



PENGANA WHEB SUSTAINABLE IMPACT FUND

OCTOBER 2017
PERFORMANCE
UPDATE

FUND DESCRIPTION AND FEATURES

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'.

Visit our website for more information on the [Fund](#)

Sustainability experts & portfolio managers	Ted Franks Seb Beloe George Latham
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APIR code	HHA0007AU
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Redemption price	\$1.0344
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Management fee	1.35% p.a.
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Minimum initial investment	\$10,000
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Strategy inception¹	1 January 2006
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¹ The Fund inception 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 Fund.

FUND COMMENTARY

For the month of October, the Fund returned +5.07% compared to the MSCI World Net TR Index (AUD unhedged) which returned +4.27%.

Resource efficiency was the best performing theme, with AMS and IPG Photonics being the largest contributors. AMS, which is well positioned in the more connected world via growing demand for its sensors, once again lifted its guidance significantly in the last quarter with a new record order backlog. IPG Photonics, a leading fibre laser manufacturer, delivered another set of very strong quarterly results, as its more energy efficient lasers are replacing not only older laser technologies but also other non-laser applications.

Nautilus, in our Wellbeing theme, was the largest detractor to the Fund's performance followed by CVS in our Health theme.

Unusually, the next 3 largest detractors to the Fund's performance relative to the MSCI World Index were 3 big tech giants: Apple, Microsoft and Amazon. We consider them to be broadly neutral in sustainability terms. They're not negative, but they don't provide

solutions to sustainability challenges, so we don't invest in them.

Despite this, these companies are having a profound impact on business and society. When we think about our investments, and sustainability more generally, it is impossible not to consider the impact of the big tech giants. The most directly relevant for us at the moment is probably Amazon.

Amazon has increased price transparency and revolutionised logistics in a multitude of industries. Currently it appears poised to shake up the healthcare value chain. When it reported its results on 27 October, a mere mention of this prospect was enough to pressure share prices for a small number of our holdings. In order of our perception of the credibility of the threat, these are Henry Schein, CVS and Thermo Fisher.

This is a situation that we are watching carefully. But it is not always the case that the tech giants are disruptors, creating problems for our investee companies. More often they are in fact enablers, providing services (such as data and cloud computing) that our companies are able to build on to deliver sustainability solutions.

The short term is hard to predict but we're sure that the long-term value creation opportunity for sustainability companies is at least equivalent to that of the tech giants.

RESOURCE
EFFICIENCY
WAS THE
BEST
PERFORMING
THEME IN
OCTOBER

FUND AND STRATEGY PERFORMANCE (NET OF FEES, AUD, PARTIAL SIMULATION²)

Net performance for periods ending 31 October 2017

	1M	1Y	3Y p.a.	5Y p.a.	Since inception p.a.
Fund	5.1				
Fund and Strategy (partial simulation ²)	5.1	26.0	13.3	18.6	5.6
MSCI World ³	4.3	21.8	13.2	18.5	5.3



² 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 nulled. 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.

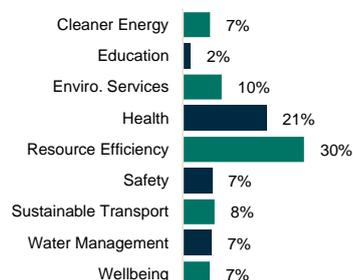
³ MSCI World Total Return Index (net, AUD unhedged).

PORTFOLIO INFORMATION

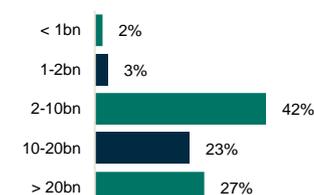
Top 10 Stocks

Name	Sustainable Investment Theme	Description
Acuity Brands	Resource Efficiency	Efficient lighting
Ansys	Resource Efficiency	Using IT to improve efficiency
Danaher	Health	Research and diagnostics
Ecolab	Water Management	Efficient water use
Littelfuse	Safety	Making products safe
Orpea	Wellbeing	Residential care for elderly
Roper Technologies	Resource Efficiency	Energy efficient products
A.O. Smith	Resource Efficiency	Energy efficient products
Stantec	Environmental Services	Environmental consulting
TE Connectivity	Resource Efficiency	Less polluting road transport

THEME EXPOSURE



MARKET CAP (U\$) EXPOSURE



GEOGRAPHIC EXPOSURE



Hunter Hall Investment Management Limited (**Pengana**) (ABN 69 063 081 612, AFSL 219 462) is the issuer of units in the Pengana WHEB Sustainable Impact Fund (ARSN 121 915 526) (**the Fund**). A Product Disclosure Statement for the Fund (**PDS**) is available and can be obtained from our distribution team or website. A person should obtain a copy of the PDS and should consider the PDS carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. None of Pengana, WHEB Asset Management LLP (**WHEB**), or their related entities, directors, partners or officers guarantees the performance of, or the repayment of capital, or income invested in the Fund. An investment in the Fund is subject to investment risk including a possible delay in repayment and loss of income and principal invested.

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