

# PENDAL

## Pendal Horizon Fund

ARSN: 096 328 219

### Factsheet

Equity Strategies

May 2021

The future  
is worth  
investing in

### About the Fund

The Pendal Horizon Fund (**Fund**) is an actively managed, high-conviction, values-orientated, concentrated portfolio of Australian shares. It seeks to invest in companies that enable, lead and participate in the transition to a more sustainable Australian economy, while avoiding those which cause significant harm, undermine a more sustainable economy, or that do not meet our minimum environmental, social and governance (ESG) performance standards. The investment process combines the potential to achieve strong performance over the long term through a diversified set of investment opportunities while also investing in companies whose practices and impacts are in our view aligned with an investor's own social, environmental and ethical preferences.

### Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 300 (TR) Index over rolling 5 year periods. The suggested investment timeframe is five years or more.

### Investment Approach

We adopt a principles-based approach in defining our investment opportunity set. We have a set of exclusionary screens (see PDS for full details) and a framework to identify companies which are aligned with our Fund priorities of supporting a more sustainable, future-ready Australian economy.

We seek companies involved in...

- ✓ Innovation & technological advances (including climate solutions)
- ✓ More sustainable resource consumption
- ✓ Sustainable & resilient infrastructure
- ✓ Quality education
- ✓ Meeting basic needs
- ✓ Health & wellbeing
- ✓ Social inclusion & diversity
- ✓ Low carbon transportation

We avoid companies involved in...

- x Fossil Fuels
- x Tobacco
- x Weapons
- x Alcohol
- x Gambling
- x Animal testing
- x Pornography
- x Predatory lending
- x Logging
- x Uranium

### Investment Process

The Fund uses the same investment process as Pendal's flagship Australian equities funds with the additional application of exclusionary screens and a sustainability-focused framework.

1. The negative screening process effectively determines the investment universe of the Pendal Horizon Fund.
2. Investment ideas are generated through our proprietary framework, identifying companies which contribute to a more sustainable economy.
3. We construct a portfolio with stocks which we believe will generate alpha and at a minimum 'do-no-harm'.

We also actively undertake targeted engagement with companies to support a more sustainable economy and to ensure ESG risks are being appropriately managed.

### Investment Team

Pendal's twenty member Australian Equities team is one of the largest in the industry. The portfolio manager is Head of Equities, Crispin Murray, assisted by Elise McKay, Oliver Renton and Patrick Teodorowski on the application of the Fund's investment framework.

### Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	2.29	2.37	2.31
3 months	9.88	10.15	8.53
FYTD	25.29	26.38	25.66
6 months	11.40	11.93	11.95
1 year (pa)	26.88	28.10	28.72
2 years (pa)	10.25	11.30	9.69
3 years (pa)	9.21	10.25	10.10
5 years (pa)	9.97	11.02	10.22

### Investment Guidelines

Ex-ante (forward looking) tracking error	3.0% - 8.0%
Min/max stock position	+/-10%
Min/max sector position	+/-10%

### Management Costs<sup>1</sup>

Issuer fee <sup>2</sup>	0.95% pa
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<sup>1</sup> You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

<sup>2</sup> This is the fee we charge for overseeing the operations of the Fund and managing the assets of the Fund. The Issuer fee is paid from the assets of the Fund and is reflected in the unit price of your investment.

### Other Information

Fund size (as at 31 May 2021)	\$266 million
Date of inception	May 2001
Minimum investment	\$25,000
Buy-sell spread <sup>3</sup>	0.50 (0.25%/0.25%)
Distribution frequency	Quarterly
APIR code	RFA0025AU

<sup>3</sup> The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Signatory of:



The Pendal Horizon Fund has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsibleinvestment.org](http://www.responsibleinvestment.org) for details.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

## Sector Allocation (as at 31 May 2021)

Materials	17.1%
Industrials	8.3%
Consumer Discretionary	2.2%
Consumer Staples	0.9%
Health Care	13.4%
Information Technology	6.1%
Telecommunication Services	10.6%
Utilities	0.0%
Financials ex Property Trusts	31.5%
Property Trusts	4.2%
Cash & other	5.7%

## Top 10 Holdings (as at 31 May 2021)

CSL Limited	8.0%
Commonwealth Bank of Australia Ltd	7.1%
Westpac Banking Corporation	6.4%
Telstra Corporation Limited	6.0%
ANZ Banking Group Limited	5.4%
Fortescue Metals Group Limited	5.2%
Xero Limited	4.4%
Macquarie Group Limited	4.1%
National Australia Bank Limited	3.9%
Qantas Airways Limited	3.7%

## About Commentary

At Pental Group, we pride ourselves on being inquisitive, asking questions and not simply accepting the 'status quo'.

In line with this approach, we have removed commentary from this Factsheet to ensure we provide you with key product information in a timely and efficient manner.

We encourage you to visit our [pend.al/horizon](http://pend.al/horizon) page to access

- Latest market insights
- Newsletters
- Bespoke thought pieces
- Webinars
- Press releases and videos

You can also follow us [LinkedIn](#) and [Twitter](#) to discover and interact with our latest content.

## Carbon Footprint

The estimated weighted average carbon intensity (WACI) of the portfolio, using greenhouse gas emissions (scope 1 and 2<sup>1</sup>) data supplied by ISS and weighted by the size of our holding in each company, is shown in the table below. In other words, this provides an indication of a portfolio's exposure to carbon intensive companies. We also compare this to the weighted average emissions for the companies in the aggregated ASX300 index.

We caution that there are limitations of using carbon footprinting measures as an indicator of a portfolio's overall exposure to climate-related risks. For example, not all companies report their emissions data and hence some of the below analysis includes estimates. Also, it does not include scope 3 emissions. Further, portfolio carbon analysis does not capture exposure to physical climate-related risks, or the unique transition risks some companies within the portfolio face. Nevertheless, the WACI metric is recommended by the Task Force on Climate-related Financial Disclosures (TCFD)<sup>2</sup>, noting it supports greater comparability of investor reporting.

## Carbon Intensity (tonnes CO<sub>2</sub>e / \$M sales)

Pental Horizon Fund	ASX 300	Relative to ASX300
93.73	197.55	-103.82

Source: Pental, ISS as at 31 May 2021

<sup>1</sup>As of 28 February 2021, Pental changed carbon providers from MSCI ESG Research LLC to Institutional Shareholder Services (Australia) Pty Ltd. As such, the change may result in variations in previously reported weighted average carbon intensity in the portfolio holdings of the Fund as well as its underlying carbon data.

<sup>2</sup>Scope 1 emissions result from sources directly owned or controlled by the company. Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Scope 3 emissions result from activities not directly owned or controlled by the company but are associated with its operation such as business travel, waste management, commuting, and the use of sold products and services. <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

<sup>3</sup>Recommendations of the Task Force on Climate-Related Financial Disclosures, June 2017 <https://www.fsb-tcfd.org/recommendations/>

## Risks

An investment in the Fund involves risk, including:

- **Market risk:** The risk that factors affecting one or more countries that can influence the direction and volatility of an overall market, as opposed to security-specific risks.
- **Security specific risk:** The risks associated with an individual security.
- **Concentration risk:** The Fund's investment strategy of seeking to generate high returns by investing in a concentrated portfolio of Australian shares makes the Fund more volatile than a diversified Australian share fund.

Please read the Fund's Product Disclosure Statement (PDS) for a detailed explanation of each of these risks available on the Pental's [website](#).

For more information please call 1300 346 821, contact your key account manager or visit [pentalgroup.com](http://pentalgroup.com)

**PENTAL**

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PFSL is the responsible entity and issuer of units in the Pental Horizon Fund (Fund) ARSN: 096 328 219. A product disclosure statement (PDS) is available for the Fund and can be obtained by calling 1300 346 821 or visiting [www.pentalgroup.com](http://www.pentalgroup.com). You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested.

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Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Where performance returns are quoted "Post fees" then this assumes reinvestment of distributions and is calculated using exit prices which take into account management costs but not tax you may pay as an investor. Where performance returns are quoted "Pre fees and tax", they exclude the effects of management costs and any taxes. Past performance is not a reliable indicator of future performance.

If market movements, cash flows or changes in the nature of an investment (e.g. a change in credit rating) cause the Fund to exceed any of the investment ranges or limits specified, this will be rectified by PFSL as soon as reasonably practicable after becoming aware of it. If PFSL does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified are accurate as at the date of this factsheet and PFSL reserves the right to vary these from time to time.