PENGANA
CAPITAL GROUP

MONTHLY REPORT
OCTOBER 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.'

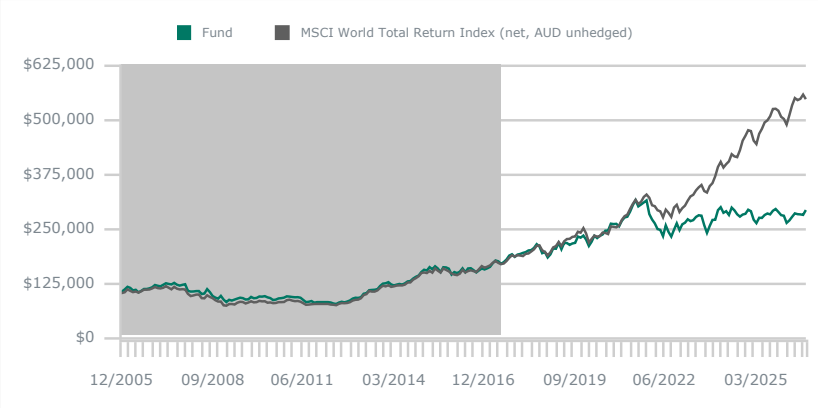
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Oct 2026[1]

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	3.9%	0.6%	6.8%	-0.9%	
Strategy (partial simulation – see below)					5.3%
MSCI World Total Return Index (net, AUD unhedged)	-1.9%	4.3%	18.1%	12.0%	8.5%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]



TOP HOLDINGS (ALPHABETICALLY)

Agilent Technologies, Inc.	Health Care
AstraZeneca PLC	Health Care
Autodesk, Inc.	Information Technology
Ecolab Inc.	Materials
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	6.7%
Health Care	30.5%
Industrials	27.4%
Information Technology	23.3%
Materials	7.5%
Utilities	4.2%
Cash	0.4%

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COMMENTARY

The Fund returned 3.9% in October, outperforming the MSCI World Index, which fell 1.9%. Performance was led by healthcare holdings, particularly Genmab and ICON, while design and engineering software companies rebounded from September's weakness.

Global equities were mixed as disappointing results from major AI-exposed companies and rising capital expenditure prompted concerns over the returns on AI investment. Investors rotated towards companies with more defensive earnings, particularly in healthcare, where solid third-quarter results and improving biotechnology funding provided further support.

Investors also assessed the implications of the US midterm elections, with expectations of Democratic gains in Congress suggesting a potentially more supportive policy environment for many of the Fund's investment themes.

Market Commentary

Global equities were divided in October. Results from several of the largest AI-exposed companies disappointed, and with their capital expenditures still rising, the market began to question the timeline for returns on that investment. Chipmakers fell furthest, and investors moved towards businesses with steadier earnings.

At the same time, throughout October investors weighed the prospects for the US mid-term elections which took place on 3 November. Polling and prediction markets pointed to Democratic gains in Congress. While greater Democratic representation in Congress is broadly positive for many of the sectors the Fund invests in, it is also likely to bring increased scrutiny of the AI industry.

Healthcare was the main beneficiary of the resulting rotation, offering defensive cash flows at undemanding valuations as rate expectations rose. Solid third-quarter results and a recovery in biotechnology funding added to the gains. Software also regained some of the ground lost in September.

Oil prices rose further as attacks on shipping near the Strait of Hormuz continued. The Federal Reserve held interest rates, although two committee members voted for a rate increase and markets expect one in December. The European Central Bank also held rates, and its president, Christine Lagarde, said she would step down early next year.

Attention also turned to the 31st Conference of the Parties ("COP31") in November. The UN has warned that the world will miss the 1.5°C goal,[1] and the EU has ruled out new climate finance pledges,[2] leaving a gap between ambition and funding. The chief of the International Renewable Energy Agency (IRENA) also warned that the world will add less clean energy capacity this year than last year. This is the first time in five years that this has happened, with growth held back by weak grid networks and trade barriers.[3]

Fund Review

The Fund delivered a positive return of 3.9% over the month, outperforming the MSCI World Index, which fell 1.9%.

The best contributor in October was Danish biotechnology company **Genmab**, part of the Health theme, with the shares rising by more than 60%. This was driven by three widely followed late-stage trials that were reported as

successful within a month. Epkinly, for a type of lymphoma; Rina-S, for ovarian cancer; and petosemtamab, for head and neck cancer, all showed clear reductions in the risk of disease progression or death. The results deliver on the huge positive impact potential of these drugs and validate Genmab's innovation-led approach to its range of next-generation antibody treatments.

Contract research organisation **ICON** was the second-best contributor after reporting record bookings in its third-quarter results. Net business wins were the highest the company had reported, and we also saw evidence that the recovery in biotech funding is translating into new business.

Design and engineering software providers in the Resource Efficiency theme all rebounded strongly after a difficult September, with **Autodesk**, last month's principal detractor, recovering much of its decline.

Schneider Electric, also in the Resource Efficiency theme, was the principal detractor. The shares fell sharply after the company agreed to buy product lifecycle management business PTC for around $22.6bn in cash, its largest-ever acquisition, and a broker downgrade followed. Investor concerns centred on the size of the deal and the premium paid rather than the underlying business, as third quarter sales were a record and the company raised its profit target on strong demand for data centre equipment.

Infineon, in the Sustainable Transport theme, was another detractor, and Sustainable Transport was the weakest-performing theme this month. There was no company-specific news. The shares fell in line with the wider sell-off in semiconductor stocks, which was driven by concerns over AI spending and by inflation data that raised the prospect of further rate rises.

Kurita Water, the Japanese water treatment company in the Water Management theme, also detracted after it cut its profit guidance, lowering business profit from ¥61.5bn to ¥40.0bn. This occurred after cost overruns on a single project, an ultrapure water facility for a memory chip maker in North America. Concern centred on management credibility, as the overrun followed reassurances only three months earlier, and on a second phase of the project with similar risk.

Outlook

For our strategy, the outlook is encouraging. The case for sustainability is increasingly argued on the basis of affordability, with energy costs and clean power central to the debate in both the US and the UK.[4, 5] The changing political balance in Congress could provide a more constructive policy backdrop for sustainable investment. Near-term progress is likely to be concentrated in areas of bipartisan agreement, such as streamlining approvals for energy projects and grid connections.[6]

Company spending is giving clearer signals as many clean technologies have become cost-competitive in their own right. With public funding under strain, as the EU's stance on climate finance shows,[2] the task of cutting emissions, upgrading networks, and using resources more efficiently increasingly falls to companies and their customers, who benefit through lower bills and better outcomes. This is a common thread across a number of our portfolio companies, and why we expect their growth to endure, whatever the stage in the political cycle.

References

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3. Reuters via EnergyNow, *World to add less clean energy capacity this year, renewables agency chief says*, October 2026. https://energynow.com/2026/10/world-to-add-less-clean-energy-capacity-this-year-renewables-agency-chief-says/

4. Carbon Brief, *UK budget 2026: Key climate and energy announcements*, 28 October 2026. https://www.carbonbrief.org/uk-budget-2026-key-climate-and-energy-announcements

5. The Hill (NewsNation), *One issue, different bills: Energy costs shape key midterm races*, October 2026. https://thehill.com/policy/energy-environment/6181122-energy-costs-price-of-gas-midterm-elections/

6. Harvard Business School, *Election 2026: What's at stake on climate and energy policy*, October 2026. https://www.hbs.edu/bigs/election-2026-climate-and-energy-policy

FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A$ 1.5567
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

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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