

**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.'

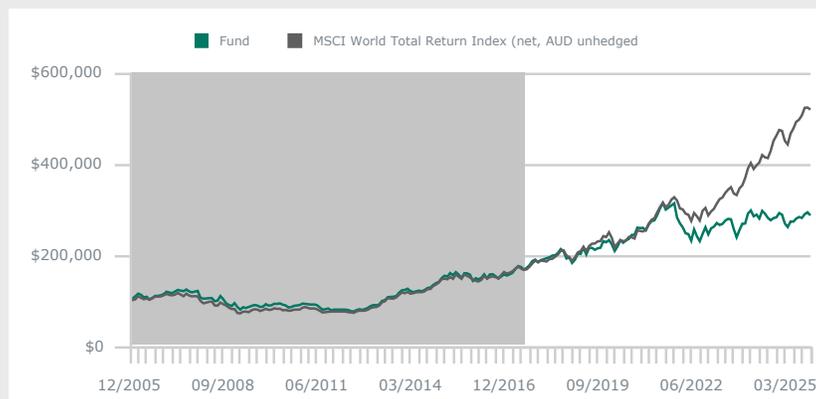
**PERFORMANCE TABLE**

NET PERFORMANCE FOR PERIODS ENDING 31 Dec 2025<sup>1</sup>

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
WHEB Sustainable Impact Fund	-2.3%	1.5%	5.4%	2.1%	
Strategy (partial simulation – see below)					5.4%
MSCI World Total Return Index (net, AUD unhedged)	-0.9%	12.4%	21.8%	15.5%	8.6%

**PERFORMANCE CHART**

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



**TOP HOLDINGS (ALPHABETICALLY)**

Agilent Technologies, Inc.	Health Care
AstraZeneca PLC	Health Care
Autodesk, Inc.	Information Technology
Bureau Veritas SA	Industrials
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
Trimble Inc.	Information Technology

**SECTOR BREAKDOWN**

Consumer Discretionary	3.6%
Health Care	27.6%
Industrials	31.2%
Information Technology	27.7%
Materials	7.5%
Utilities	1.8%
Cash	0.6%

**CAPITALISATION BREAKDOWN**

1-2bn	1%
2-10bn	20.4%
10-20bn	15.4%
>20bn	62.6%
Cash	0.6%

**CUSTOM SECTOR BREAKDOWN**

Health	24.2%
Resource Efficiency	26.3%
Sustainable Transport	11.8%
Environmental Services	5.9%
Water Management	12.5%
Safety	10%
Cleaner Energy	7.2%
Education	1.6%
Cash	0.6%

**REGION BREAKDOWN**

North America	50.3%
Europe ex-UK	34.8%
Japan	7.4%
UK	6.9%
Cash	0.6%

## DECEMBER REPORT

### COMMENTARY

December was marked by a continuation of November's volatility. After a strong start to the month, markets weakened mid-month (reflecting renewed debate around valuations and the sustainability of Artificial Intelligence-related spending) before recovering some ground into year end. The Fund likewise delivered negative returns as investors took profits from several of the prior month's top performing stocks.

Seb Beloe (Managing Director, Foresight Capital Management and Group Sustainability) examines whether the "Implementation COP" delivered on expectations – looking at progress on fossil fuel phase-out, adaptation, nature-based solutions, and renewables. Seb also explores how private capital can help bridge the financing gaps that remain to turn commitments into real progress.

### Market Review

Global equity markets ended 2025 on a constructive note, although December itself was marked by a continuation of November's volatility. After a strong start to the month, markets weakened through mid-December before recovering some ground into year end.

In early December the US Federal Reserve delivered its third consecutive rate cut, taking the policy rate range to 3.50% – 3.75%. Accompanied by messaging that policy was becoming more finely balanced as growth moderated, the move initially supported equity markets and helped lift several regions to fresh highs.

As the month progressed, however, sentiment became more unsettled, reflecting renewed debate around valuations and the sustainability of Artificial Intelligence (AI)-related spending. Given the heavy weighting of technology stocks in global indices, this shift quickly translated into broader market weakness, most notably in the US. However, markets stabilised towards the back end of the month as market leadership broadened to include financials, industrials, healthcare and commodity-linked sectors.

Over the month, there was a continuation of the blitz of policy moves against sustainability.

On 17 December, plans were announced to dismantle the National Centre for Atmospheric Research (NACR), a key government academic agency studying earth science, by the Trump administration in the US. A few days later, the administration suspended the leases of five large offshore windfarms already under construction on the US East Coast. This arbitrary move cast a chill over investor confidence. But, with burgeoning demand and the cost of clean energy continuing to fall, the move seems unlikely to halt development in the longer term.

At the same time, the European Union also dropped its 2035 combustion engine ban, which would have seen carmakers completely phase out the technology by that date. However, this news wasn't as bad as the headlines suggested: instead of a 100% reduction, the mandate is now for a 90% reduction by that date. The phasing out of the technology has therefore only been slightly slowed.

### Fund Review

The Fund returned -2.3% over the month compared to the MSCI World Index which returned -0.9%.

December saw a partial reversal of November's strength, as investors took profits from several top performing

stocks in the prior month, with **Globus Medical** and **Steris** giving back some recent outperformance. As a result, the largest negative contribution came from the Health theme, which also includes the single largest detractor in the portfolio, **Agilent**. With an October year end, the company reports outside the regular cycle, and reported its 2025 year during December. Despite solid top line growth, investors focused on signs of gross margin compression in key segments and relatively cautious FY26 guidance.

Key positive contributors included **Keyence**, **Smurfit Westrock** and **Infineon**, all of which showed resilient share price performance through December despite a mixed macroeconomic outlook and uncertain year end trading environment. Investors were moved by steady automation demand at Keyence, improving sentiment around containerboard conditions at Smurfit Westrock, and continued enthusiasm for Infineon's exposure to power semiconductors and AI-linked end markets.

## Outlook

Market conditions in 2025 were shaped by an exceptional concentration of returns in a narrow group of mega cap technology stocks, leaving broader equity markets and diversified sustainability strategies facing a more difficult year. While AI-related investment dominated capital flows, performance was driven as much by expectations as earnings delivery, leading to more mixed sentiment at the end of the year.

As we move into 2026, we expect the investment focus to broaden, but not smoothly. The continued build out of digital and AI infrastructure is increasingly encountering physical and operational constraints around power availability, grid capacity, cooling efficiency and materials supply. These factors are likely to redirect some capital toward the industrial, environmental and resource systems that enable growth, although progress is likely to be uneven and sensitive to funding conditions and execution risk. In healthcare, demographic pressures and labour shortages continue to support demand for tools, diagnostics and automation, but budget constraints and regulatory scrutiny remain important influences on the pace of adoption.

Against this backdrop, the fund remains focused on companies providing practical solutions across energy transition, resource efficiency, environmental services and health innovation. Many of these businesses are exposed to multi-year investment themes, but near-term performance is still likely to be shaped by valuation discipline, policy clarity and the timing of customer spending decisions. Market leadership may continue to rotate, and periods of volatility may be expected.

Over the longer term, sustainability related challenges such as decarbonisation, ageing populations and environmental resilience are unlikely to diminish. However, the path of investment and returns will depend on how effectively these pressures translate into funded projects, regulatory frameworks and economically viable solutions.

## Reflecting on COP30: Nature, renewables, and the gaps that still remain

### The big picture

COP30 in Belém was billed as the "Implementation COP"<sup>1</sup> and a moment to turn pledges into action. Yet the current state of geopolitics casts a long shadow. The U.S. was absent entirely due to the Trump administration's decision to withdraw once more from the Paris Agreement. China, undergoing its own clean energy revolution, has so far been unwilling to fully step into this vacant leadership role. Instead, Brazil sought to seize the moment, hosting COP in the Amazon as it put nature at the heart of climate diplomacy.

The stakes could not be higher. Global temperatures are already 1.6°C above pre-industrial levels.<sup>2</sup> We know that the economic implications of this are dramatic, with climate change likely to have a permanent and

compounding negative impact on GDP growth over time.<sup>3</sup>

This COP was also a chance to harness momentum in the clean energy transition. Renewables accounted for more than 90% of global power expansion in 2024.<sup>4</sup> Growth in solar and wind power met all new electricity demand in the first half of 2025.<sup>5</sup> Against this backdrop, it is important to ask the question: did COP deliver on expectations?

### **Roadmap away from fossil fuels**

Many hoped for a binding commitment to phase out oil, gas, and coal following COP28's pledge to "transition away" from fossil fuels. Whilst a large bloc including the EU and Brazil pushed hard, the petrostates blocked progress, with the final agreement text merely reaffirming "the UAE consensus" of COP28. In response, Brazil announced a "coalition of the willing" of more than 80 countries to pursue a fossil fuel phase-out roadmap outside the COP process, underlining the difficulties of finding future alignment in this area.

### **Climate adaptation**

The COP30 President André Corrêa do Lago hoped this would be the "COP of adaptation," and there was appetite among some countries to triple adaptation finance to \$120 billion by 2030. The financial goal was agreed however vulnerable nations were disappointed with the target date being pushed out to 2035. Furthermore, the track record on adaptation finance is poor. Signatories are still struggling to meet the Glasgow COP26 goal agreed in 2021 to double adaptation finance by 2025.<sup>6</sup> Meanwhile the UN Environment Programme has warned that adaptation finance in developing countries needs to be \$310 billion per year by 2035. The challenge of filling this gap remains profound.<sup>7</sup>

### **Nature commitments**

Reflecting its own unique biodiversity, Brazil launched the Tropical Forests Forever Facility, which secured \$7 billion in initial pledges. This also fell short of its \$125 billion goal, reinforcing concerns about slow progress on nature protection and recovery. The final communiqué also omitted any reference to halting deforestation.

On the positive side, multilateral banks introduced the Belém Framework for Nature Finance. This aims to unlock private capital for biodiversity and ecosystem restoration.<sup>8</sup> At Foresight, we are committed to supporting this agenda through our Natural Capital portfolio, which includes over 12 million trees in our UK afforestation programme and more than 19,000 hectares of sustainably managed land. This portfolio delivers carbon sequestration benefits while creating significant opportunities for biodiversity gain and nature recovery.

### **Renewables as a solution**

Whilst geopolitical frictions have contributed to a sense of inertia, dramatic growth in the deployment of renewable energy remains a clear positive. COP30 reaffirmed the COP28 pledge to triple global renewable capacity by 2030 and double energy efficiency. Leading global utility companies announced a \$1 trillion investment pipeline for grids and storage, boosting annual energy transition spending by 25% to \$148 billion.<sup>9</sup> This focus mirrors Foresight's own view that the green transition depends not just on generation, but on grid connectivity and flexibility. These are particular areas of focus in several Foresight investment strategies including Foresight Energy Infrastructure Partners.<sup>10</sup>

### **Conclusion**

So did the 'implementation COP' deliver? There was no headline achievement. But that was never the objective. Previous commitments were reaffirmed and multilateralism survived. There was little if any backsliding and against that altogether more modest bar, the summit was at least not a failure.

But while the UN process remains vital for forging a global response, within the current geopolitical climate the real work will move to complementary but separate channels. Brazil has committed to spending the next year overseeing two separate roadmap initiatives outside of the COP agenda. One of these 'coalitions of the willing' will focus on fossil fuel phase-out with the other combating deforestation.

Alongside these coalitions of committed countries, businesses and investors like Foresight continue to rapidly deploy renewable power, battery storage and other enabling technologies. The economics have now moved beyond the politics, and attracted by the opportunity of easily deployable, cheap and secure power it is now private enterprise that is the engine for change.

[1] <https://www.nature.com/articles/d41586-025-03567-7>

[2] [World's hottest year: 2024 first to pass 1.5C warming limit – BBC News](#)

[3] <https://www.oxfordeconomics.com/resource/cop30-in-focus-the-economic-cost-of-a-warmer-world/>

[4] [Record year for renewables](#)

[5] [Global Electricity Mid-Year Insights 2025 | Ember](#)

[6] <https://www.wri.org/insights/tripling-adaptation-finance-goal>

[7] <https://www.unep.org/resources/adaptation-gap-report-2025>

[8] <https://www.iadb.org/en/news/mdbs-launch-new-guidance-cop30-measure-nature-and-scale-its-financing>

[9] <https://www.irena.org/News/pressreleases/2025/Nov/Global-utilities-set-out-USD-1-trillion-investment-plans-at-COP30-as-grid-spend-grows>

[10] <https://www.foresight.group/media/iuidxc3j/driving-the-transition.pdf>

## FEATURES

APIR CODE	HHA0007AU
REDEMPTION PRICE	A\$ 1.5779
FEES *	Management Fee: 1.35%
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 184.21m
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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