



PENGANA
CAPITAL



Pengana WHEB Sustainable Impact Fund

September
2020

Investor Presentation



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IMPACT APPROACH ANSWERS SRI QUESTIONS

A strategy that checks all the boxes



ETHICAL

- ✓ No sin stocks
- ✓ Fossil fuel free



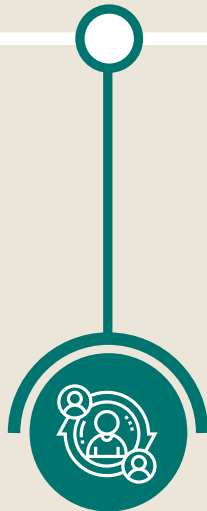
SUSTAINABLE

- ✓ Sustainability themes
- ✓ Focused on growth



ESG

- ✓ Risk reduction
- ✓ Identifying quality



STEWARDSHIP

- ✓ Engaged with companies
- ✓ Responsible ownership



LONG TERM

- ✓ Investors not traders
- ✓ Owning not renting

CONNECTING WITH REAL WORLD IMPACT

\$1M invested in the strategy during 2019 ...

CLEANER ENERGY



Generating

423 MWh

of renewable energy

equivalent to the annual energy use of 33 Australian households

RESOURCE EFFICIENCY



Avoiding

450 tons

of CO₂e emissions

equivalent to the energy use of an average Australian house for 65 years.

WATER MANAGEMENT



Distributing

10.3m litres

of tap water for consumption

equivalent to the annual drinking water needs of 14.1k people

WATER MANAGEMENT



Treating

5.8m litres

of waste water

equivalent to the total annual waste water generated by 51 Australian households

ENVIRONMENTAL SERVICES



Recycling or recovering

81 tons

of waste materials

equivalent to the total waste produced by 56 Australian households per year. Saving \$11.5k reduced landfill costs.

HEALTH



85 people

receiving healthcare treatment

and \$25.9k of costs saved through more efficient healthcare systems.

WELL-BEING



37 people

benefitting from preventative care and/or healthy living programmes.

saving \$13.8k in avoided healthcare treatment costs.

EDUCATION



Students receiving

98 days

of tertiary education

supporting \$2.1k of increased annual future earnings potential.

AGENDA

- I** Overview of Pengana & WHEB

- II** WHEB Listed Equity Strategy

- III** Measuring Investors' Positive Impact

- IV** Appendix



WHEB AT A GLANCE



Mission: To advance sustainability & create prosperity through positive impact investment

PENGANA
CAPITAL

- A specialist fund management business focused on the opportunities created by the global transition to more sustainable, resource efficient and energy efficient economies
- Founded in 2009 and headquartered in London
- Team regarded as a pioneer in the field of sustainability-themed investment
- 9 staff (incl. 4 investment professionals) supported by an Investment Advisory Committee of 5
- Single strategy managed: WHEB Listed Equity



For meeting rigorous standards of social and environmental performance, accountability, and transparency



A+ in all three categories[§]



Compliance with the European Social Investment Forum's (EUROSIF) transparency code

The Sustainable City Awards



2015 Sustainable Finance Award



Outstanding Achievement in Sustainable & ESG Investing Award



Tier One signatory to the Financial Reporting Council's UK Stewardship code

§ For the full WHEB Asset Management PRI Transparency Report, visit www.unpri.org. Assessment methodology can be found at <https://www.unpri.org/download?ac=4315>

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INVESTMENT TEAM



Ted Franks, CA, CFA

Fund Manager & Partner

- Dresdner Kleinwort & KPMG
- Accountancy and corporate finance background
- 15 years' industry experience



Seb Beloe, MSc, DiC, CEnv

Head of Research & Partner

- Head of SRI Research at Henderson
- Leading sustainability expert
- 25 years' industry experience



Ben Kluffinger, PhD, CFA

Senior Analyst

- Sell side analyst at Macquarie and Citigroup
- Renewables sector expertise
- 21 years' industry experience



Ty Lee, CFA

Associate Fund Manager

- Corporate finance and consulting background
- Quant screens and modeling
- 16 years' industry experience

MANAGEMENT & INVESTMENT AND RISK COMMITTEE



George Latham, ASIP

Managing Partner & Chief Risk Officer

- Head of Henderson SRI team
- 24 years' industry experience



Geoff Hall

Non-Executive Chairman

- CIO Allianz Insurance UK
- 43 years' industry experience

AGENDA

- I Overview of Pengana & WHEB

- II WHEB Listed Equity Strategy**

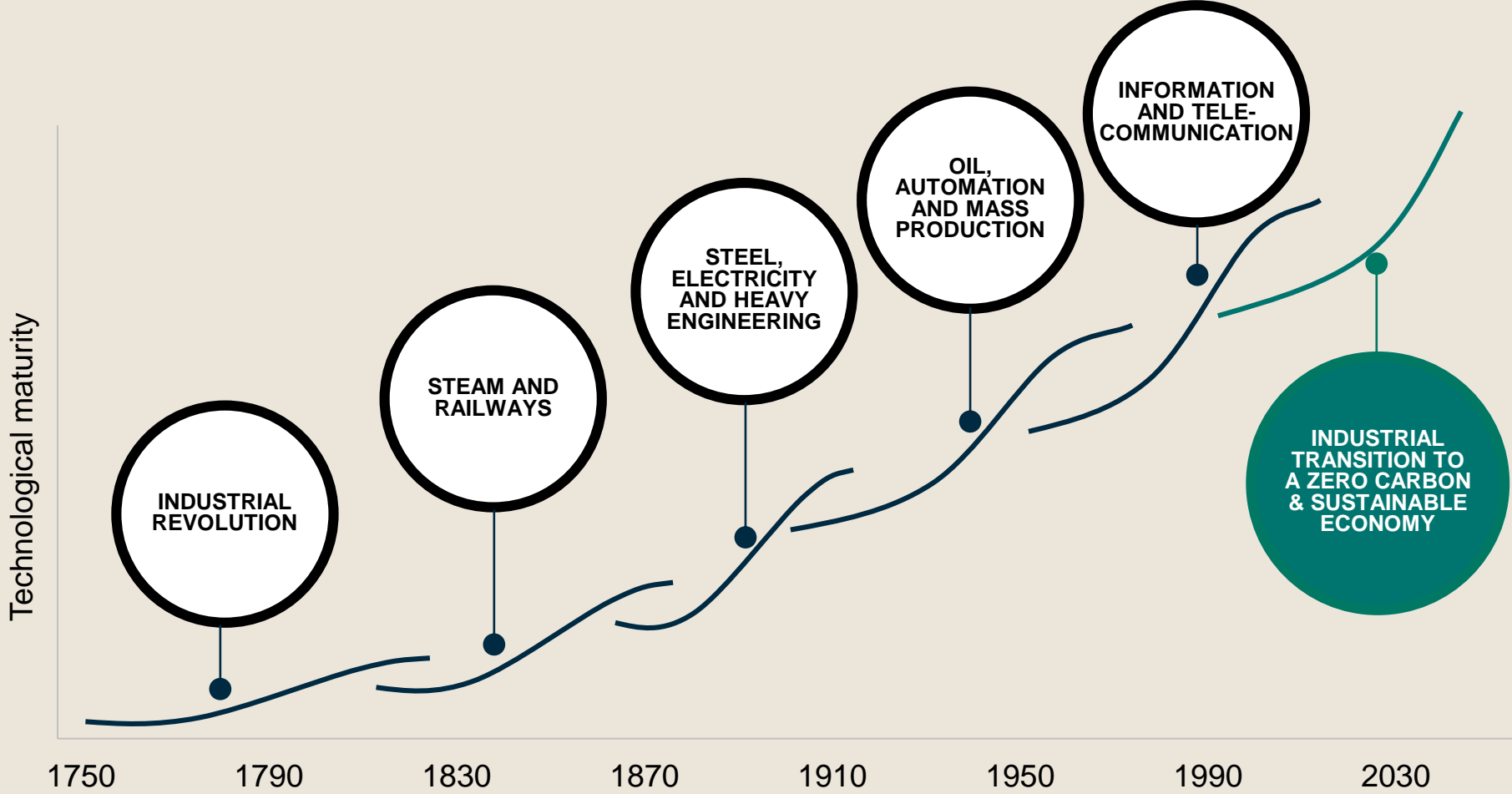
- III Measuring Investors' Positive Impact

- IV Appendix



INVESTING IN THE SIXTH INDUSTRIAL REVOLUTION

A process of undoing



Derived from: Technological revolutions and Financial Capital, Carlota Perez, 2002

STRATEGY OVERVIEW

SUSTAINABLE GROWTH

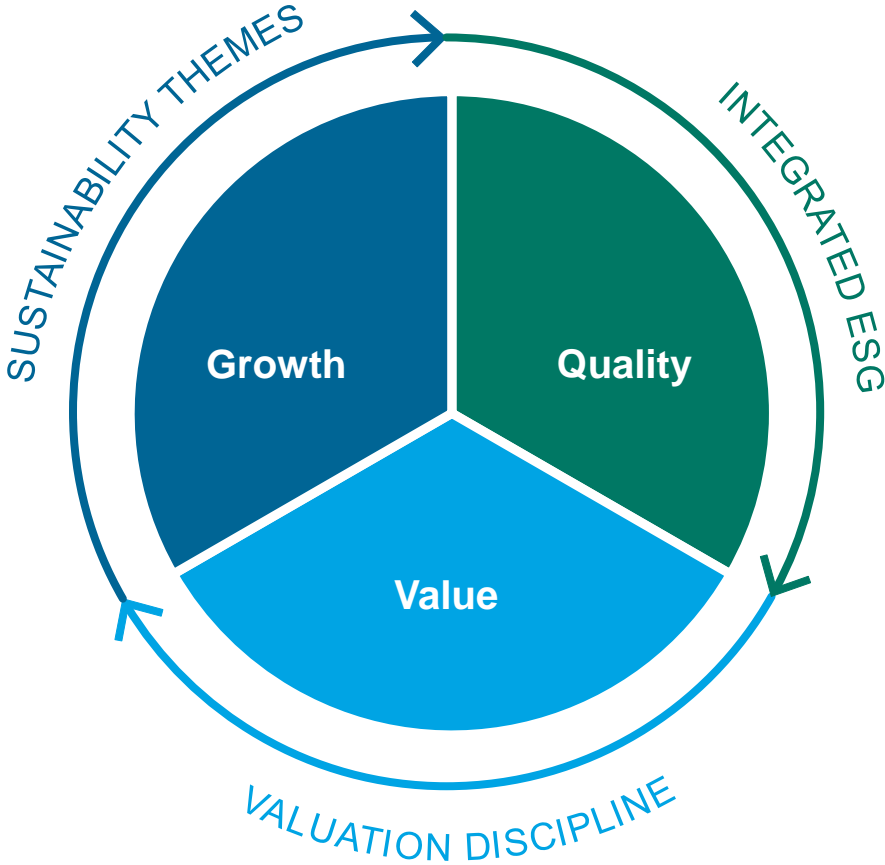
Focus on companies that generate positive social/environmental impact identifying structural growth themes

QUALITY

Integrated ESG analysis and engagement enables better understanding of quality of company, franchise and overall impact

VALUATION

Longer term average holding period supports valuation discipline, style is quality, sustainable “growth at the right price” (GARP)



SOLUTIONS TO SUSTAINABILITY CHALLENGES

Markets with strong long term growth potential



POSITIVE AND NEGATIVE EXTERNALITIES

Focus on companies that provide solutions



Business at risk



Transitioning



Sustainable growth

20%

60%

20%

ExxonMobil



TOYOTA



MARKS & SPENCER



Unilever



tpi COMPOSITES



Peabody ENERGY



Microsoft

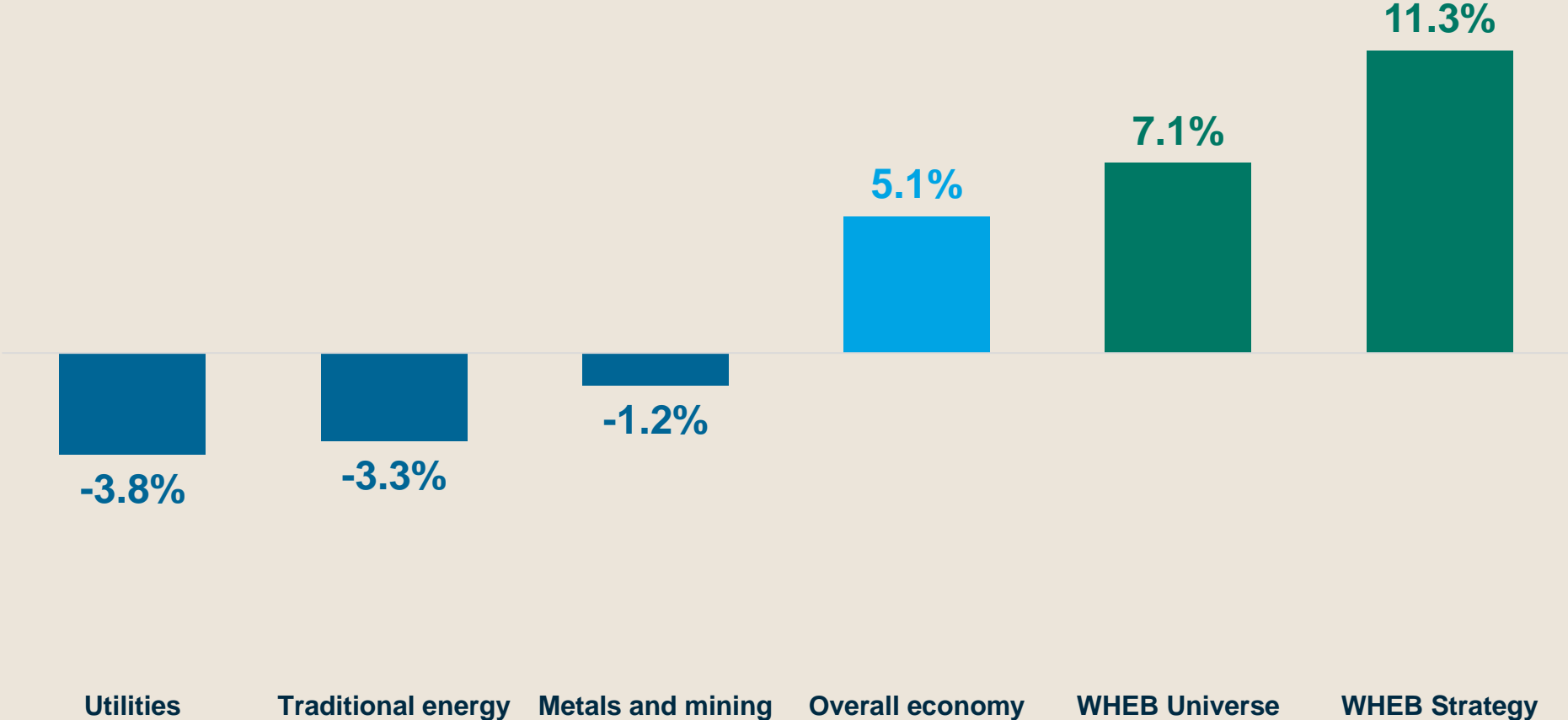
amazon

Only companies shown in the "Sustainable growth" category are considered for WHEB's investment strategy. Examples shown under "Business at risk" or "Transitioning" categories are not included in WHEB's investment universe. Illustrative purposes only. Investment examples are intended to help illustrate the investment process and should not be considered a recommendation to purchase or sell any security. The companies shown are not representative of all the securities purchased, sold or recommended for clients. It should not be assumed that an investment in the securities mentioned was or will be profitable.

SUPERIOR STRUCTURAL GROWTH



Global revenue growth by industry (listed participants), 2011 to 2019



“WHEB Universe” relates to the stocks included in WHEB’s investable universe. WHEB Strategy relates to the revenue growth of stocks held in funds managed by WHEB Asset Management.

Sources: MSCI World Indexes: MSCI World (ticker: MXWO), Energy (MXWO0EN), Utilities (MXWO0UT), Metals and Mining (MXWO0MM); WHEB Asset Management LLP, to 31 December 2019

FULL INTEGRATION OF ESG FACTORS

Allows a comprehensive assessment of quality

Financial factors

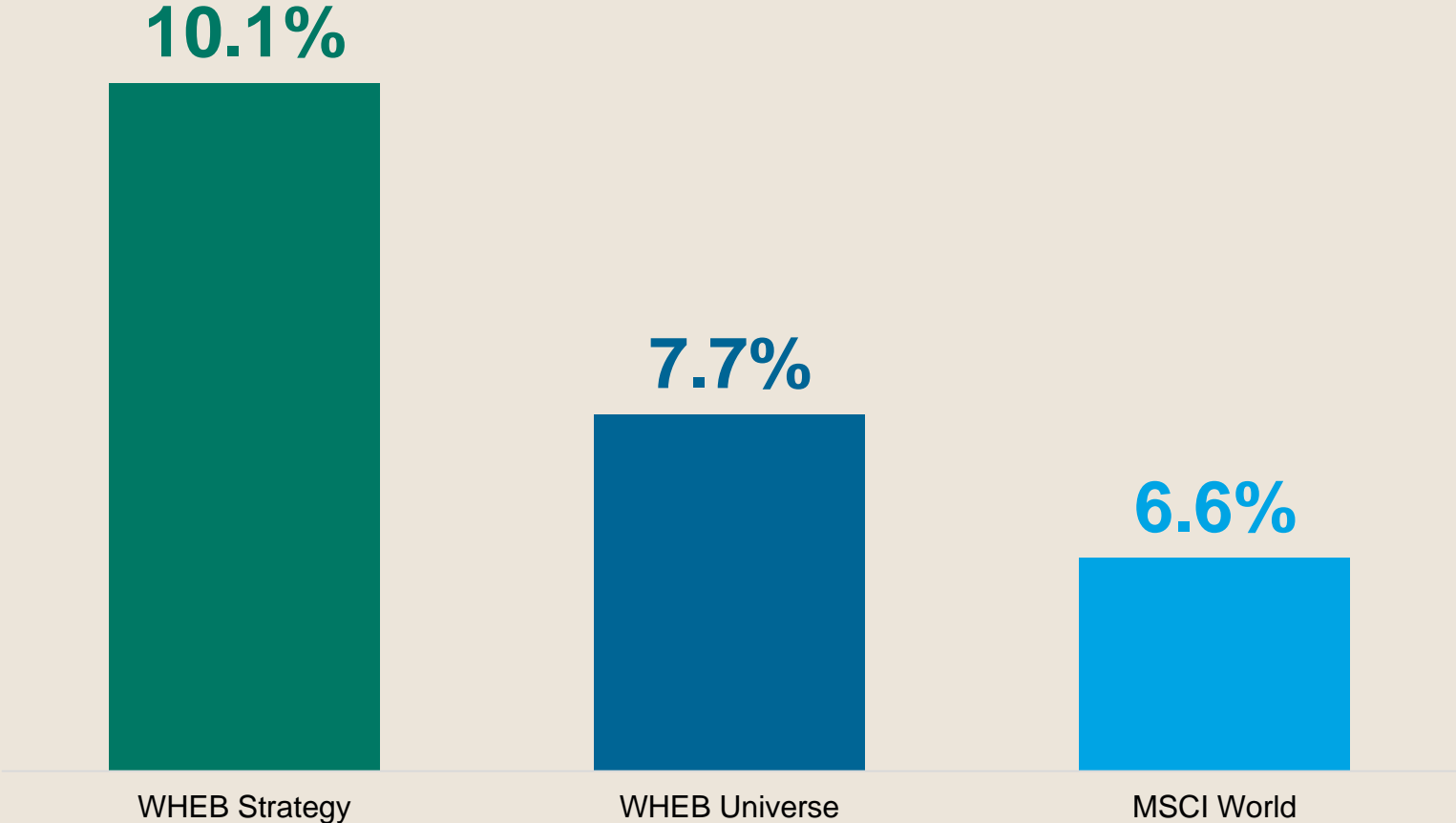


Environmental, social and governance (ESG) factors

LONG TERM INVESTORS IN HIGH QUALITY STOCKS



Unlevered cash flow return on invested capital (three year average)



Source: WHEB, MSCI, FactSet as of 6 July 2020

VALUATION DISCIPLINES

Sustainable growth at the right price

Absolute valuation

- Simple forecasting and DCFs
- No speculative, lossmaking businesses
- Avoid super-aggressive growth e.g. Tesla

Relative valuation

- Construct bespoke global peer group to compare valuation
- Theme reviews
- Range of ratio analysis:
 - PE, PEG, P/BV
 - EV/EBITDA
 - Cash flow yield

Historical valuation

- Where is valuation and returns (ROE/Margin) in historical context?
- Cyclical considerations and price relative to the market

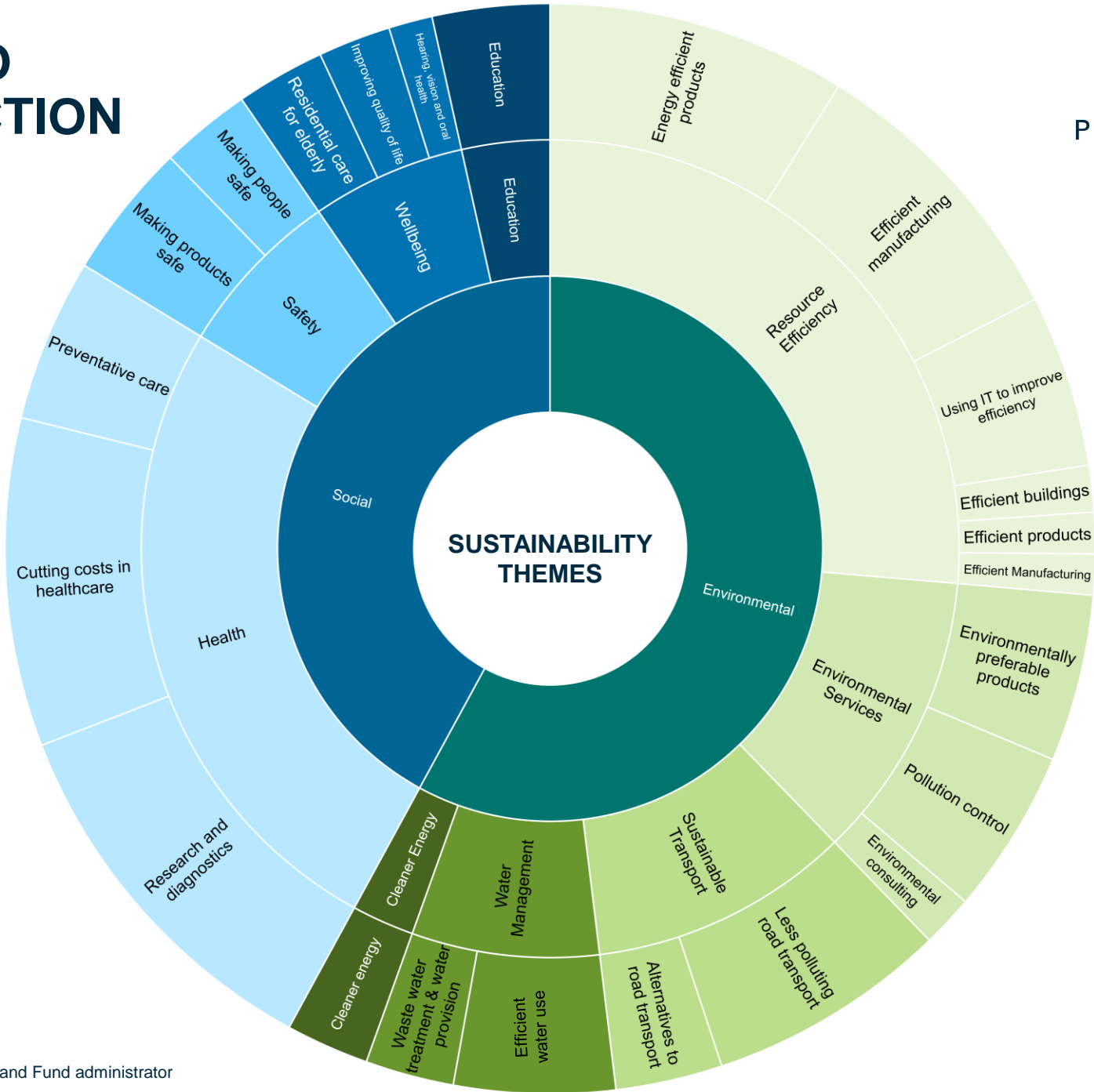
CREATING VALUE VIA ENGAGEMENT & REPORTING

- Generate insights into company practice or a particular issue, which in turn feeds investment decisions
- Influence corporate management and performance, and direction of policy to promote a favourable operating environment
- Engagement and voting activities published quarterly for client review



Illustrative purposes only. Investment examples are intended to help illustrate the investment process and should not be considered a recommendation to purchase or sell any security. The companies shown are not representative of all the securities purchased, sold or recommended for clients. It should not be assumed that an investment in the securities mentioned was or will be profitable.

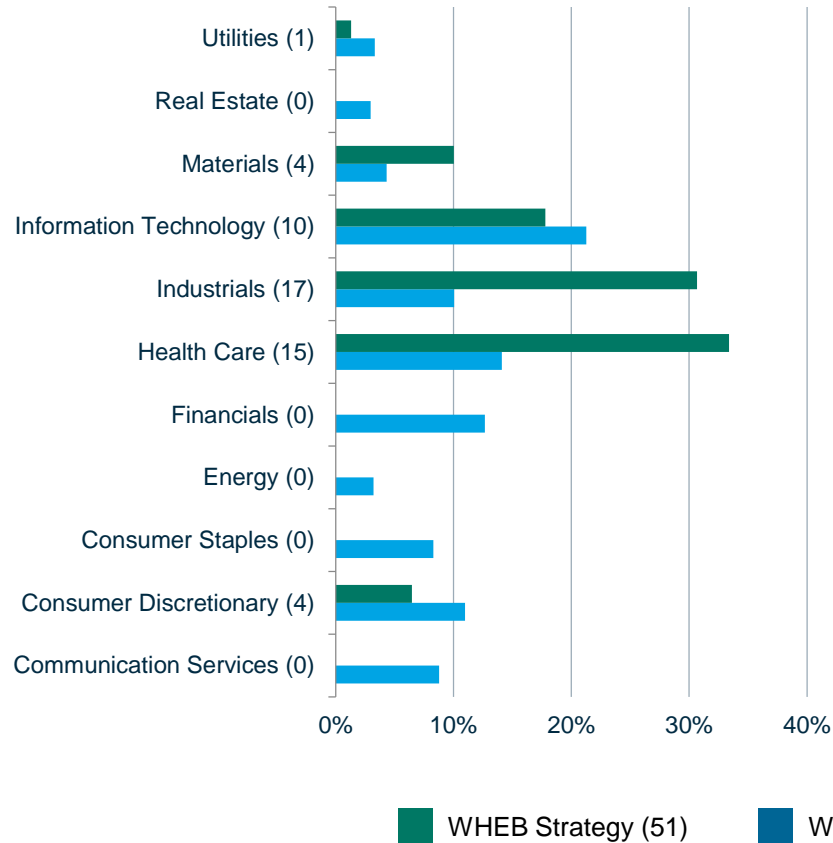
PORTFOLIO CONSTRUCTION



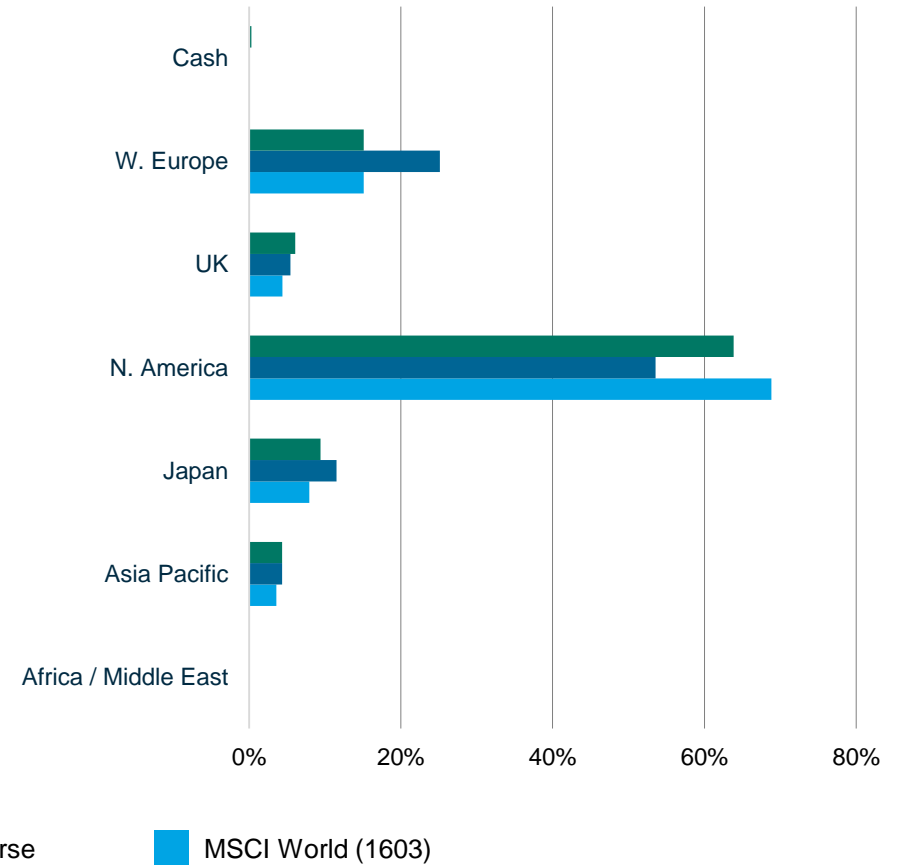
Data as of 31 August 2020
Source: WHEB Asset Management LLP and Fund administrator

PORTFOLIO CONSTRUCTION

Sector Exposure

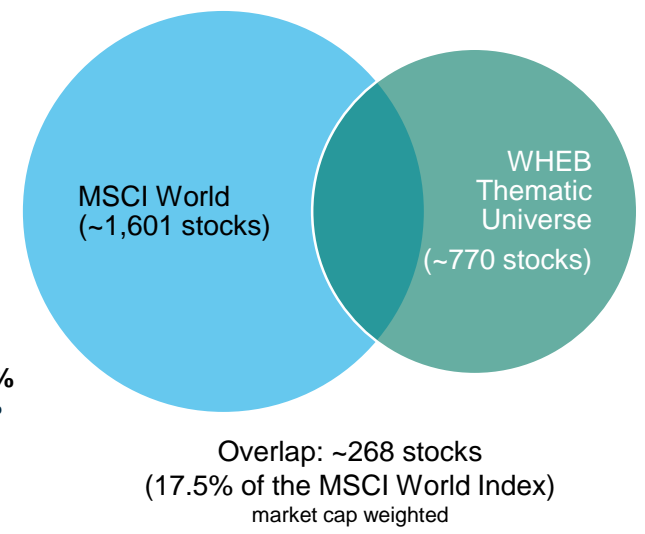
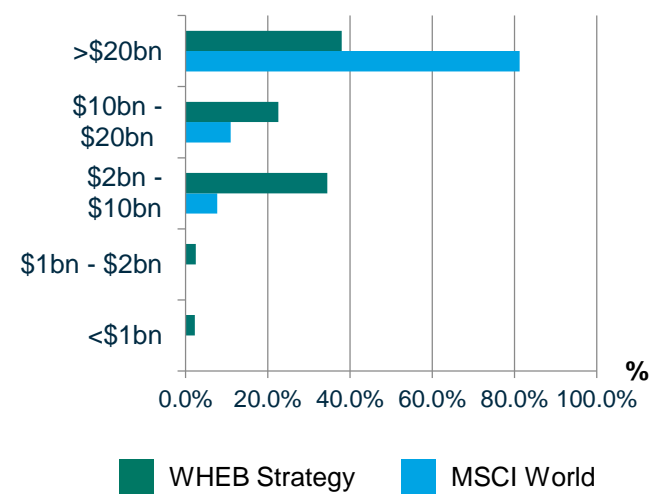
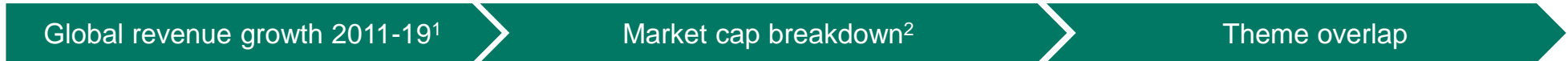
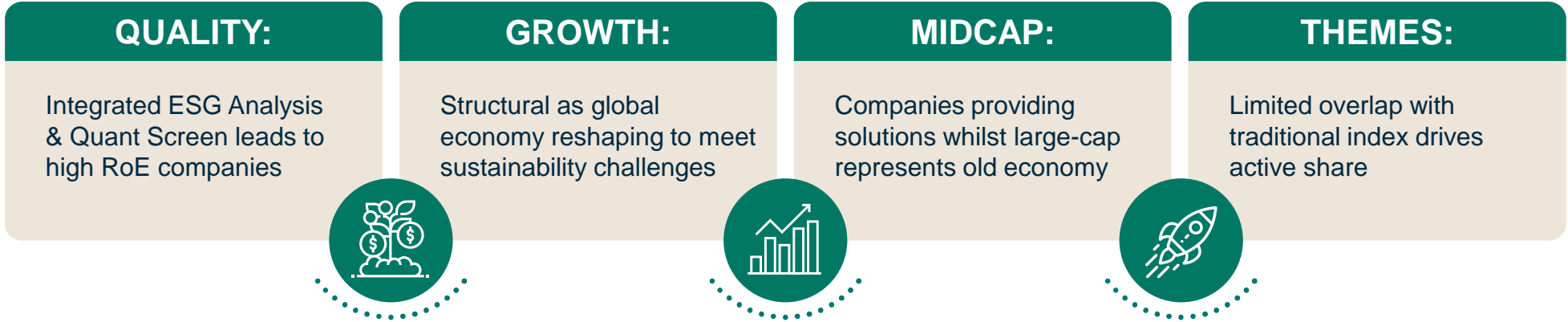


Geographic Exposure



* The numbers in brackets represent the number of stocks in the Fund and MSCI World
Sources: WHEB Asset Management, Bloomberg & MSCI as at 30 June 2020

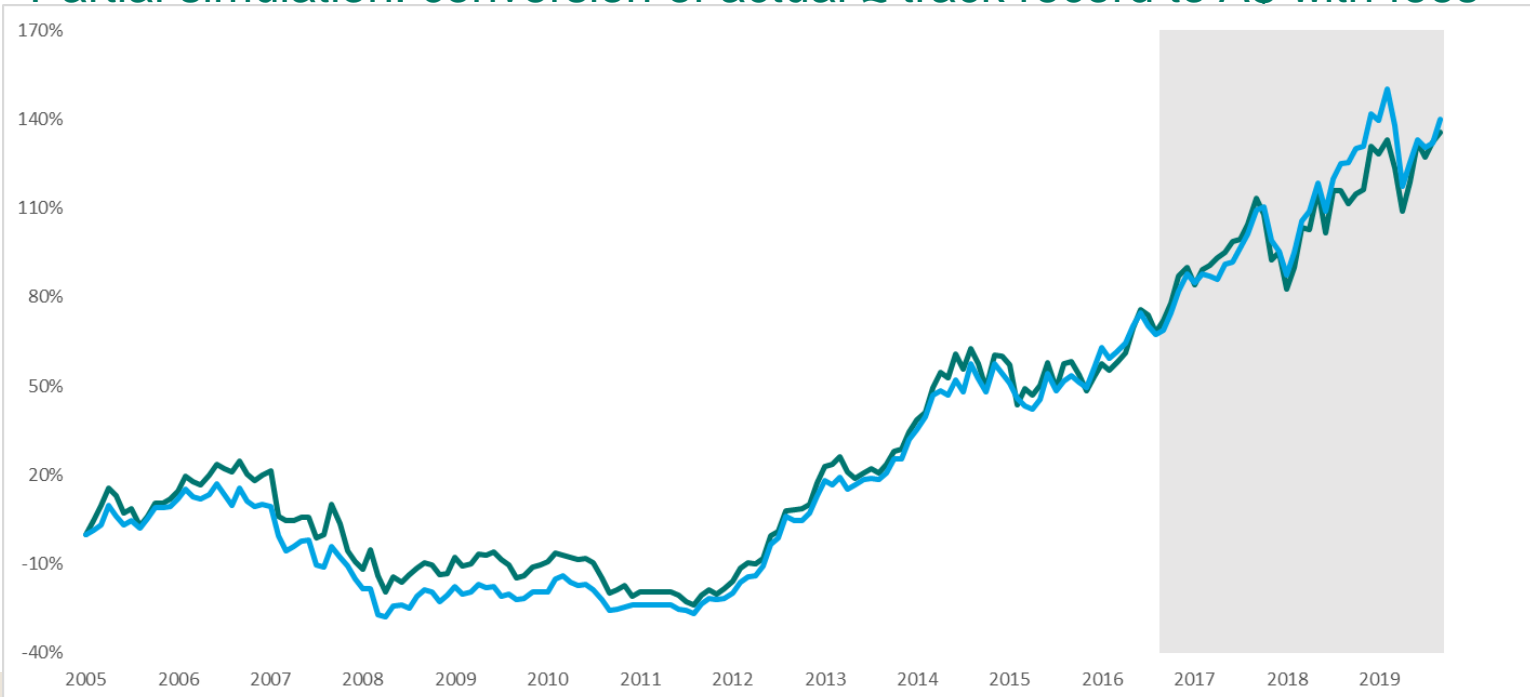
KEY FACTOR EXPOSURES



¹ Assumptions / methodology: MSCI World Index, WHEB Asset Management LLP, to 31 December 2019.
² Source: Bloomberg as of 31 March 2020

FUND AND STRATEGY PERFORMANCE

Partial simulation: conversion of actual £ track record to A\$ with fees



- Fund and Strategy (Partial Simulation)
- MSCI World
- Actual Fund Performance

Net Return (%) to 31 August 2020	1M	6M	1Y	3Y p.a.	5Y p.a.	ITD p.a.
Fund	1.3	5.3	11.2	11.0		
Strategy (partial simulation)					8.4	6.0
MSCI World Net Total Return	3.5	0.9	6.4	12.4	9.5	6.1

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 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.

THE WHEB ADVANTAGE

- One of the most experienced investment teams in the sector, with a track record spanning over 10 years
- Sustainability and ESG are ‘built in’ to the investment process, rather than ‘bolted on’
- Holistic approach to sustainability, covering both social and environmental themes
- Disciplined approach only invests in companies providing a ‘solution to a sustainability challenge’
- Long term bottom-up investors with a 4-7 year holding period
- Partnership structure and B Corp. certification prioritises client interests and longer term business decisions
- Leading proponent of impact investing; first listed equity strategy to publish an impact report



**Best boutique management group (<£1bn)
Best thematic global equity fund**



**Zenith Approved
(November 2018)**



**Lonsec Highly Recommended
(April 2019)**



5 star rated fund



Social Investment Academy Asset Manager Impact Champion



Rayner Spencer Mills SRI rated



Fossil Free Funds – Ethical Consumer overall “Best Buy”

Recognition and awards relate to the FP WHEB Sustainability Fund whose strategy the Pengana WHEB Sustainable Impact Fund implements

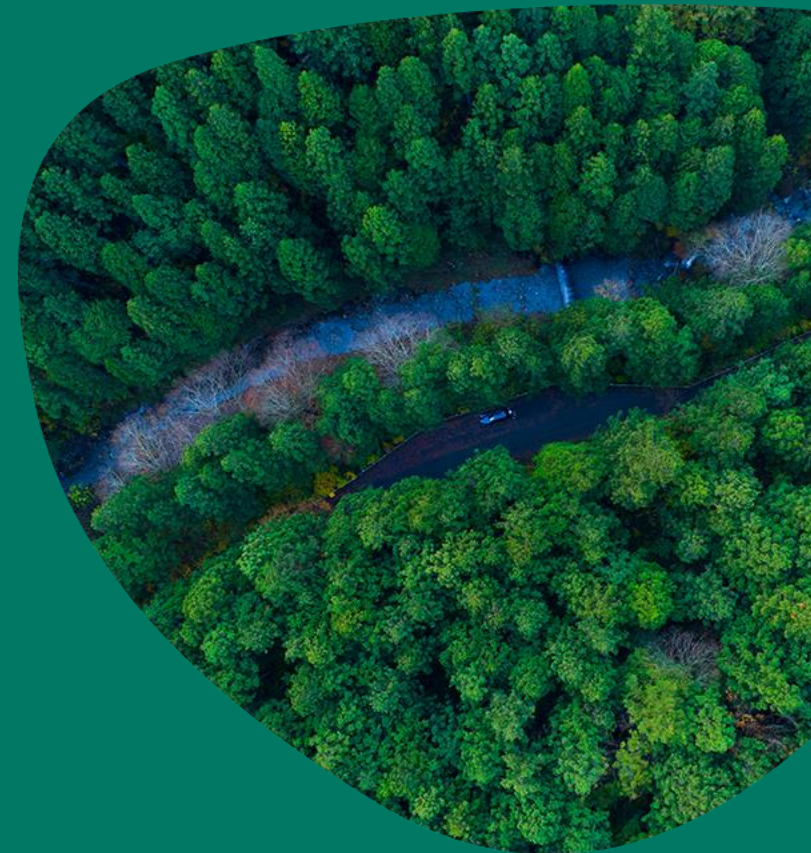
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IMPACT MEASUREMENT



impact.pengana.com

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- I Overview of Pengana & WHEB

- II WHEB Listed Equity Strategy

- III Investment Process Case Study

- IV Appendix**



FUND AND STRATEGY SUMMARY



Strategy Characteristics

Investment return objective	Capital growth over the medium to longer term
Inception date[§]	January 2006
Asset classes and allocation ranges	Global listed equities: 95% – 100% Cash: 0% – 5%
Typical number of holdings	40 – 60
Individual position size	Typically 1% – 3% Hard limit 5%
Target market cap bias	≥ U\$200m (hard limit)
Expected holding period	4 – 7 years

Fund Profile

APIR code	HHA0007AU
Minimum investment	A\$10,000
Minimum additional investment	A\$2,000
Management fee*	1.35% p.a.
Performance fee	Nil
Buy / sell spread	0.30% / 0.30%
Unit pricing frequency	Daily
Distribution frequency	Annual (June)

See the Fund's Product Disclosure Statement for more information.

Past performance is not a reliable indicator of future performance. No assurance can be given that the investment objective will be achieved or that an investor will receive all or part of his or her initial investment. As with any investment there is a potential for profit as well as the possibility of loss.

These are indicative asset allocation ranges for the Fund. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment cause the Fund to move outside these indicative ranges, this will be addressed by us as soon as reasonably practicable.

[§] The strategy was first managed as Henderson Industries of the Future Fund during the period 1 January 2006 to 31 December 2011. The FP WHEB Sustainability Fund was relaunched to run on a similar strategy from 30 April 2012.

* The management fee is a fee for managing your investment. It is expressed as a per annum percentage of a Class' Net Asset Value. All fees and expenses of the Fund (excluding transaction costs, abnormal expenses and performance fees) are paid from the management fee. It is stated inclusive of GST net of RITC. See the Fund's Product Disclosure Statement for further information.



PENGANA
CAPITAL

FOR MORE INFORMATION

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