INSIGHTS

PENGANA
CAPITAL GROUP

Q1 2026 REPORT



Pengana WHEB
Sustainable Impact Fund

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RESILIENCE IN A TURBULENT TIME: WHEB IMPACT REPORT 2025

By Seb Beloe

At the end of April, we published our 11th annual impact report on the FP WHEB Sustainability Impact Fund. This year is the first year however that this is an obligation. One of the requirements of using the Sustainability Disclosure Requirements (SDR) Sustainability Impact label is the requirement to publish an annual disclosure. The disclosure has to provide specific information including documenting how the Fund performed against its objectives.

We see the report not just as an opportunity to meet the SDR requirements, but more importantly, as a chance to bring clients into our shared commitment to positive impact investing. We remain deeply committed to our established approach of *radical transparency* in our reporting and in our ambition to build a powerful movement to champion the importance of impact investing in listed equities.

Meeting the Fund's objectives

The Fund's explicit objectives are to achieve capital growth over five years and to deliver a positive sustainability impact. Fundamentally we see these objectives as synergistic and mutually reinforcing. Companies that deliver a positive sustainability impact are, typically, in growing markets as society demands more of the positive impacts that they deliver; whether this be more or better healthcare or lower levels of pollution. In turn this demand creates revenue growth as these companies sell more of their products and services.

Impact and revenue growth

In recent years, however, we have seen lower growth rates in the 'green economy'[1]. This is also true in other markets such as healthcare. Long-term growth rates in healthcare spending have typically been in the 3-6% range. But during the COVID pandemic healthcare spending spiked to nearly 13% in response to the urgent need to monitor infections and treat disease. Spending then fell dramatically in the aftermath of the pandemic and has since returned to the historical average of 3-6%[2].

Across our portfolio as a whole, sales growth recovered in 2025 bouncing back from just 0.4% in 2024 to over 3% in 2025 and more than double the 1.4% sales growth across the MSCI World index of stocks. Clearly this is reassuring, but there will need to be several more years of outperformance to rebuild confidence in the growth thesis of sustainability investing.

Financial performance

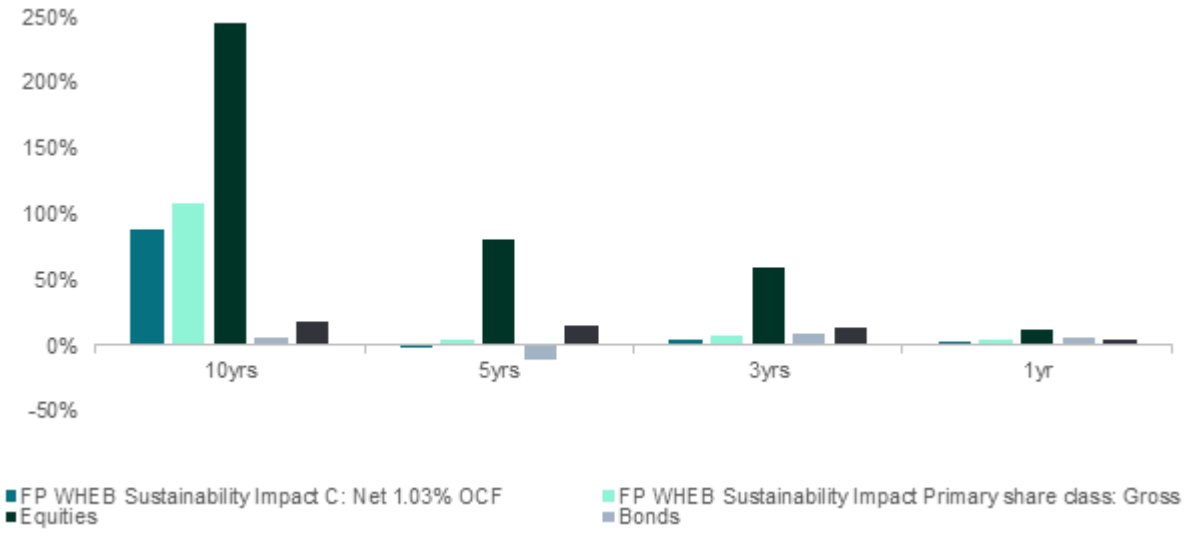
Over the course of 2025 the FP WHEB Sustainability Impact Fund achieved positive absolute performance of 2.92%[3]. The performance of the wider market was still shaped by an exceptional concentration of returns in a narrow group of mega-cap technology stocks, leaving broader equity markets and diversified sustainability strategies facing a more difficult year. Sporadic policy interventions, such as the so-called 'Liberation day' on 2nd April when President Trump unveiled a broad set of tariffs on the US's trading partners, contributed to significant points of volatility in the period.

Nonetheless, enthusiasm for artificial intelligence lifted global equity indices to new highs in the course of the year and continued to reflect the dominant influence of the very large technology stocks. Towards the back end of 2026,

[1] www.lseg.com/en/insights/investing-in-the-green-economy-2025-navigating-volatility-and-disruptions
[2] Health spending per capita, 1970 to 2024
[3] Based on the FP WHEB Sustainability Impact Fund C share class with an ongoing charge of 1.03%.

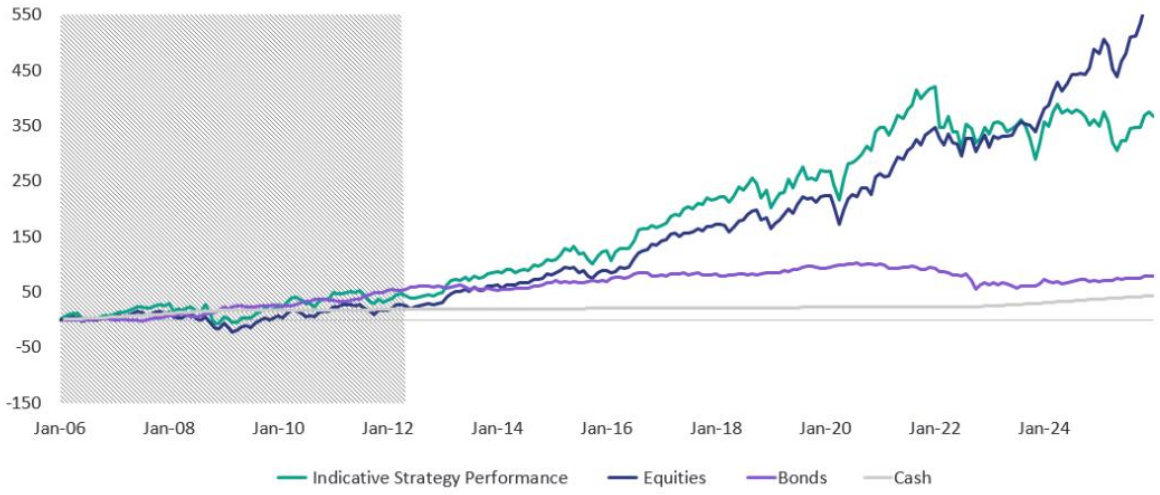
however, this optimism was increasingly tempered by concerns over the scale of datacentre investment, rising power requirements and growing balance sheet commitments. Capital expenditure plans now running into the hundreds of billions of dollars prompted periodic pullbacks in the largest stocks and sharpened investor focus on the extreme concentration of equity markets.

Figure: 1 FP WHEB Sustainability Impact Fund vs comparator indices



Over the long-term the performance of the strategy is still respectable. Figure 2 shows the track record for the strategy including both the period that the strategy was run at Henderson Global Investors and then subsequently at WHEB and then Foresight. With this longer time period in mind, the sharp dislocation that happened at the start of 2022 is clearly visible. Since the launch of the FP WHEB Sustainability Impact Fund in April 2012 the fund has delivered a compound average annual return of 8.2% net of fees and 9.3% gross of fees.

Figure 2: Indicative gross returns of the Sustainability Impact investment strategy[4]

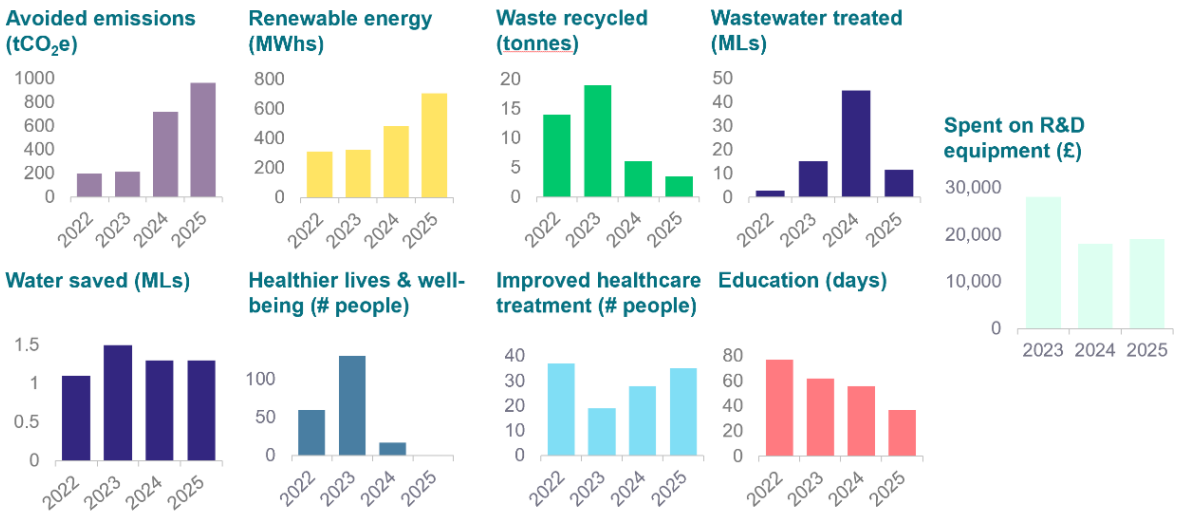


Impact performance

We measure our impact performance by assessing whether a positive contribution has been made according to

[4] For illustrative purposes only to provide a simulated long-term track record for the strategy since 31/12/2005. Gross of fees with Total Expense Ratio (TER) added back to net returns on monthly basis. TER estimate for Henderson IoF Fund A Shares = 1.65%, TER for FP WHEB Sustainability Impact Fund A Shares actual costs (figures for each period vary between 1.67% and 1.81%). Source: Bloomberg, MSCI as of 31/12/2025. Past performance is not a reliable guide to future results.

nine key performance indicators and an assessment of outcomes associated with our stewardship and engagement activities. These are detailed in figure 3 below.



Each of these indicators is reported per £1m invested. In all cases, we reported a positive impact. Changes in year-on-year performance are typically due either to the relative weighting invested in each theme and/or improvements in the underlying impact delivered per £1m invested. Improvements in performance in avoided emissions and in renewable energy generated are, for example, due to a combination of improved underlying performance and, in the most recent year, to a higher weighting in the Cleaner Energy theme. In contrast, reduced performance in Waste recycled, Wastewater treated, Healthier lives and well-being and in Education are principally due to lower weightings invested in these themes.

Stewardship and engagement

We also continued to make steady progress in our stewardship and engagement activities. For example, 99% of the financed scope 1 and scope 2 greenhouse gas (GHG) emissions associated with the Fund are now covered by a net zero carbon (NZC) target up from 88% on the previous year. We've also had notable successes with individual companies including in helping to develop effective ways of mitigating human rights risks in China and in developing effective alternatives to PFAS chemicals.

While the outcomes associated with our engagement remain strong, we did undertake less engagement activity in the year. We still engaged 78% of all WHEB holdings but only recorded 115 engagement activities in the year, down from over 160 in 2024. This was in part due to the launch of a new stewardship and engagement platform across Foresight Capital Management as well as work establishing a broader approach for stewardship and engagement across the whole of Foresight Group (see below). With this broader platform of support, we expect activity levels to bounce back in 2026.

RESILIENCE REPRICED: WHAT THE IRAN CONFLICT REVEALS ABOUT INFRASTRUCTURE

By Ty Lee

A stress test for modern infrastructure

The Iran conflict is often framed as an energy shock. In reality, it highlights something broader: the vulnerability of the infrastructure systems that underpin modern economies. Disruptions to energy flows, shipping routes and critical supply chains are reverberating across regions, exposing how dependent the global economy has become on complex, interconnected systems, many of which were designed for efficiency rather than resilience. As recent events demonstrate, when these systems are stressed, the impact can be both immediate and far-reaching.

The hidden cost of efficiency

This fragility is not accidental. It is the result of decades of optimisation, as infrastructure systems have been designed to minimise cost and maximise efficiency. While this model has delivered significant economic benefits, it has also reduced redundancy and increased interdependence. For example, the Strait of Hormuz, through which around 20% of global oil supply flows, represents a clear single point of failure in the global energy system.5

The consequences of this design are even clearer in more extreme cases. In the Middle East, water infrastructure illustrates what happens when critical systems lack redundancy. Many Gulf countries depend heavily on desalination plants for their water supply but have limited backup capacity. Kuwait, for example, derives up to 90% of its water from desalination.6 Recent threats to these facilities during the Iran conflict have highlighted how vulnerable such systems can be. In some cases, countries hold only days' worth of water reserves if supply is disrupted.7 In such systems, infrastructure failure does not lead to gradual disruption. It leads to immediate system failure.

From efficiency to resilience

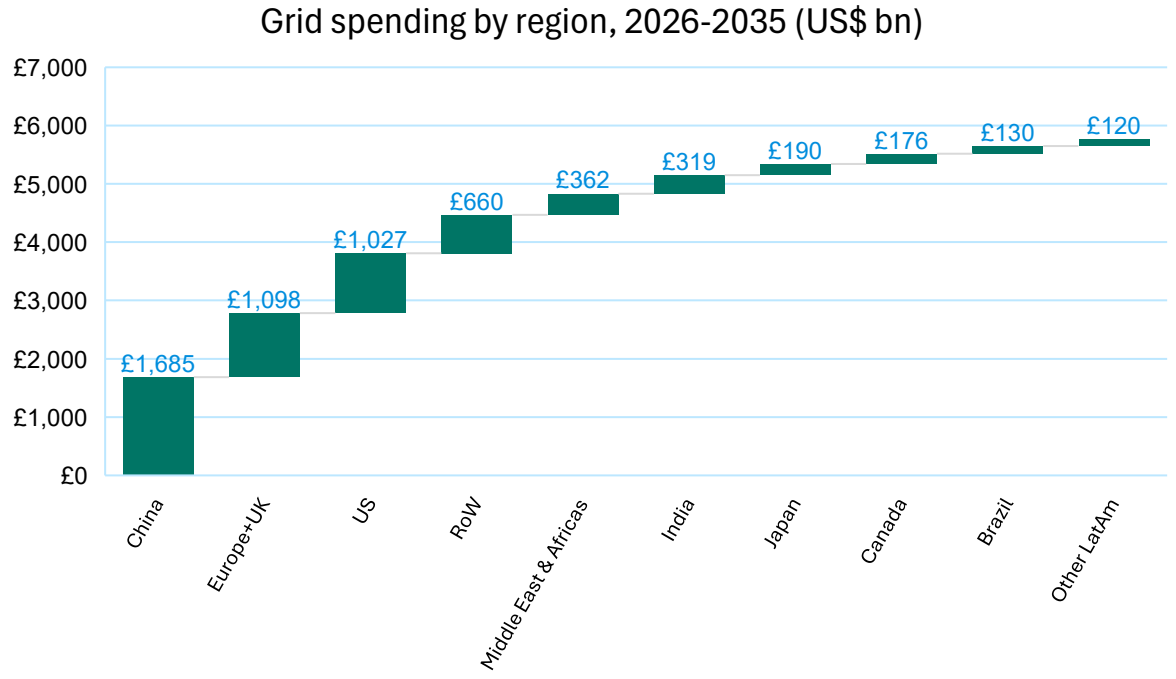
These vulnerabilities are now beginning to influence how infrastructure is prioritised and funded. In Europe, the policy response to the Ukraine war has already placed greater emphasis on resilience alongside decarbonisation. The escalation of the Iran conflict has reinforced this shift, with policymakers focusing not only on affordability but also on security of supply. This is already visible in specific policy actions. In the UK, for example, the next renewable capacity auction (AR8) has been brought forward, reflecting a renewed urgency to accelerate domestic generation capacity.8 At the same time, European policymakers are actively discussing measures to expand grid infrastructure and support "homegrown" clean energy as a means of reducing exposure to volatile global fuel markets.9

[5] https://www.eia.gov/todayinenergy/detail.php?id=65504
[6] https://www.theguardian.com/world/2026/mar/23/iran-threat-to-destroy-water-facilities-gulf
[7] Ibid
[8] https://www.gov.uk/government/news/government-to-go-further-and-faster-in-becoming-energy-secure
[9] https://data.consilium.europa.eu/doc/document/ST-15038-2025-INIT/en/pdf

A key consequence of this shift is that infrastructure systems will require significantly higher levels of capital investment. Building resilience requires investment not only in new capacity, but also in redundancy and flexibility, features that have historically been minimised in pursuit of efficiency. This includes greater domestic generation, increased storage and more robust network infrastructure, as well as reduced reliance on globally concentrated supply chains.

Rising investment needs across infrastructure

This dynamic is particularly evident in electricity networks. As power systems become more decentralised and electrification accelerates, grid infrastructure is emerging as both a bottleneck and a priority area for investment. BloombergNEF estimates that global grid spending could reach around $5.8 trillion between 2026 and 2035.10 In Europe, proposals include a significant increase in funding for cross-border energy infrastructure, potentially by as much as fivefold, as part of efforts to strengthen the Energy Union.11 This reflects not only the need to connect new renewable capacity, but also to reinforce ageing infrastructure and accommodate rising demand from electrification and data centres. In this context, grid investment is not only an enabler of the transition. It is also becoming central to the resilience of the system itself.



Resilience as an investment theme

For investors, this shift has important implications. Historically, infrastructure has been valued on the basis of efficiency, predictability and stable returns. Increasingly, however, resilience is becoming a defining consideration. This is likely to support higher and more sustained levels of capital investment across essential systems, as governments and operators prioritise robustness alongside cost and performance.

This shift also has implications for how infrastructure assets are perceived. Sectors traditionally viewed as stable but low growth, such as utilities and regulated infrastructure, is entering a new phase, as rising investment requirements translate into expanded asset bases and new avenues for growth. In this context, resilience is not only a defensive characteristic, but also a driver of long-term capital deployment and earnings visibility.

[10] https://www.jpmorgan.com/insights/sustainability/climate/grid-resilience-neglected-no-more
[11] https://data.consilium.europa.eu/doc/document/ST-15038-2025-INIT/en/pdf

While energy has been the most immediate focus, the underlying dynamics are not unique to that sector. The same characteristics of complexity, interdependence and limited redundancy are present across many forms of critical infrastructure. The repricing of energy security in Europe may therefore represent the first stage of a broader reassessment of how essential systems are designed, funded and valued.

In a more volatile world, resilience may prove to be not just a defensive attribute, but a defining feature of long-term infrastructure investment.

FROM ACTIVITY TO ACCOUNTABILITY: WHAT FORESIGHT'S FIRST GROUP-WIDE STEWARDSHIP DISCLOSURE REVEALS

By Rachael Monteiro

Last quarter, we wrote about why we saw 2025 as a turning point for Stewardship as a practice. Looking inwards, this quarter, we outline why 2026 represents an important milestone for the WHEB Strategy as well as Foresight Group more broadly, as we submit Foresight's first group-wide disclosure[12].

2026: a turning point for Foresight's stewardship

Stewardship has long been a core part of how Foresight manages risk, allocates capital and delivers long-term sustainable value for clients across public and private markets. But the decision to produce our first group-wide stewardship disclosure now has been driven by three converging factors.

First, as outlined last quarter[13], client expectations for high-quality stewardship, that is clearly evidenced, consistently communicated and focused on outcomes, have never been clearer.

Second, the10 refreshed UK Stewardship Code 2026 is more pragmatic, flexible and applicable than ever to multi-asset managers, particularly through its guidance on reporting beyond listed equities, making it highly relevant for Foresight given our 30+ year focus on private equity and real assets.

Third, the March 2025 acquisition of WHEB Asset Management, a signatory to the Code since 2012, brings deep impact-investing expertise and a robust stewardship framework for articulating stewardship work.

What group-wide reporting changes

This report is not about establishing stewardship as a practice at Foresight. Rather, it is about making our work more visible, comparable and improving accountability mechanisms to clients and prospective clients.

This is especially true for our private markets divisions. Historically, disclosures generally have been less advanced in private markets in comparison to public markets. This has been, in part, due to data availability, and in the case of stewardship due to assumptions that majority ownership alone constitutes effective stewardship.

This framing misses the substance of the work that has long been underway across Foresight. Bringing together existing stewardship practices at group level enables us to articulate a consistent framework, demonstrate how approaches differ appropriately by asset class, and make stewardship outcomes more visible. This report also establishes a baseline against which future stewardship activities, outcomes and progress can be assessed.

By doing so, we aim to equip clients with the necessary information to assess our stewardship approach, understand the outcomes achieved, and use this information as a mechanism for accountability.

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[12] https://foresight.group/news-insights/insights/2026/foresight-publishes-its-first-stewardship-report/
[13] https://www.whebgroup.com/our-thoughts/stewardship-in-transition-lessons-from-2025-priorities-for-2026

Key highlights from the report

1. **Strengthening stewardship through public-markets integration:** The integration of WHEB within Foresight Capital Management is strengthening stewardship discipline, consistency and influence across all public-markets funds. Embedding WHEB's outcome-focused Stewardship Engine has clarified objectives, introduced milestone-based monitoring and supported the ongoing rollout of scorecards that prioritise thematic risks, enabling more targeted engagement on material issues such as climate, biodiversity and DEI.

   Integration has also supported more effective macro stewardship targeting system-level change, by bringing together public- and private-markets expertise, enabling more coordinated engagement on climate, as demonstrated by the Renewables Obligation Certificates consultation case study we shared last quarter[14]

   Other practical improvements include a single, ambitious voting policy applied across all FCM funds, soon to be published on Foresight's website, progress towards a single engagement system and early use of AI-supported tools to improve prioritisation and consistency. Together, these developments are helping FCM deliver stewardship that is more credible, scalable and impactful.

2. **Making stewardship processes visible, including in private markets**: For the first time, the report sets out stewardship priorities, engagement methods, approaches to measuring progress and how outcomes are identified across private as well as public markets, moving towards a consistent framework across divisions.

   This level of transparency is still rare in private-markets stewardship, yet it is increasingly important as clients look for clearer evidence of how stewardship is embedded in investment decision-making rather than treated as an add-on. By setting this out publicly, we aim to contribute to collective learning on what good private-markets stewardship looks like, raising the bar for future disclosures at a time of growing client interest, including in the context of the Mansion House commitments[15].

3. **Improved transparency through public policies:** Alongside the report, Foresight is due to publish its first group-wide Stewardship & Engagement Policy and its first public Voting Policy[16]. Making these documents publicly available is a deliberate step towards greater accountability. For clients, this provides a clearer basis on which to assess alignment with their own expectations and to hold us to account where practice falls short of policy.

4. **Using case studies to evidence stewardship in practice:** The report includes 20 stewardship case studies spanning all divisions. These cover a range of topics, Stewardship Code principles and engagement mechanisms. Though not a substitute for systematic evidence, case studies play an important role in illustrating how we operate in practice and help clients connect with how their investments with Foresight drive change.

Reporting as a means, not the end

We are very proud to produce a report of this kind and are hopeful that it will secure signatory status under the Stewardship Code and contribute to a broader improvement in the quality of stewardship disclosures across the market.

More importantly, however, documentation creates a platform for continual improvement. Bringing stewardship activity together in a single framework enables more systematic use of tools such as engagement scorecards and KPI tracking. Over time, this should improve our ability to assess what works, where progress is slower than expected, and how we can make our stewardship work more effective.

Reporting remains not the end, but the means, of fulfilling the purpose of stewardship, which is to deliver outcomes that support long-term, sustainable value creation for clients and for the real economy. If future iterations of this report help us move more consistently from activity to effectiveness, they will have served their purpose.

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[14] Op. cit. 12
[15] https://www.pensionsuk.org.uk/Policy-and-Research/Document-library/Mansion-House-Accord
[16] Only Foresight Capital Management is in scope for the Voting Policy

PERFORMANCE COMMENTARY

Market review

Global equity markets started 2026 positively, but rapidly lost ground as conflict erupted in the Middle East at the end of February, ending well into negative territory.

The early strength came from stabilising inflation, firmer growth expectations and a broadening in market leadership beyond the largest US technology stocks. However geopolitical developments were the defining driver of markets in March. Disruption of marine traffic through the Strait of Hormuz pushed oil prices sharply higher and prompted a rapid reassessment of inflation, growth and supply chain risks.

Monetary policy became more cautious as the quarter progressed. Central banks were broadly able to remain on hold, but the rise in energy prices complicated the outlook by increasing upside inflation risks while also clouding growth expectations.

Unsurprisingly, the conflict lifted the Energy sector, and defensive sectors such as Utilities and Consumer Staples, while putting pressure on more sensitive sectors such as Information Technology and Consumer Discretionary. In a sign of the challenges for the sector, Health Care notably did not behave defensively.

Before the conflict started, the electrification investment theme was already lifting areas such as semiconductor manufacturing, electricity networks, power capacity, cooling systems and data centres. By quarter end, the geopolitical backdrop added a further layer to this theme, underlining that energy security, grid resilience and domestic capacity are becoming more important alongside decarbonisation.

Meanwhile, software and related parts of the technology sector were comparatively weaker as investors reassessed the implications of rapid artificial intelligence progress. Advances in large language models and the increasing focus on agentic artificial intelligence raised questions around the durability of existing software business models. That triggered volatility across software and some other areas that had previously been strong beneficiaries of artificial intelligence enthusiasm.

Earlier in the quarter at Davos, sustainability discussions were framed more through competitiveness, energy security and resilience, with greater attention on water security and climate adaptation and fewer new climate initiatives than in previous years. The quarter also included alarming moves by the Trump administration to repeal the key “Endangerment Finding” which underpins much of US climate law.

Even so, progress in the energy transition remained strong. IRENA reported in their *Renewable Capacity Statistics Report (2026)* that renewables accounted for 86% of global power additions in 2025, with renewables represented 49% of installed power capacity worldwide, led by record solar and wind deployment.

Performance review

The Fund delivered negative returns in the quarter underperforming the overall market. Broadly speaking, solutions to sustainability challenges benefit from industrial confidence, so that the individuals and companies have the confidence to make longer-term investments. Conflict and rising energy prices hit this confidence, causing investors to become more cautious on impactful areas.

Education was the strongest theme in the quarter. **Grand Canyon Education** contributed positively, supported by the theme’s comparatively defensive characteristics during periods of market volatility.

Cleaner Energy was also among the better performing areas of the portfolio. **Nextpower,** a US utility scale solar technology provider, performed well following strong results and upgraded guidance, while its contracted renewable assets also offered relatively defensive characteristics during a period of rising oil prices and broader macroeconomic uncertainty. By contrast, **First Solar**, a US solar manufacturer, was the weakest stock in the

portfolio after disappointing fourth quarter results and weak 2026 guidance reinforced concerns over a more uncertain market backdrop.

Health was the weakest theme over the quarter. **ICON**, a global provider of clinical research services, detracted from the portfolio after disclosing an internal investigation into its accounting practices and delaying the release of its financial results. Although the issue appears limited in scale, the resulting uncertainty weighed heavily on investor sentiment. Overall, the Health theme didn't provide the defensive qualities it has in previous market crises, in keeping with the challenges in the broader Health Care sector.

The Resource Efficiency theme had very mixed performance in the quarter. **Silicon Laboratories**, a US semiconductor company focussed on low power wireless connectivity, was the standout contributor in the quarter, after the company agreed to be acquired by Texas Instruments, its shares rose close to 50% on the day. However, **Autodesk**, also in the theme, was weaker, as software companies came under pressure amid investor reassessment of valuations and the implications of rapid advances in artificial intelligence. **Trimble** was affected by similar pressures.

Outlook

Markets are now perceived to be shaped geopolitical risk, energy price volatility and uncertainty over inflation and interest rates, which has kept attention focused on near term resilience and sentiment rather than fundamentals and longer term growth. Sentiment towards sustainability initiatives has become even more cautious than in recent years.

Even so, many of the structural drivers behind our investment themes continue to strengthen. The rapid build out of artificial intelligence and digital infrastructure is increasing demand for electricity networks, cooling systems and water management. A more uncertain geopolitical environment is also reinforcing the importance of energy security, industrial efficiency and more resilient domestic infrastructure. At the same time, sustainability policy is evolving in a more pragmatic direction. In Europe, the focus has shifted towards simplification and competitiveness, while in China support for the green transition remains embedded in broader economic planning.

We therefore continue to see strong long term opportunities for companies helping to improve the efficiency of energy, water and materials use. This is particularly supported by the very attractive valuations of our stocks at the moment. Market leadership may remain unsettled in the near term, but the case for businesses providing solutions linked to efficiency, resilience and resource productivity remains compelling.

PORTFOLIO ACTIVITY

We initiated three new positions and exited two positions in the fund during the quarter.

Purchases

We initiated a position in **Bentley Systems** in our Resource Efficiency theme. Bentley is a provider of infrastructure engineering software, supporting the design, construction and operation of fixed infrastructure such as roads and railways, water systems, and energy utilities.

Bentley sits at the intersection of infrastructure renewal, engineering productivity and decarbonisation. Its software helps customers model projects more accurately, reduce overdesign, improve coordination and manage infrastructure more efficiently over time. It is so embedded into its clients' processes that switching costs are high, giving Bentley a resilient base of recurring revenue. With infrastructure owners facing rising maintenance needs, tighter carbon constraints and a shortage of experienced engineers, Bentley is well placed to benefit from long term structural demand.

We initiated a position in **Boston Scientific** in our Health theme. Boston Scientific is a medical technology company that develops and manufactures minimally invasive devices used across cardiovascular care, electrophysiology, endoscopy, urology and neuromodulation.

Boston Scientific operates in areas where demand is supported by ageing populations, increasing procedural volumes and the continued shift towards less invasive procedures. Its products are often used in specialist clinical settings where efficacy, physician familiarity and regulatory approval make a real difference, supporting strong competitive positions and durable revenue streams.

Recent market volatility has provided a more attractive entry point into a high quality business with a strong innovation pipeline and a broad installed base across hospitals and healthcare systems.

We initiated a position in **Severn Trent** in our Water theme. Severn Trent is one of the UK's largest regulated water and wastewater utilities, providing essential services to more than eight million people across the Midlands and Wales.

Severn Trent is considered an environmental leader, with a strong track record against regulatory and environmental standards. It operates in a sector where long term investment is critical to maintaining resilient infrastructure, improving water quality and meeting tighter environmental requirements. Its AMP8 investment programme should help drive the next phase of network renewal, supporting upgrades to pipes and treatment works as environmental and water security pressures increase.

At a time when the UK water sector faces rising scrutiny but also a growing need for capital investment, Severn Trent appears well placed to benefit from sustained infrastructure spending and operational improvement.

Sales

We exited our position in **Silicon Laboratories**, a semiconductor company focused on low power wireless connectivity and embedded processing solutions for the Internet of Things.

In February 2026, rival Texas Instruments announced plans to acquire Silicon Laboratories in a deal valued at $7.5 billion. The transaction is expected to complete in the first half of 2027, subject to regulatory approvals and other customary closing conditions. We exited our position after the announcement of the deal rather than take any risks around completion.

We exited our position in **Danaher**, a diversified life sciences and diagnostics company, after a holding period of 14 years, during which the share price quadrupled and the investment delivered strong outperformance relative to the MSCI World.

Danaher's success has been driven by the quality of its portfolio, disciplined capital allocation and longstanding track record of operational execution. Its exposure to bioprocessing, diagnostics and life sciences tools made it an attractive business for many years, particularly given its role in supporting pharmaceutical research, development and manufacturing.

However, as the opportunity set within life sciences tools has evolved, we have identified stronger opportunities elsewhere. While we continue to view Danaher as a high quality company, we believe there are now better uses of capital within the sector.

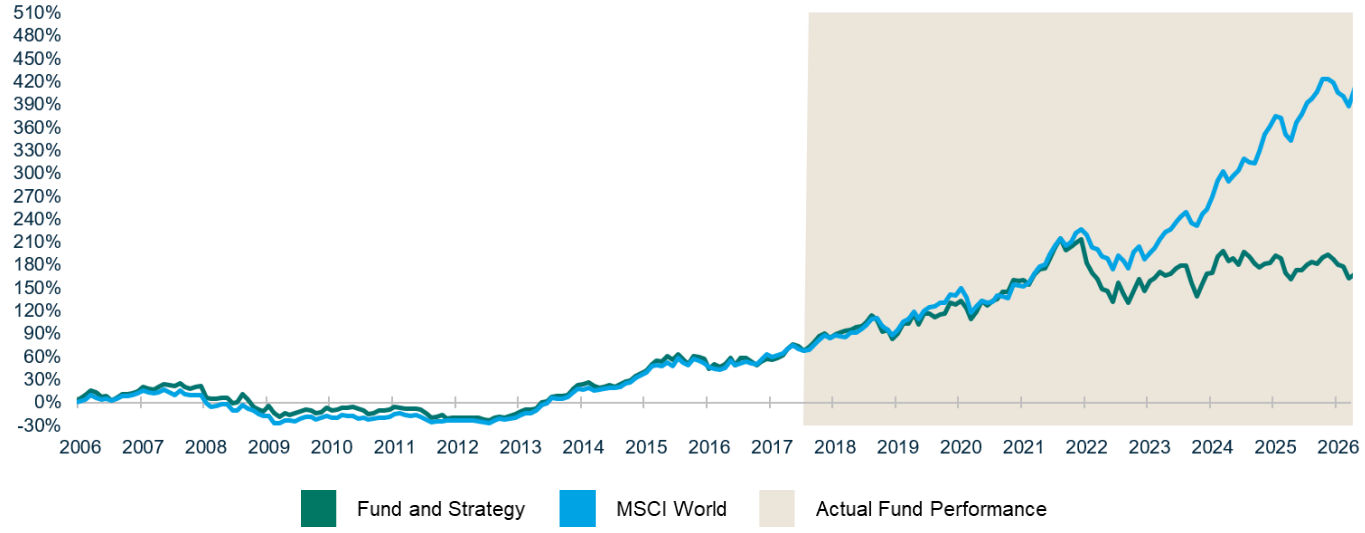
INVESTMENT PERFORMANCE

Cumulative Investment Returns

Net performance for periods ending 30 September 2026 (%)

	3 mth	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Fund &	-8.8	-2.7	-1.0	-0.4	
Strategy (partial simulation)[17]					4.9
MSCI World[18]	-6.1	8.2	15.9	12.6	8.1

Performance Since Strategy Inception

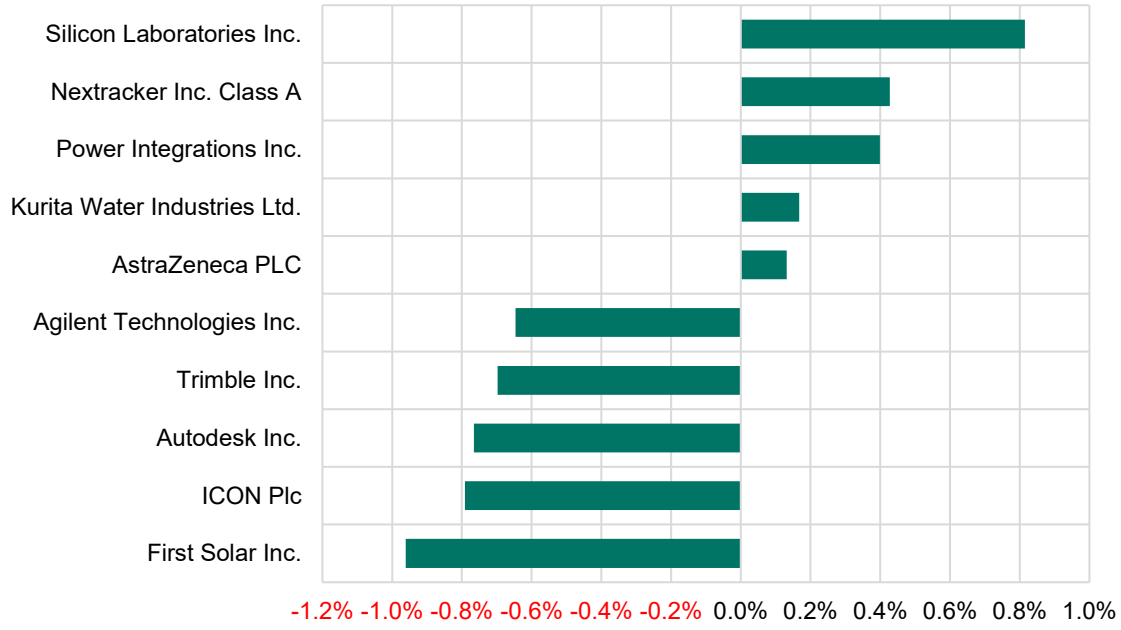


[17] From August 2017, performance figures are those of the Pengana WHEB Sustainable Impact Fund's class A units (net of fees and including reinvestment of distributions). The strategy's AUD performance between January 2006 and July 2017 has been simulated by Pengana from the monthly net GBP returns of the Henderson Industries of the Future Fund (from 1 January 2006 to 31 December 2011) and the FP WHEB Sustainability 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 zeroed. The Henderson Industries of the Future Fund's and the FP WHEB Sustainability Fund's GBP net track record data is historical. Past performance is not a reliable indicator of future performance. The value of the investment can go up or down.

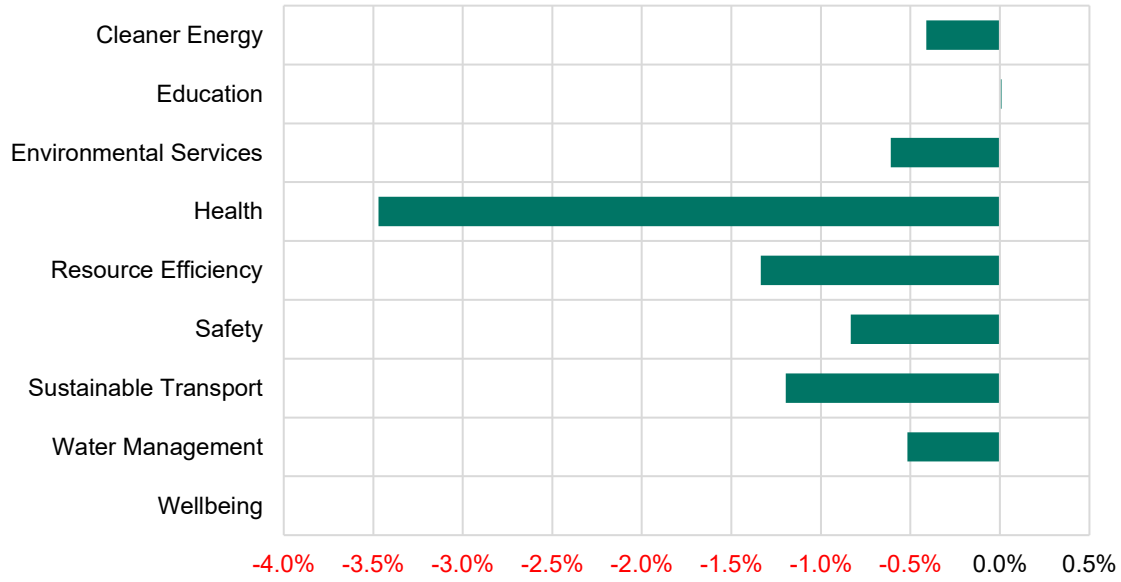
[18] MSCI World Total Return Index (net, AUD unhedged).

Quarterly Performance

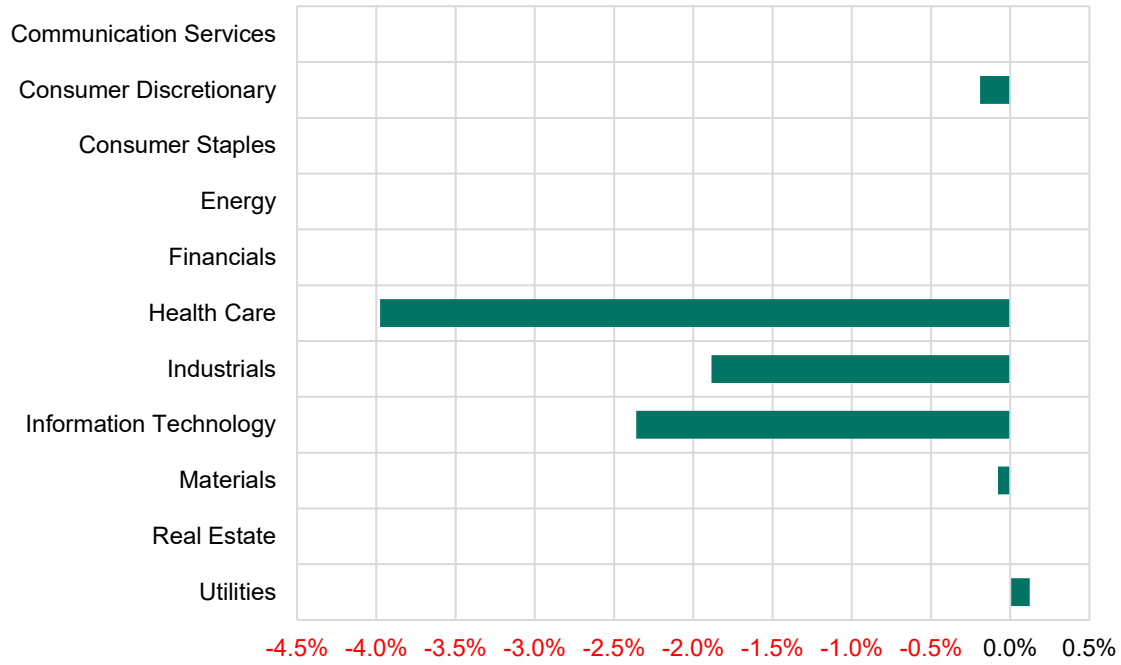
Contribution to Return by Stock (Top 5 & Bottom 5)



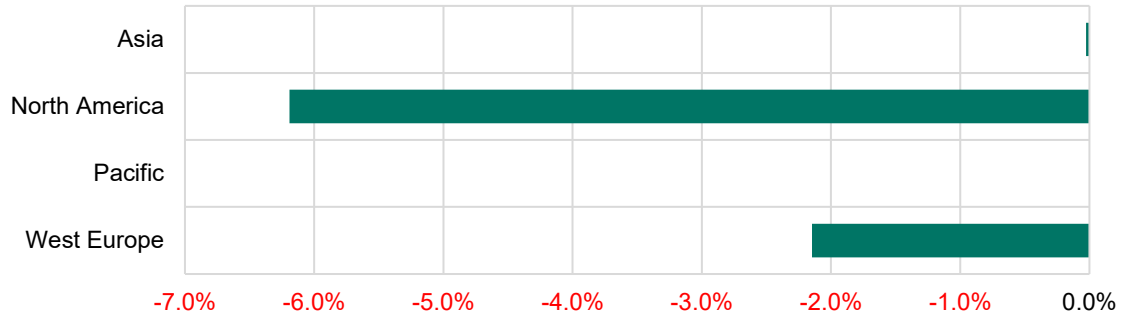
Contribution to Return by Sustainability Theme



Contribution to Return by Sector

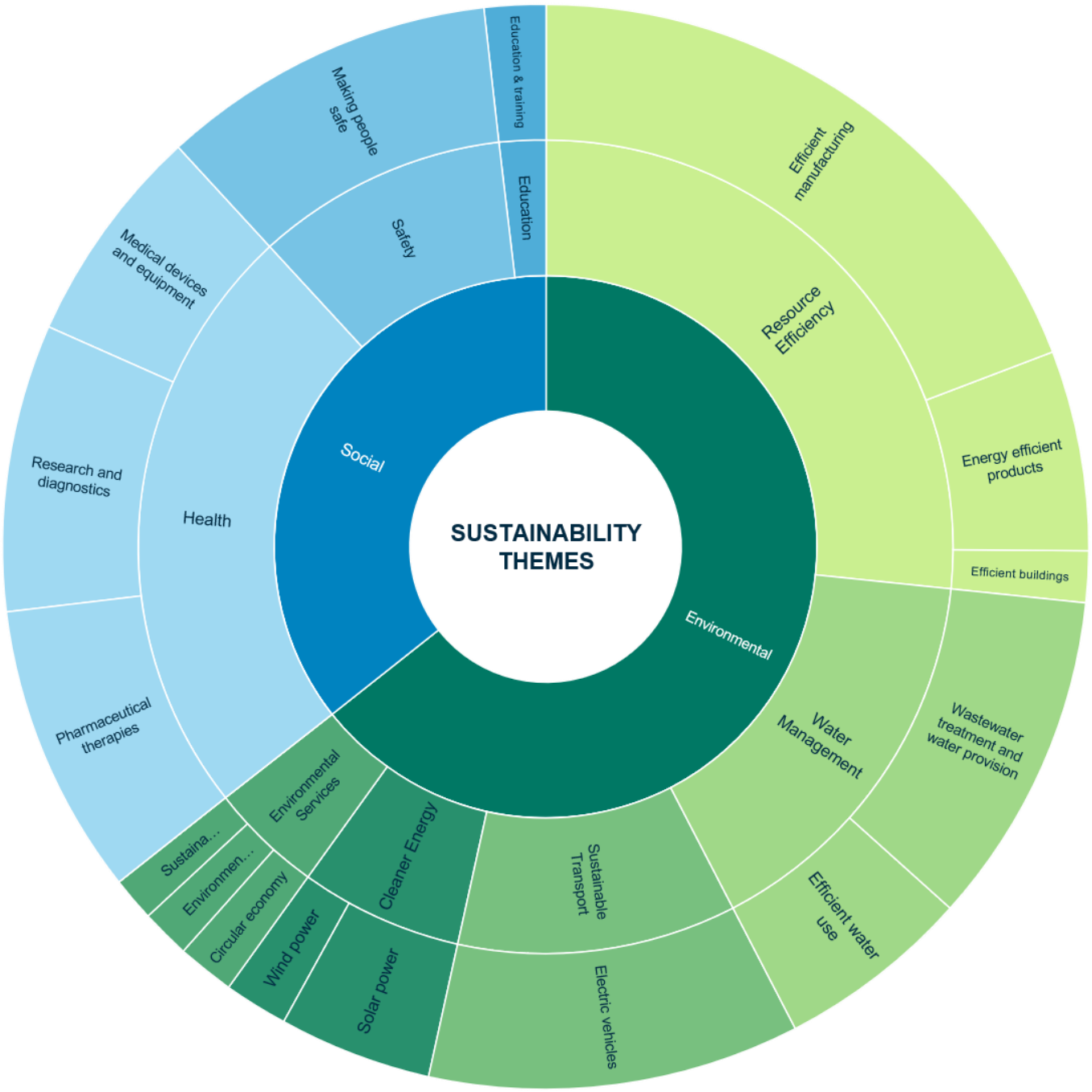


Contribution to Return by Geography

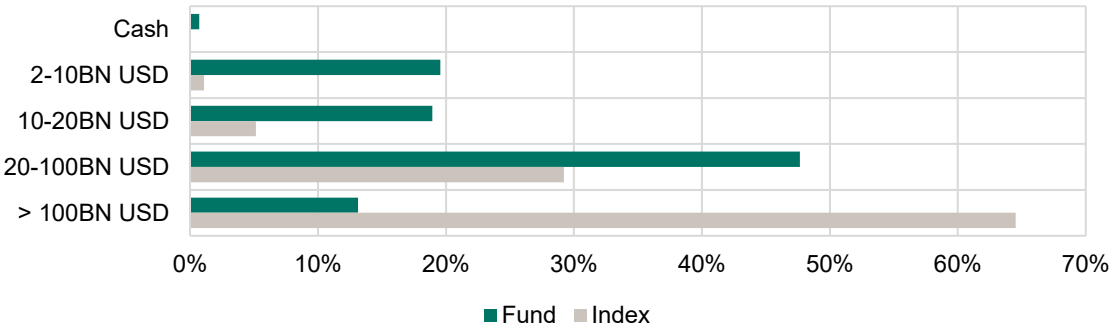


PORTFOLIO ANALYSIS AND POSITIONING OF STRATEGY

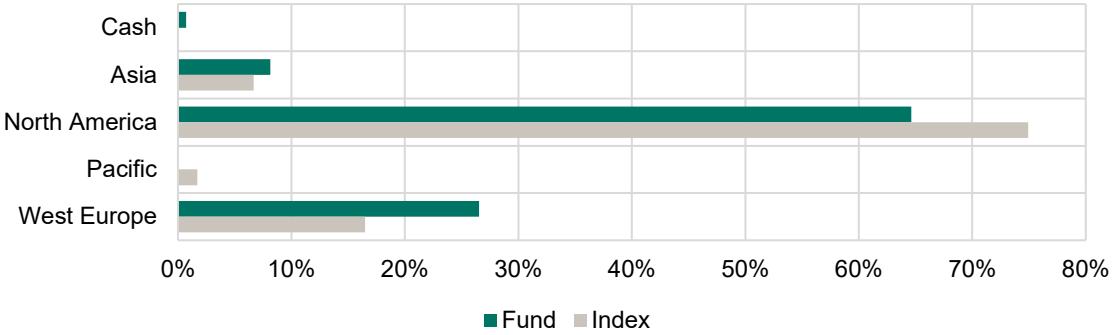
Exposure by Sustainability Theme



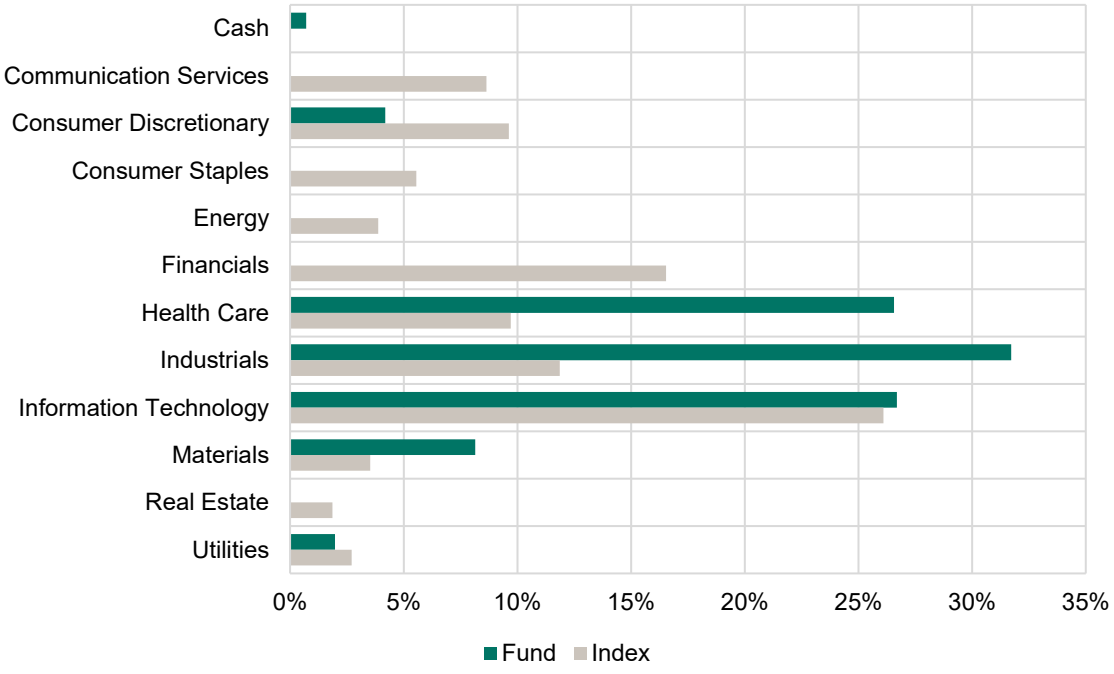
Exposure by Market Capitalisation



Exposure by Region



Exposure by Sector



Largest 10 Positions

Name	Sustainable Investment Theme	Description
Agilent Technologies, Inc.	Health	Research and diagnostics
Aptiv PLC	Sustainable Transport	Electric vehicles
AstraZeneca PLC	Health	Pharmaceutical therapies
Bureau Veritas SA	Safety	Making people safe
Ecolab Inc.	Water Management	Efficient water use
Globus Medical Inc Class A	Health	Medical devices and equipment
Keyence Corporation	Resource Efficiency	Efficient manufacturing
TE Connectivity plc	Sustainable Transport	Electric vehicles
Thermo Fisher Scientific Inc.	Health	Research and diagnostics
Trimble Inc.	Resource Efficiency	Efficient manufacturing

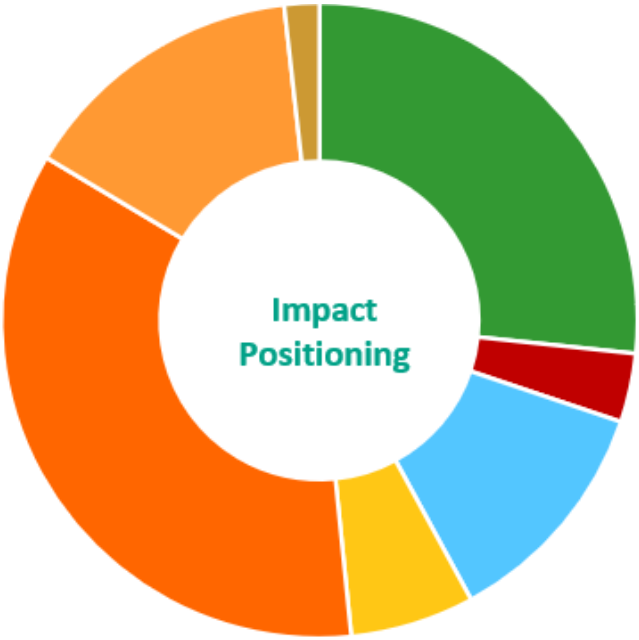
Strategy Characteristics

	WHEB	MSCI
FY1 Price/Earnings (PE)	18.7	18.0
FY2 Earnings Growth	16.2	17.0
FY1 PE/FY2 Earnings Growth (PEG)	1.1	1.4
3-year Volatility	15.0	11.7
Beta (predicted)		0.9
1-year Tracking Error (predicted)		6.4
5-year Tracking Error (ex-post)		8.4

Trading Activity – Significant Portfolio Changes

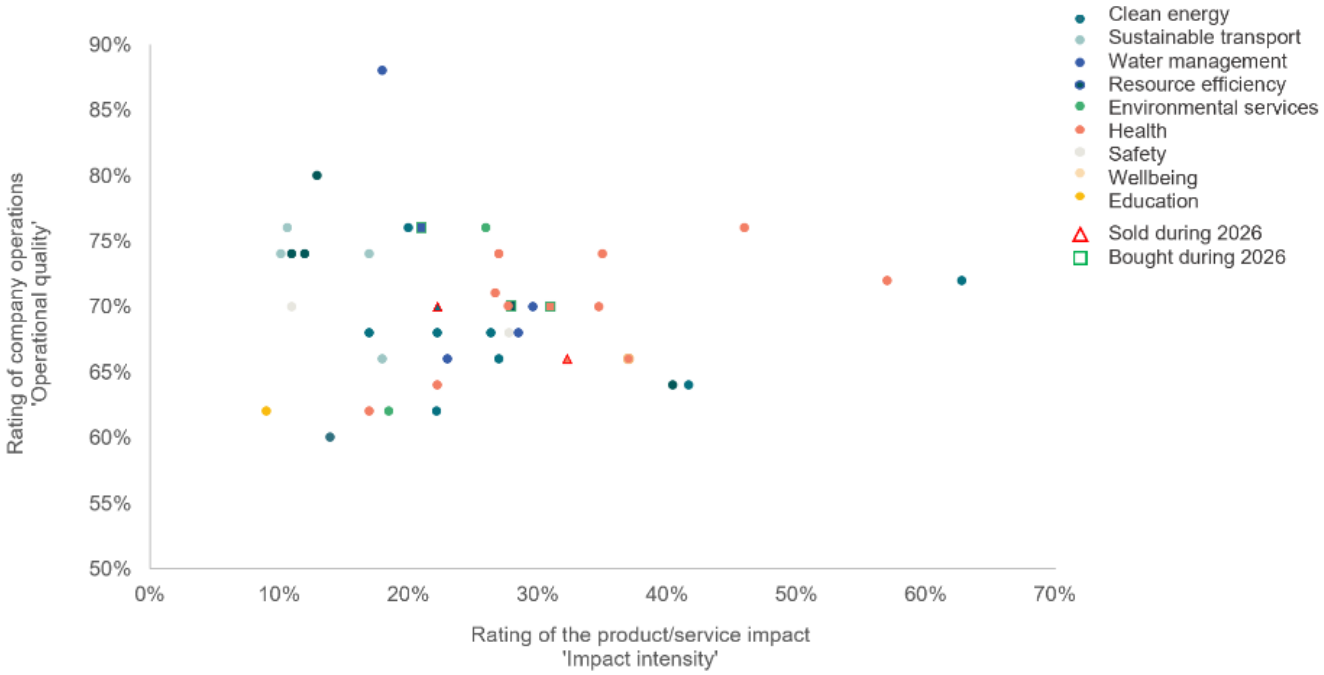
Stock Name	Theme	Purchase or sale	Rationale
Bentley Systems	Purchase	Resource Efficiency	High quality, resilient infrastructure software looks well placed to benefit from infrastructure renewal, decarbonisation and labour shortages.
Severn Trent	Purchase	Water	Environmental leader in essential water infrastructure, with strong exposure to rising investment needs, tighter regulation and growing water security pressures.
Boston Scientific	Purchase	Health	Leading medical technology business with strong positions in growing procedural markets, supported by ageing populations, minimally invasive care and innovation.
Silicon Laboratories	Sale	Resource Efficiency	The company agree to be acquired by Texas Instruments.
Danaher	Sale	Health	We exited after a strong long term return, as we identified more compelling opportunities elsewhere in the sector.

Impact Positioning: Supporting the UN Sustainable Development Goals[19]



- 26% in health & well-being
- 3% in education
- 12% in clean water & sanitation
- 6% in affordable & clean energy
- 35% in industry, innovation & infrastructure
- 15% in sustainable cities & communities
- 2% in responsible consumption & production

Impact Map of the strategy's portfolio following quarterly changes[20]



[19] For descriptions of impact mapping methodologies please see WHEB's impact reports, available at https://pengana.com/our-funds/wheb-sustainable-impact-fund/. The SDG mapping methodology is described in the 2019 Impact Methodology Report, available at https://pengana.com/our-funds/wheb-sustainable-impact-fund/, and the impact positioning graph is described in detail in the 2019 impact report.
[20] As above.

ESG profile of WHEB's investment strategy[21]



[21] Source: Impact Cubed.

Quarterly ESG performance[22]

Measure	WHEB Strategy	Proportion reported	MSCI world
Carbon intensity (scope 1 and 2)	47 tCO_2e/£1m of revenue	93%	188 tCO_2e/£1m of revenue
Scope 3 carbon efficiency	1,440 tCO_2e/£1m of revenue	84%	1,397 tCO_2e/£1m of revenue
Waste efficiency	32 tonnes / £1m of revenue	73%	663 tonnes / £1m of revenue
Water efficiency	5.2 thousand m^3 of fresh water/£1m of revenue	68%	9.8 thousand m^3 of fresh water/£1m of revenue
Gender equality	32% of board and top management positions are occupied by women	100%	29% of board and top management positions are occupied by women
Executive pay	180x – ratio of executive pay to employee pay	91%	525x - ratio of executive pay to employee pay
Board Independence	66% of board members are independent	100%	75% of board members are independent
Environmental good	38% of portfolio invested in environmental solutions	100%	11% of portfolio invested in environmental solutions
Social good	24% of portfolio allocated to help alleviate social issues	100%	11% of portfolio allocated to help alleviate social issues
Avoiding environmental harm	0% of portfolio in industries that aggravate social issues	100%	8% of portfolio in environmentally destructive industries
Avoiding social harm	0% of portfolio in industries that aggravate social issues	100%	3% of portfolio in industries that aggravate social issues
Economic development	$57,000 – median income of portfolio-weighted area of economic activity	100%	$56,000 – median income of portfolio-weighted geography of economic activity
Avoiding water scarcity	2.4 – geographic water use	100%	2.5 – geographic water use
Employment	4.5% - unemployment in portfolio-weighted area of economic activity	100%	4.5% - unemployment in portfolio-weighted area of economic activity
Tax gap	2.67% - estimated % of tax avoided by corporate tax mitigation schemes	100%	2.65% - estimated % of tax avoided by corporate tax mitigation schemes

[22] Source: Impact Cubed.

QUARTERLY ENGAGEMENT AND VOTING ACTIVITY

Voting Record

The table below summarises the voting record at companies held in WHEB's investment strategy over the quarter. Full details of how we voted on each of the individual votes are detailed on our website: https://pengana.com/our-funds/wheb-sustainable-impact-fund/

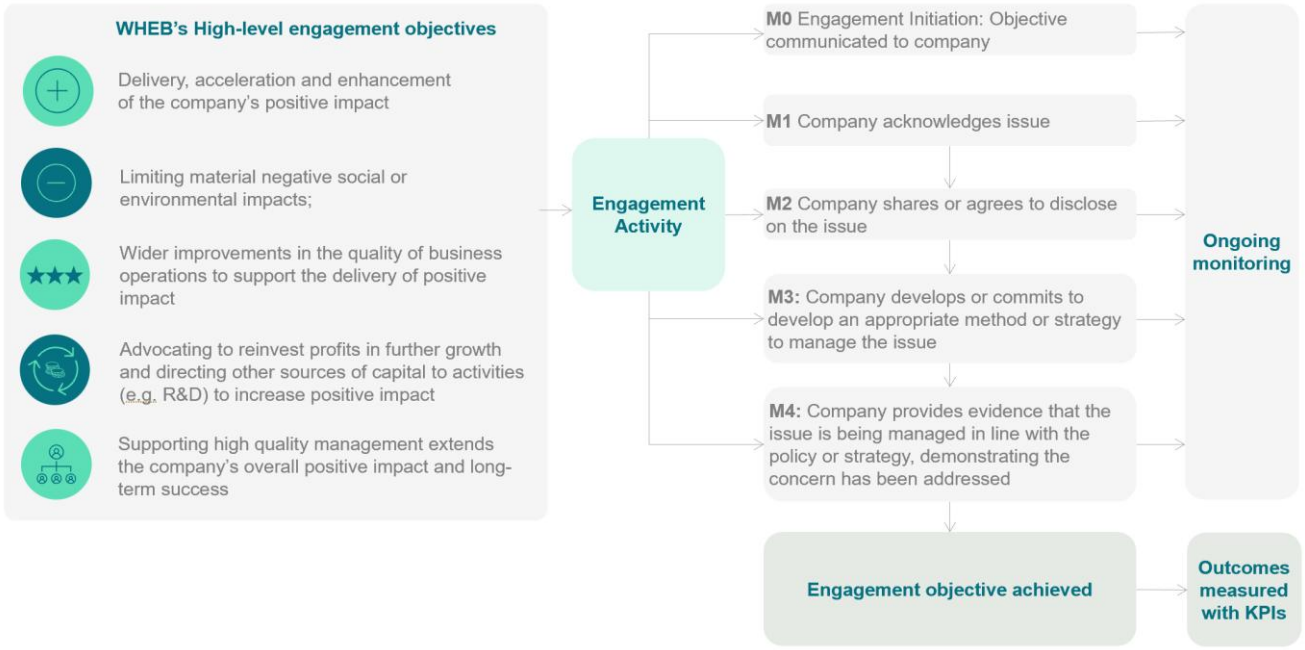
Meetings	No. of meetings	%
# votable meetings	9	
# meetings at which votes were cast	9	100%
# meetings at which we voted against management or abstained	5	56%

Resolutions	No. of resolutions	%
# votes cast with management	112	82%
# votes cast against mgmt. or abstained (see list in appendix)	5	4%
# resolutions where votes were withheld	1	0.7%

Company Engagement

Engagement Summary	Count	%
# Companies engaged	15	
# Engagements	37	
# Milestone 0 – company does not acknowledge issue	22	59%
# Milestone 1 – company acknowledges issue	4	11%
# Milestone 2 – company shares or agrees to disclose information on the issue	8	22%
# Milestone 3 – company develops or commits to developing an appropriate policy or strategy to manage the issue	1	3%
# Milestone 4 – Company provides evidence that the issue is being managed in line with the policy or strategy, demonstrating concerns have been addressed	2	5%

WHEB's engagement milestones



Company	Topic	WHEB's High-Level Objective	Company Objective	Method	Milestone
Agilent Technologies, Inc.	Board Independence	Supporting high quality management extends the company's overall positive impact and long-term success	Establish independent Chair	Formal Letter	0
	Auditor Independence/Tenure	Supporting high quality management extends the company's overall positive impact and long-term success	Enhance auditor independence	Formal Letter	0
	Committee Independence	Supporting high quality management extends the company's overall positive impact and long-term success	Improve committee independence and governance structure	Formal Letter	0
	Remuneration - Excessive Pay	Supporting high quality management extends the company's overall positive impact and long-term success	Ensure executive remuneration is proportionate, transparent, and aligned with long-term shareholder value	Formal Letter	0
	Remuneration - Sustainability/ESG Metrics	Supporting high quality management extends the company's overall positive impact and long-term success	Enhance committee independence Align executive remuneration with long-term and ESG performance	Formal Letter	0
American Water Works Company, Inc.	Director Independence/Overboarding	Supporting high quality management extends the company's overall positive impact and long-term success	Strengthen board independence by appointing independent chair or lead director	Formal Letter	0.
	Auditor Independence/Tenure	Supporting high quality management extends the company's overall positive impact and long-term success	Enhance auditor independence	Formal Letter	0
American Water Works Company, Inc.	Carbon - Net Zero Target/Strategy	Limiting material negative social or environmental impacts	Improve climate strategy credibility including clearer alignment with best practice. Improve disclosure and integration of climate considerations into capital allocation and operations,	Meeting/Video Meeting	2

			particularly linking decarbonisation and adaptation to core business activities.		
American Water Works Company, Inc.	Carbon - Net Zero Target/Strategy	Limiting material negative social or environmental impacts	Improve climate strategy credibility including clearer alignment with best practice. Improve disclosure and integration of climate considerations into capital allocation and operations, particularly linking decarbonisation and adaptation to core business activities.	Formal Letter	0
AstraZeneca PLC	Remuneration - Excessive Pay	Supporting high quality management extends the company's overall positive impact and long-term success	Ensure executive remuneration is proportionate, transparent, and aligned with long-term shareholder value	Formal Letter	0
	Director Independence/ Overboarding	Supporting high quality management extends the company's overall positive impact and long-term success	Strengthen board independence by appointing independent chair or lead director	Formal Letter	0
Croda International Plc	Carbon - Net Zero Target/Strategy	Delivery, acceleration and enhancement of the company's positive impact	Share detail on Scope 1 and 2 emissions reduction plans covering CapEx, supplier engagement.		4
Croda International Plc	Product Impact	Delivery, acceleration and enhancement of the company's positive impact	Disclose carbon avoided data generated through product sales	Meeting/Video Meeting	2
Ecolab Inc.	Combined CEO and Chair	Supporting high quality management extends the company's overall positive impact and long-term success	Improve governance and independent oversight by separating the roles of Chair and CEO.	Formal Letter	1

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