund delivered a -0.4% return over the month. The Health theme was a tale of two halves, with life science tools and services among the strongest contributors and medical technology among the weakest. Despite this, Health was the strongest-performing theme, while Resource Efficiency was the weakest-performing theme.

Market Review

Global equities slipped in local currency over September as investors weighed higher oil prices, rising bond yields and a more hawkish tone from central banks.

Renewed conflict between the US and Iran pushed energy prices sharply higher, reviving inflation concerns and driving government bond yields to multi-year highs in several major economies. Central banks reinforced the move. The Federal Reserve raised interest rates for the first time since 2023 and signalled that another increase was likely this year. The European Central Bank and the Bank of Japan also tightened. The Bank of England held rates, although several members favoured a rise.

The equity market was more defensive than in previous instances of bond market weakness. US indices were close to flat, but the market was very “narrow” as a small group of large technology companies rose, while most other sectors and smaller companies fell. Elsewhere, Europe lagged on higher energy costs and rate hikes, while Asia was mixed as strong Japanese earnings offset weaker chipmakers. Rate-sensitive, capital-intensive areas were hit hardest.

Artificial intelligence was both the market’s chief support and, for some, its chief threat. The same enthusiasm that sustained the largest companies cast a shadow over parts of the software industry, as more autonomous AI tools revived fears of disruption and prompted heavy selling early in the month.

Higher energy prices also put energy security back at the centre of the policy conversation. The International Energy Agency said the disruption around the Strait of Hormuz is encouraging countries to look at electrification, and the incoming COP31 presidency has proposed a substantial increase in electricity’s share of global energy demand by 2035. Separately, the European Union’s Copernicus earth monitoring service reported its most recent month, August, as the joint hottest month on record. Global temperatures were once again above the 1.5°C increase from pre-industrial levels, which the Paris Agreement aimed to avoid.

Fund Review

The Fund delivered a -0.4% return over the month, underperforming the MSCI World Index’s AUD return of +1.8%. The Health theme was a tale of two halves, with life science tools and services among the strongest contributors and medical technology among the weakest. Despite this, Health was the strongest-performing theme, while Resource Efficiency was the weakest-performing theme.

In our Health theme, the life science tools companies were the stand-out. **Thermo Fisher** and **Agilent** benefited from a recovery in biotech funding, growing demand for biologics manufacturing and the reshoring of pharmaceutical supply chains. **ICON**, the contract research organisation, continued to benefit from growing investor confidence in

its recovery, as the market increasingly priced in the strong demand shown in its second-quarter results. These included a “book-to-bill” ratio of order to revenue, of 1.51, and a backlog that has grown to \$22.7 billion.

Autodesk, the design and engineering software provider in our Resource Efficiency theme, was the principal detractor, caught in a sector-wide software sell-off driven by renewed fears of AI disruption and rising bond yields. This came despite fundamentals that continue to point to strength in its construction software, with management raising its outlook for the year.

Steris, in the Safety theme, and **Globus Medical**, in the Health theme, were the other main detractors, as investors remained cautious on companies exposed to hospital activity despite both reporting steady procedure demand. Steris continued to be weighed down by concerns over a heavier investment programme and its effect on near-term cash flow, while Globus Medical was held back by signs of slowing growth in its US spine business and lingering questions over the integration of its Nevro acquisition.

Outlook

September’s rise in bond yields weighed on share prices across our impact universe, where many businesses invest today for rewards that unfold over years. Yet the setback has owed more to sentiment than to substance. In several cases, share prices have fallen even as the companies behind them have continued to grow.

The forces sustaining that growth have, if anything, gathered strength. With energy expensive and its supply uncertain, the case for using less of it, and for leaning less on imported fuel, has grown more persuasive, lending fresh momentum to investment in electricity grids, electrification and efficiency. The spread of data centres, each hungrier for power than the last, places a rising premium on technologies that deliver it more efficiently.

The opportunities arising from long-term structural change extend well beyond energy.. Across much of the developed world, water networks long starved of investment are at last being renewed. In healthcare, advances in diagnostics and treatment are rising to meet the demands of longer lives. And as households, businesses and governments seek to protect what they have built, solutions that make homes, infrastructure and supply chains more resilient are finding a ready market.

In the short term, however, movements in bond markets and broader investor sentiment can overshadow these longer-term fundamentals. While markets may remain volatile, the companies we own are well placed to grow through it. For patient investors, moments when sentiment and substance part company are often where opportunity begins.

FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A\$ 1.4978
FEES *	Management Fee: 1.35%
MINIMUM INITIAL INVESTMENT	\$10,000
FUND INCEPTION DATE	31 October 2007 Relunched on 1 August 2017.*

FUND MANAGERS



Ted Franks
Managing Director, Fund Manager

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 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 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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