

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.'

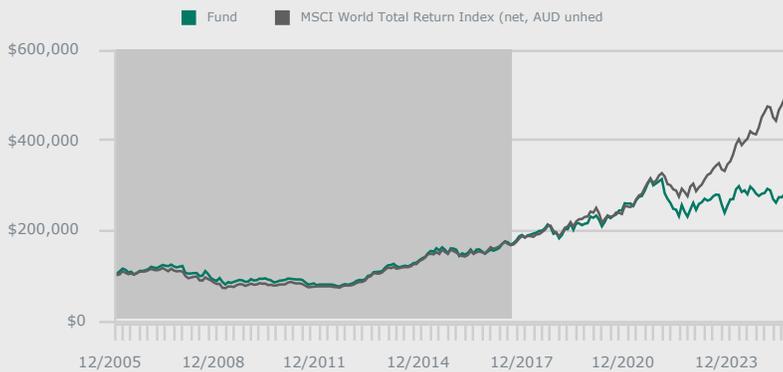
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2025¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	1.2%	-2.5%	5.5%	3.8%	
Strategy (partial simulation – see below)					5.4%
MSCI World Total Return Index (net, AUD unhedged)	0.9%	19.9%	20.4%	15.7%	8.5%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Autodesk, Inc.	Information Technology
Ecolab Inc.	Materials
Globus Medical Inc Class A	Health Care
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	2.8%
Health Care	28.4%
Industrials	31.5%
Information Technology	25.8%
Materials	9.2%
Utilities	1.9%
Cash	0.4%

CAPITALISATION BREAKDOWN

1-2bn	0.5%
2-10bn	24.2%
10-20bn	14.2%
>20bn	60.8%
Cash	0.4%

CUSTOM SECTOR BREAKDOWN

Health	24.2%
Resource Efficiency	24.7%
Sustainable Transport	10.7%
Environmental Services	7.9%
Water Management	13.4%
Safety	10.9%
Cleaner Energy	5.9%
Education	2%
Cash	0.4%

REGION BREAKDOWN

North America	48.5%
Europe ex-UK	35.8%
Japan	7.3%
UK	7.7%
Asia Pacific	0.4%
Cash	0.4%

AUGUST REPORT

COMMENTARY

Global equities continued their positive trend in August, with the MSCI World returning +0.9%. The Fund rose +1.2% with Health being the single largest contributing theme. After a difficult year for Health, much of the reporting for the quarter that ended in June was well-received. Many of our companies were able to highlight the resilience of their business models in spite of the broader headwinds faced by the sector.

In this month's article, Seb Beloe introduces the newest addition to our Sustainable Transport theme: Verra Mobility. While safety cameras and congestion charging enjoy much wider public support that is commonly assumed, and the evidence of the positive impact these technologies have continues to build, we believe this market will continue to grow. Verra Mobility is well placed to benefit from growth in road safety schemes as well as the expansion of congestion pricing and low-emission tolling areas. The company also has a dominant position in the car rental and vehicle fleet markets with its strong competitive advantage due to established relationships with governments and regulatory authorities.

Global equities continued their positive trend in August, with the MSCI World returning +0.9%. Early signs of economic weakness from the US didn't temper investor enthusiasm. This is partly because the weaker economic data increased the likelihood of interest rate cuts from the Federal Reserve in September, a move which would be supportive for financial assets. The market is now confident that US rates are on a downward path, at least in the short term.

Even in the height of the northern hemisphere holiday season, the administration of US President Trump continued to produce geopolitical shocks. Punitive tariffs intended to pressure India away from buying Russian fossil fuels, succeeded in the short term in pushing India closer to America's key rival, China. More generally, the ongoing uncertainty on US terms of trade continues to weigh on companies' confidence to invest.

After the passage of Trump's signature "One Big Beautiful Bill" ("OBBB") in July, August brought clarification of a key provision in that text relating to renewable energy projects. On the 18th of the month, the US Internal Revenue Service specified the requirements for renewable energy projects to receive subsidies under the OBBB. These are more accessible than the market had feared, and the conclusion of this process brings much-needed clarity for investors.

Meanwhile, in another key impact arena, healthcare, uncertainty still reigns. At the end of August, Health and Human Services Secretary Robert F. Kennedy Jnr forced the Director of the Centres for Disease Control and Prevention out of her position.

Susan Monarez had been confirmed by the Senate and in position for only a month when she clashed with Secretary Kennedy over scientific standards at the agency. Her departure follows a string of similar changes as Kennedy seeks to change the stance of the US health administration on a number of key issues. This apparent favouring of politics over science is causing widespread concern in the health community and weighing on investor confidence in the companies in the sector.

Fund Review

The Fund rose +1.2% in the month. Despite negative headlines, the Health theme was the single largest contributing theme, followed by Cleaner Energy.

After a difficult year for the Health theme, much of the reporting for the quarter that ended in June was well-received. Many of our companies were able to highlight the resilience of their business models in spite of the broader headwinds faced by the sector.

One of these was medical device company Globus Medical, a specialist in musculoskeletal equipment. Globus's Emerging Technologies division disappointed the market with slow growth at the start of the year, but got back on track in the second quarter, reassuring investors. The new CEO also impressed on his first earnings call. Elsewhere in the Health theme, obesity specialist Novo Nordisk did well after a clinical study confirmed that competitor Eli Lilly's new oral obesity drug is unlikely to be meaningfully better than Novo's products.

In Cleaner Energy, all of our stocks in that theme received a boost from the positive clarification of eligibility criteria for subsidies in the USA. The best performing such stock was solar panel tracker maker Nextracker.

The weakest theme in the month was Water Management. Japanese industrial water specialist Kurita Water dragged on performance after announcing disappointing results. Tariff uncertainty is slowing its customers' investment plans, resulting in slower sales so far this year. The market anticipates that this will have a knock-on effect on its ability to hit its margin targets.

Outlook

With China and Europe still struggling for growth, growing concerns over the US may make the overall market more cautious in the near term. However, the prospect of resulting US interest rate cuts, especially if the Trump administration increases its influence over the Federal Reserve, could provide some balance.

For our strategy, we continue to anticipate a slowing in the heavily negative news flow around sustainability. This should encourage more interest in the sector and allow many portfolio companies to benefit from their historically low valuations. In the longer term, the sustainability challenges our companies help to solve will only deepen, and their superior growth path will become more apparent.

Verra Mobility: Enabling safer streets and cleaner air

By Seb Beloe

Having recently returned from the Beloe family holiday, many readers, like me, will have encountered speed cameras on their long holiday drives. If you have been visiting large urban areas, you may also have had to pass through congestion or 'clean air' zones where access is controlled by cameras and other infrastructure.

Speed cameras improve road safety

These schemes have proved to be remarkably effective at reducing road accidents and congestion and improving air quality. A recent study in New York City, for example, found that cameras installed in school zones reduced crashes by 14% and speeding tickets by 75%.¹

In a 2010 review, Cochrane – an international non-profit focused on effective healthcare policy – summarised 28 international studies that reported the effect of safety cameras on crashes and found reductions of 8 for all crashes, 8 for injury crashes and 11 for crashes involving fatalities and serious injuries. A detailed anthology of these and other studies is available from the Insurance Institute for Highway Safety in the US.²

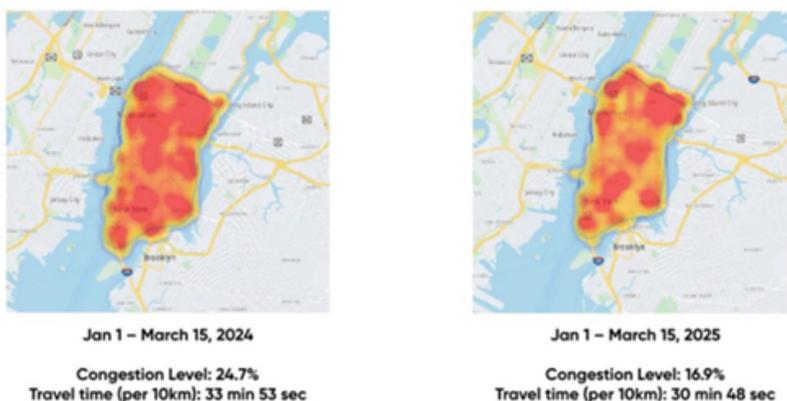
It is not surprising therefore that speed cameras are both popular³ and becoming more common in many countries. In the US, for example, the number of communities and regions that have deployed speed cameras has doubled since 2020.⁴

Congestion schemes reduce congestion and improve air quality

Congestion charging is also proving to be very effective both in reducing congestion and improving air quality. Data from TomTom⁵ shows that New York City's newly implemented congestion toll (introduced in January 2025) is delivering a noticeable reduction in traffic and delays in downtown Manhattan.

Following in the footsteps of similar programmes in London and Singapore, NYC's congestion pricing has led to a clear drop in road use and less time spent in traffic, particularly during peak hours. Over the first three months of the programme, congestion within the tolled area of Manhattan fell from 24.7% to 16.9% compared to the same period last year. Average travel time per 10 kilometres improved from 33 minutes to 30 minutes, while average speeds rose from 17.6 km/h to 19.4 km/h.

Figure 1: Congestion levels in New York City pre and post congestion charging⁶



Reduced congestion results in lower emissions due to less idling and also because of modal shift with more people travelling by public or 'active' transport (e.g., cycling or walking). The NYC scheme has, over this still limited time period, shown a modest 2.5% reduction in vehicles emissions.

London's Ultra Low Emission Zone (ULEZ), which has been in place for longer, has reported reduced total vehicle emissions by 6% across London as a whole and NOx emissions by 36%.^{7, 8} As a regular cyclist in London, I can attest to the noticeable improvement in the quality of the air that I breathe.

Verra Mobility – a global leader in smart mobility technology

While the decision to install road safety cameras and congestion charging zones is a matter of public policy, the technology used to implement these projects is typically provided by private companies. [Verra Mobility](#) is one of these companies.

Headquartered in the US, Verra Mobility provides the technology, including both hardware and software, for implementing congestion charging schemes and deploying road safety cameras. The company also provides a software platform for car rental companies and other fleet operators to help manage toll road payments and traffic violation processing for their fleets.

We initiated a position in our Sustainable Transport theme in August. We believe that the company will continue to

benefit from growth in road safety schemes as well as in the expansion of congestion pricing and low-emission tolling areas.

The company has a dominant position in the car rental and vehicle fleet markets with a strong competitive moat due to its established relationships with governments and regulatory authorities. The key risks to the business include the development of in-house solutions by their clients, technology disruption and sensitivity to the economic cycle affecting vehicle use.

While safety cameras and congestion charging do enjoy much wider public support that is commonly assumed, there are still significant constituencies that oppose their introduction. As the evidence continues to build of the positive impact these technologies have, we believe that this market will continue to grow. Verra is well-placed to enable this growth and benefit from it, helping to deliver safer streets and cleaner air for millions of people in cities and communities around the world.

1 Assessing the impact of fixed speed cameras on speeding behavior and crashes: A longitudinal study in New York City – ScienceDirect

2 <https://www.iihs.org/research-areas/speed#speed-safety-cameras>

3 <https://www.bloomberg.com/news/articles/2025-08-28/automated-traffic-enforcement-is-more-popular-than-you-think>

4 <https://www.iihs.org/research-areas/speed#speed-safety-cameras>

5 <https://www.tomtom.com/newsroom/explainers-and-insights/the-data-behind-nyc-s-congestion-pricing-success/>

6 <https://www.tomtom.com/newsroom/explainers-and-insights/the-data-behind-nyc-s-congestion-pricing-success/>

7 https://www.london.gov.uk/sites/default/files/2025-03/London-wide%20One%20Year%20Report_Mar2025.pdf

8 <https://www.london.gov.uk/media-centre/mayors-press-releases/new-evidence-reveals-all-londoners-are-now-breathing-cleaner-air-following-first-year-expanded-ultra#:~:text=Thanks%20to%20all%20phases%20of,in%20Los%20Angeles5B8%5D>.

FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A\$ 1.5579
FEES *	Management Fee: 1.35%
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 200.65m
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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