PENGANA
CAPITAL GROUP

MONTHLY REPORT
AUGUST 2026

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.'

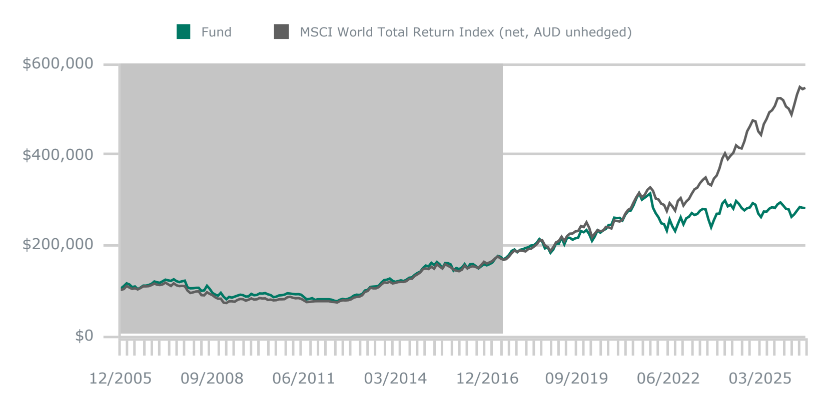
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2026[1]

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	-0.2%	-0.7%	0.4%	-2.2%	
Strategy (partial simulation – see below)					5.1%
MSCI World Total Return Index (net, AUD unhedged)	0.5%	9.9%	16.1%	11.6%	8.6%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]



TOP HOLDINGS (ALPHABETICALLY)

Agilent Technologies, Inc.	Health Care
Autodesk, Inc.	Information Technology
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

SECTOR BREAKDOWN

Consumer Discretionary	7.9%
Health Care	29.2%
Industrials	28.4%
Information Technology	22.4%
Materials	7.7%
Utilities	4%
Cash	0.5%

CAPITALISATION BREAKDOWN

2-10bn	22.8%
10-20bn	15.9%
>20bn	60.8%
Cash	0.5%

CUSTOM SECTOR BREAKDOWN

Health	25.6%
Resource Efficiency	23.9%
Sustainable Transport	9.8%
Environmental Services	8.5%
Water Management	15.3%
Safety	7.6%
Cleaner Energy	5.3%
Education	3.5%
Cash	0.5%

REGION BREAKDOWN

North America	62.6%
Europe ex-UK	20.6%
Japan	7.7%
UK	8.6%
Cash	0.5%

AUGUST REPORT

COMMENTARY

Investors looked past a weakening US labour market and renewed tensions in the Middle East to push equity markets higher. Strong corporate earnings and a reinvigorated enthusiasm for artificial intelligence (AI) carried the market, even as central banks struck a firmer tone on the path for interest rates. The Fund returned -0.2% underperforming the MSCI World Index which gained 0.5%.

Market Review

Investors looked past a weakening US labour market and renewed tensions in the Middle East, where the US and Iran exchanged fire for the first time in over a month, to push equity markets higher. Strong corporate earnings and a reinvigorated enthusiasm for artificial intelligence (AI) carried the market, even as central banks struck a firmer tone on the path for interest rates.

Second-quarter corporate results were generally strong, with investors favouring companies able to demonstrate resilient earnings growth over headline beats alone. The AI theme, having lost momentum in July, reasserted itself during the month, as strong results from several of the largest companies drove double-digit gains on results days.

After a challenging period for software companies in which fears over displacement by AI grew, there was some relief in this results season. Investors focused on the solid underlying fundamentals of many software names, as opposed to the speculation around the longer-term outlook. Meanwhile, Healthcare was a notable laggard, with pricing and reimbursement pressure across the largest pharmaceutical and managed care companies making it the only sector to report a year-on-year decline in earnings.

Beneath the positive market tone, risks remained. Persistent inflation kept central banks cautious about cutting rates any time soon, and renewed disruption to shipping through a key Middle Eastern waterway kept oil prices elevated.

Regulatory momentum for sustainability continued to build over the month. Large companies in California must now begin reporting their Scope 1 (direct) and Scope 2 (indirect) emissions, after the state's SB253 and SB261 climate disclosure laws reached their first compliance deadline. Europe also made significant progress, with new EU-wide packaging and packaging waste rules coming into force which include a ban on per- and poly-fluoroalkyl substances (PFAS) in food contact packaging and new requirements for recyclability. Further phases will follow through to 2030, giving companies that supply compliant materials and packaging a longer runway for growth.

Fund Review

The Fund returned -0.2% over the month underperforming the broader market, as represented by the MSCI World Index of stocks, which gained 0.5%.

Agilent, a life sciences and diagnostics business, was the top contributor to performance over the month, bucking the pressures felt by the broader Health theme. Agilent is benefiting from accelerating revenue growth and a notable recovery in demand from China. The company highlighted particular strength in pharmaceutical and biopharma end markets alongside continued growth in its advanced therapeutics contract development and manufacturing business, prompting management to raise full-year guidance for the second consecutive quarter.

Danish wind turbine manufacturer **Vestas**, in the Clean Energy theme, surged c.20% in a single day after the company raised full-year margin guidance and announced a €400m buyback, as orders jumped over 60% year-on-year and operating profit came in more than double consensus.

Autodesk, a design and engineering software company in the Resource Efficiency theme, recovered some ground after being caught up in broader negative sentiment toward software stocks. There was greater recognition for its competitive moats and broadened go-to-market strategy with the addition of MaintainX, its latest acquisition, despite the high premium paid.

Aptiv, an automotive electronics provider in the Sustainable Transport theme, was the main detractor. Despite an earnings beat, shares fell sharply after management issued guidance well below consensus, as a challenging auto production backdrop and the revenue reset from its wiring business spin-off weighed on sentiment.

Quarterly results for **ATS**, in the Resource Efficiency theme, missed expectations, with revenue declining c.5%, operating margin compressing, and the company printing a net loss, in a sharp reversal from a year of solid profit. Softer order bookings and a shrinking backlog pointed to weakening near-term demand and a cost reduction programme aimed at restoring margins. ATS has not delivered on the promise it held, as a leading automation company in advanced manufacturing, and after these results we sold our position.

Another, larger automation company, **Rockwell Automation**, also in the Resource Efficiency theme, was another weaker name. In contrast to ATS, Rockwell beat Q3 estimates and raised full-year guidance. However, its shares declined as investors focused on flat sequential operating margin guidance for the fourth quarter and rising input cost inflation, particularly memory components tied to data centre demand. The reaction reflected concern over the durability of margin expansion rather than the headline growth, since large capital project spending has yet to see a broad-based recovery.

Outlook

August offered a reminder that market narratives can move faster than the fundamentals underneath them. Earlier in the year, fears that AI would cannibalise software business models wiped out significant value in the sector in the so-called ‘SaaSpocalypse’. Since then, growth has held up better than that narrative implied, and August’s rebound in software shares reflects a market recalibrating towards that resilience. Durable business models built on real demand tend to outlast narrative driven volatility.

That same reliance on real, structural demand runs across the rest of the portfolio. Energy systems are a clear example: grid capacity, water efficiency and low-carbon power generation continue to benefit from their ongoing build-out and modernisation. Electric vehicles capture the transport headlines, but a more interesting shift is happening inside every vehicle, electric or not, as sensors, electronics and software steadily make the whole fleet safer and more efficient. Education tells a similar story, as a widening skills gap opens a long runway for training providers. The clearest case, though, may be healthcare, where ageing populations and workforce shortages are forcing systems to do more with fewer resources but rewarding the diagnostics and automation businesses that can raise productivity rather than headcount.

Macroeconomic uncertainty, including geopolitical risk, energy price volatility and shifting rate expectations, will keep shaping sentiment in the months ahead. Our focus remains on companies whose products and services meet real, structural needs, regardless of what markets choose to focus on in any given month.

FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A$ 1.5036
FEES *	Management Fee: 1.35%
MINIMUM INITIAL INVESTMENT	$10,000
FUND INCEPTION DATE	31 October 2007 Relaunched 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 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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