

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.'

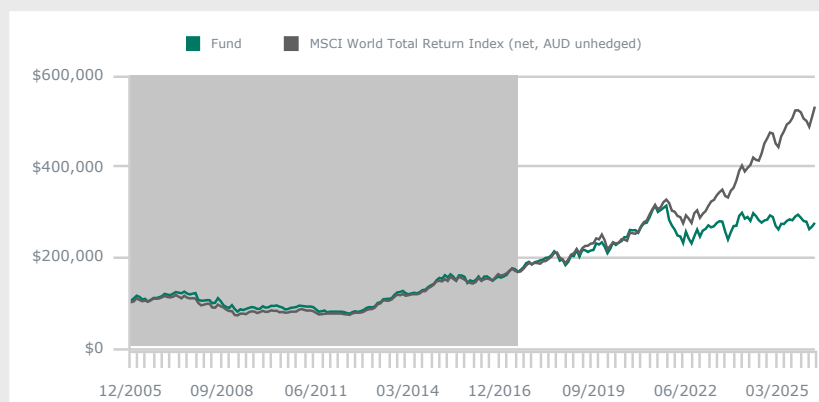
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 May 2026¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	3.1%	0.8%	0.9%	0.0%	
Strategy (partial simulation – see below)					5.1%
MSCI World Total Return Index (net, AUD unhedged)	4.5%	14%	17.7%	13.6%	8.5%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Agilent Technologies, Inc.	Health Care
Aptiv PLC	Consumer Discretionary
AstraZeneca PLC	Health Care
Ecolab Inc.	Materials
First Solar, Inc.	Information Technology
Globus Medical Inc Class A	Health Care
Infineon Technologies AG	Information Technology
Keyence Corporation	Information Technology
TE Connectivity plc	Information Technology
Thermo Fisher Scientific Inc.	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	8.2%
Health Care	25.5%
Industrials	29%
Information Technology	26.1%
Materials	6.7%
Utilities	4.3%
Cash	0%

CAPITALISATION BREAKDOWN

2-10bn	20.3%
10-20bn	17.6%
>20bn	62.1%
Cash	0%

CUSTOM SECTOR BREAKDOWN

Health	22.5%
Resource Efficiency	25.1%
Sustainable Transport	12.3%
Environmental Services	6.8%
Water Management	14.9%
Safety	7.3%
Cleaner Energy	8.1%
Education	2.9%
Cash	0%

REGION BREAKDOWN

North America	59.4%
Europe ex-UK	23%
Japan	8.8%
UK	8.8%
Cash	0%

MAY REPORT

COMMENTARY

Global equity markets were stronger in May, with the MSCI World Index rising 4.5% as investor sentiment recovered further after the volatility seen earlier in the year. The rally was again led by the US, where enthusiasm around Artificial Intelligence (“AI”) remained the dominant theme, with leadership concentrated in a narrow group of large technology and semiconductor companies. The Fund delivered a positive return over the month of 3.1%. While direct exposure to AI doesn’t fit within our sustainable investment universe, the Fund benefited from holdings in **Infineon Technologies**, which develops semiconductors that improve energy efficiency, and **First Solar**, which produces utility-scale solar modules that can help with the substantial electricity requirements associated with AI and data centre growth.

Market Review

Global equity markets were stronger in May, with the MSCI World Index rising 4.5% as investor sentiment recovered further after the volatility seen earlier in the year. The rally was again led by the US, where enthusiasm around Artificial Intelligence (“AI”) remained the dominant theme. Strong results from AI-linked companies helped reinforce confidence that investment in chips, servers, software, and data centre infrastructure remains a powerful driver of corporate earnings. However, leadership remained concentrated in a relatively narrow group of large technology and semiconductor companies, while many other areas of the market saw more modest gains.

Inflation expectations were also an important influence during the month. Concerns around inflation, government borrowing and the outlook for interest rates kept yields elevated. This contributed to a more challenging environment for interest rate-sensitive sectors, although exuberance outweighed this for the sectors related to AI.

May also saw important developments in sustainability policy. In Europe, proposed changes to reporting standards and deforestation rules aimed to reduce complexity while preserving expectations around transparency and supply chain traceability. In the US, the SEC’s move to rescind climate disclosure rules highlighted growing regional divergence, while the ISSB’s work on nature-related disclosures showed that biodiversity, water, and land-use risks are moving closer to mainstream financial reporting.

Fund Review

The Fund delivered a positive return over the month of 3.1%.

Infineon Technologies, in the Resource Efficiency theme, was the strongest single positive contributor to performance. The company develops semiconductors that improve energy efficiency across industrial, automotive and digital infrastructure applications. Shares performed strongly after management highlighted growing demand from data centre customers and improving conditions in automotive and industrial markets. The stock also benefited from broadening investor enthusiasm for companies exposed to the build-out of AI infrastructure, where efficient power management is becoming increasingly important.

First Solar, in the Cleaner Energy theme, also contributed positively. The company manufactures utility-scale solar modules and remains one of the largest domestic solar producers in the US. Reassuring results and reaffirmed guidance supported the shares, while growing recognition of the substantial electricity requirements associated with AI and data centre growth reinforced the importance of new power generation capacity.

Agilent Technologies, in the Health theme, was another strong contributor. The company provides analytical instruments and laboratory technologies used in pharmaceutical research, diagnostics and environmental testing. Strong results, improving margins and an upgraded outlook reinforced confidence in the company's ability to deliver sustainable growth despite a mixed economic backdrop.

On the weaker side, **Verra Mobility**, in the Safety theme, was the largest detractor. The company provides technology solutions that support road safety and traffic management. Shares fell heavily following the loss of a significant customer contract, creating uncertainty around the business model in one of its three divisions.

Xylem, in the Water Management theme, also detracted despite delivering solid results. The company continues to benefit from long-term demand for water infrastructure and efficiency solutions, but investors focused on softer order trends and questions around future growth, outweighing otherwise encouraging operational performance.

Outlook

The challenges addressed by the companies in the portfolio continue to grow in both scale and urgency. Around the world, rising energy demand, ageing populations, resource constraints and increasing pressure on infrastructure are creating a need for more efficient, resilient and sustainable systems.

Recent developments in AI provide a useful example. While attention has focused on advances in computing power and software, the rapid expansion of digital infrastructure is also increasing demand for electricity, power management, cooling and resource efficiency. Meeting these needs will require significant investment across energy, industrial and infrastructure systems, creating opportunities for many of the businesses held within the strategy.

The same pattern can be seen across healthcare, where growing demand and workforce shortages are driving the adoption of technologies that improve productivity, diagnostics and patient outcomes. In water management, increasing pressure on ageing infrastructure and water resources continues to support investment in efficiency, monitoring, and treatment solutions. Across industries, businesses are seeking ways to improve productivity while reducing costs and resource use.

While policy priorities continue to evolve, the underlying direction of travel remains clear. Energy systems must become cleaner and more resilient, healthcare systems more effective, and critical infrastructure more efficient. We continue to find attractive opportunities in companies providing those solutions. Their products and services address real-world needs, are supported by powerful structural drivers, and, in our view, are well positioned to deliver sustainable growth over the years ahead.

FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A\$ 1.516
FEES *	Management Fee: 1.35%
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 157.51m
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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