



Regnan Global Equity Impact Solutions Fund

Class W

Factsheet | As at 30 September 2021

ARSN: 645 981 853

For Wholesale Investors only

About the Fund

Aims to generate long-term outperformance by investing in mission-driven companies that create value for investors by providing solutions for the growing unmet sustainability needs of society and the environment, using the United Nations Sustainable Development Goals (SDGs) as an investment lens.

Underpinned by the Regnan SDG taxonomy, the team has built a comprehensive proprietary framework to identify companies that provide solutions to the environmental and societal challenges facing the world.

A high conviction, diversified, global multi-cap portfolio with low portfolio turnover and a strong emphasis on driving impact through engagement.

Investment Objective

The Fund aims to provide a return (after fees but before costs and taxes) that exceeds the MSCI ACWI IMI Index in AUD over rolling 5 year periods.

Management Costs¹

Issuer fee ²	0.65%
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¹ You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

² 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

Date of inception	9 August 2021
Minimum investment	\$500,000
Buy-sell spread ³ For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Annually
APIR code	PDL7011AU

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

Performance of the Fund

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-6.61	-6.56	-2.86
3 months	-	-	-
6 months	-	-	-
1 year (pa)	-	-	-
Since Inception	-5.20	-5.11	-0.99

Source: Pental as at 30 September 2021

Please note that the performance returns shown are for the period from the fund's inception and are short term in nature. Performance may therefore not reflect the longer term performance of the fund.

Historical simulated returns – Class W

Regnan Global Equity Impact Solutions Fund - Class W has been operating since August 2021. To provide a simulated longer term view of the estimated performance for Class W, we have based the estimated returns for Class W using the **Regnan Global Equity Impact Solutions Fund - Class R**, given the identical investments, and have then adjusted the returns to reflect the fee differences between Class W and Class R.

(%)	Total Returns (simulated)		Benchmark Return
	(post-fee)	(pre-fee)	
6 months	12.07	12.44	11.75
1 year (pa)	-	-	-
Since Inception	12.04	12.65	19.31

Inception date: 30 November 2020

Source: Pental as at 30 September 2021

Past performance is not a reliable indicator of future performance.

About Regnan

Regnan is a responsible investment leader with a long and proud heritage providing advice and insights on important environmental, social and governance issues.

For many years our pioneering analysis has changed the way investors and businesses think about value creation and their wider responsibilities to society.

Building on that expertise, Regnan has now expanded its capabilities into responsible investment funds management, backed by the considerable resources of Pental Group.

"Regnan" is a registered trademark of Pental Group Limited (PGL) and is a standalone responsible investment business division of PGL. The Fund is issued by Pental Fund Services Limited ABN 13 161 249 332 AFS Licence 431426 (PFSL). PFSL has appointed J O Hambro Capital Management Limited to manage the assets of the Fund.

To learn more about what we do, our journey, investment process, impact investment and bespoke insights please visit regnan.com

Quarterly fund commentary

Equity markets broadly finished the third quarter in positive territory with the declines in September unable to erase August's gains. Emerging markets underperformed amid a significant sell-off in Chinese equities. This was initially triggered by Beijing's regulatory clampdown on the technology and education sectors whilst fears over the deepening Evergrande crisis and how this will impact short-term growth in China did little to improve sentiment. Power outages and rationing brought about by the shortage of coal and gas only added to the woes.

Inflation remained a hot topic over the quarter with supply chain bottlenecks and rising energy prices weighing on investors' minds. In the US, although the latest monthly CPI print of +5.3% annual growth continued to show a slowing of inflation due to base effects, it was noticeable that the Federal Reserve raised their year-end forecast for CPI to 4.2%. The Fed indicated that the tapering of asset purchases was likely to begin in Q4 2021 while their future projections strongly implied that interest rates would begin to rise during the first half of 2022.

European equities, where the portfolio has an overweight position, finished the quarter modestly higher, although September was the first down month since January and volatility was higher. European headline inflation data surprised on the upside to a near decade high during the quarter, driven by energy and food prices in particular.

The EU put further bones on the Green Deal strategy with its "Fit for 55" announcement, regarding measures which aim to drive emissions lower by 55% by 2030 versus 1990. These include measures such as tightening the emissions trading system, boosting renewables, the carbon border adjustment mechanism and further reducing of auto emissions with stricter limits. We continue to monitor these developments with interest as we look for businesses with innovative solutions to the environmental issues we face.

The fund's overweight to mid- and small-cap names proved positive, however overweights to volatility and consumer discretionary detracted as did the underweight to value stocks given the portfolio's bias towards businesses with strong growth profiles.

Stock selection was broadly positive over the quarter with healthcare and industrial names the leading performers. Consumer discretionary names YDUQS and Afya were detractors, as was the underweight to financials. The fund was negatively impacted (by 77bps) by an underweight to the US dollar and an overweight position in the Brazilian real which directly affected the return to investors from our Brazilian education names.

Key contributors for the quarter came from the healthcare and industrial areas where we have overweight exposures. Performances of note came from Sartorius, which bought a controlling stake in CellGenix, a gene therapy company, and also raised revenue and margin guidance; and Novo Nordisk within healthcare. Industrial names Duerr, which beat expectations and raised guidance, and EV charging business, Alfen, were both strong, as was the portfolio's largest holding - Evoqua Water.

Key detractors for the quarter were Brazilian education providers YDUQS and Afya which were impacted by a combination of Brazilian inflation and deteriorating emerging market sentiment on the back of tightening Chinese regulatory controls. Our view remains that both these businesses are well-positioned to benefit by addressing the structural supply/demand imbalance in education services in Brazil and current valuations look attractive and have provided a solid entry point for investors with a five to ten year investment horizon. We will continue to look for opportunities to add to our position on weakness.

Elsewhere PTC, which makes digital software, detracted owing to the perceived slowdown in the US which came on the back of lackluster PMI data. We feel PTC is well positioned given its solutions drive digital transformation, which reduces waste and scrap in the products they design, creates efficiencies in manufacturing processes, and optimizes the operations of their customers' processes, a service that is even more valuable to their clients in times of rampant input cost inflation.

Ilika was added as a risk-adjusted holding over the quarter. The business is developing large format solid state batteries for use in electric vehicles with the potential for 6x faster charging, 4x longer charge retention and 2x increased energy density, with a better safety profile and easier recycling versus conventional lithium ion batteries. Ilika has also developed micro solid-state batteries which have a class leading compact footprint, can operate at higher temperatures (up to 150°C) and with 40% higher energy density to alternative solutions. The company's micro batteries are being tested in implantable medical devices to reduce the size of implants and extend device life, reducing the need for more frequent medical interventions. There were no divestments through the period.

We also introduced HOME REIT into the risk-adjusted bucket, the first real estate investment trust dedicated to fighting homelessness in the UK. Since its IPO in October 2020, HOME has acquired over 3,000 beds throughout the UK for individuals and families that were homeless or threatened with homelessness. The accommodation that HOME provides is cost-effective in absolute terms and is materially cheaper than other forms of accommodation available to local authorities, such as bed & breakfasts (B&Bs) and hotels. All of the properties are recently refurbished to a high standard and provide individuals, as well as families, well-being support and a place to rebuild their lives and reintegrate back into society.

Both Ilika and HOME REIT were acquired during primary equity raises to fund the next leg of their growth.

The rotation towards the end of the quarter saw early cyclicals once again in favour with banks and commodities outperforming. This environment represents a headwind for the strategy given our underweight in these areas.

We remain focused on investing in businesses where the impact from their solutions can drive out performance over the next five to ten years, rather than the next five to ten months. We believe we will look back on this period of extreme volatility as being a great opportunity to add new, exciting names at more attractive valuations than we otherwise would have been able to achieve in a trending market.

Portfolio analysis

Top 10 Holdings (as at 30 September 2021)

Stock	Impact Solution	Absolute
Evoqua Water Technologies Corp	Water pollution was estimated to represent 1.8m deaths in 2015, according to the Lancet. The solution is to implement high purity water treatment solutions and increase water re-used within industrial processes so as to reduce water withdrawals and discharges. Evoqua is the leader in sophisticated water treatment solutions and is providing service-based solutions for companies to implement better water treatment in their operations.	5.1%
Befesa SA	Secondary steel and aluminium production have a significantly lower CO2 footprint than primary production and use fewer natural resources. However, both secondary steel and aluminium production produce hazardous wastes, which are often landfilled, risking groundwater and sewage system contamination. Befesa's best-in-class recycling technology offers an alternative to landfills and its technology is able to extract and re-use the valuable metals contained within these hazardous wastes.	4.6%
Novo Nordisk A/S Class B	Today 26m of the 425m diabetic patient globally are treated with Novo Nordisk's products across the treatment cascade. As prevalence increases above 10% today (from 8% a decade prior), the diabetes patient population is expected to grow 50% to 700m by 2045. The cost of diabetes is expected to reach US\$2.5th by 2030. Novo Nordisk is also one of the few companies with obesity medicine.	4.4%
Lenzing AG	Fashion represents up to 10% global CO2 emission, 20% of waste water and 6% of global pesticide use. This is compounded by the fact that a new garment is used only about 60x, down from 120x 10 years ago, and 87% of garments are incinerated or landfilled. Wood-based cellulosic fibres from Lenzing use 10x less water than cotton, have a neutral carbon footprint (not taking into account carbon sequestration from forests), are highly biodegradable, and almost exclusively use chemicals that are recycled in a loop process. Lenzing is also developing a technology that can include 30-50% recycled cotton together with Lyocell.	4.3%
Durr AG	Durr provides solutions to automotive and other industrial customers to improve resource efficiency in production, thereby contributing towards a circular system. It has innovated to significantly reduce the environmental impact of paint shops over the past decade. Durr also supports EV production and helps reduce the amount of materials wasted by its customers. Its technology is also helping reduce waste in the wood industry.	4.3%
Sartorius Stedim Biotech SA	As a leader in providing single-use (SU) equipment, Stedim is significantly driving down the cost of and improving the speed of bioprocessing, helping manufacturers make biologic drugs more affordable and help to bring new, innovative therapies to market. Its products provide an enhanced safety profile, lowering the risk of cross-contamination, as well as a significantly lower environmental footprint than their stainless steel alternatives.	4.3%
PTC Inc	Productivity growth across OECD countries was lower in the decade leading up to 2016 than it was in 4.2 any other decade from 1950 (UN). While technological progress and innovation has continued, the adoption of Industry 4.0 solutions with potential to deliver significant productivity improvements remains low, particularly from small and medium sized enterprises where the costs of upgrading can be prohibitive. PTC's solutions drive digital transformation, which reduces waste and scrap in the products they design, creates efficiencies in their manufacturing processes, and optimizes the operations of their customers' processes. PTC provides global leading software solutions across the life cycle of products through computer aided design, product life cycle management, industrial IoT and augmented reality. PTC solutions increase productivity and efficiency of R&D by reducing design time by up to 30%, make manufacturing more efficient and less wasteful with up to 30% reduction in prototypes, thereby reducing costs and raw material use, and reduce the time to market by up to 57%. PTC is also improving access to Industry 4.0 solutions for smaller enterprises through the recent addition of multi-tenant SaaS based CAD (Onshape) and PLM (Arena).	4.2%
Lonza Group AG	Biologic, large-molecule drugs, currently grow twice as fast as their small-molecule counterparts, owing to their exceptional efficacy ability to address previously untreatable conditions, such as cancers and autoimmune diseases. However, the manufacturing of biologics is complex, expensive and resource-intensive. As the world's leading contract manufacturing and development company, Lonza allows biotech companies to outsource that process manufacturing process, thereby helping them to develop more potent, complex medicines at lower cost and increased speed-to-market.	4.2%
Valeo SE	Valeo is one of the leaders in EV and AV parts and software, with a particular focus on making those technologies affordable and is thus a key enabler of the transition to cleaner, safer cars.	4.2%
Horiba , Ltd.	Horiba has an 80% market share in emission measurement systems. Its automotive test division (c. 40% of sales) is expected to be a significant beneficiary of the introduction of the worldwide harmonized light vehicle test procedure and real driving emissions. Horiba also provides instruments and systems for applications outside of autos, including process and environmental monitoring, in-vitro medical diagnostics, semiconductor manufacturing and metrology.	4.2%
Total		43.8%

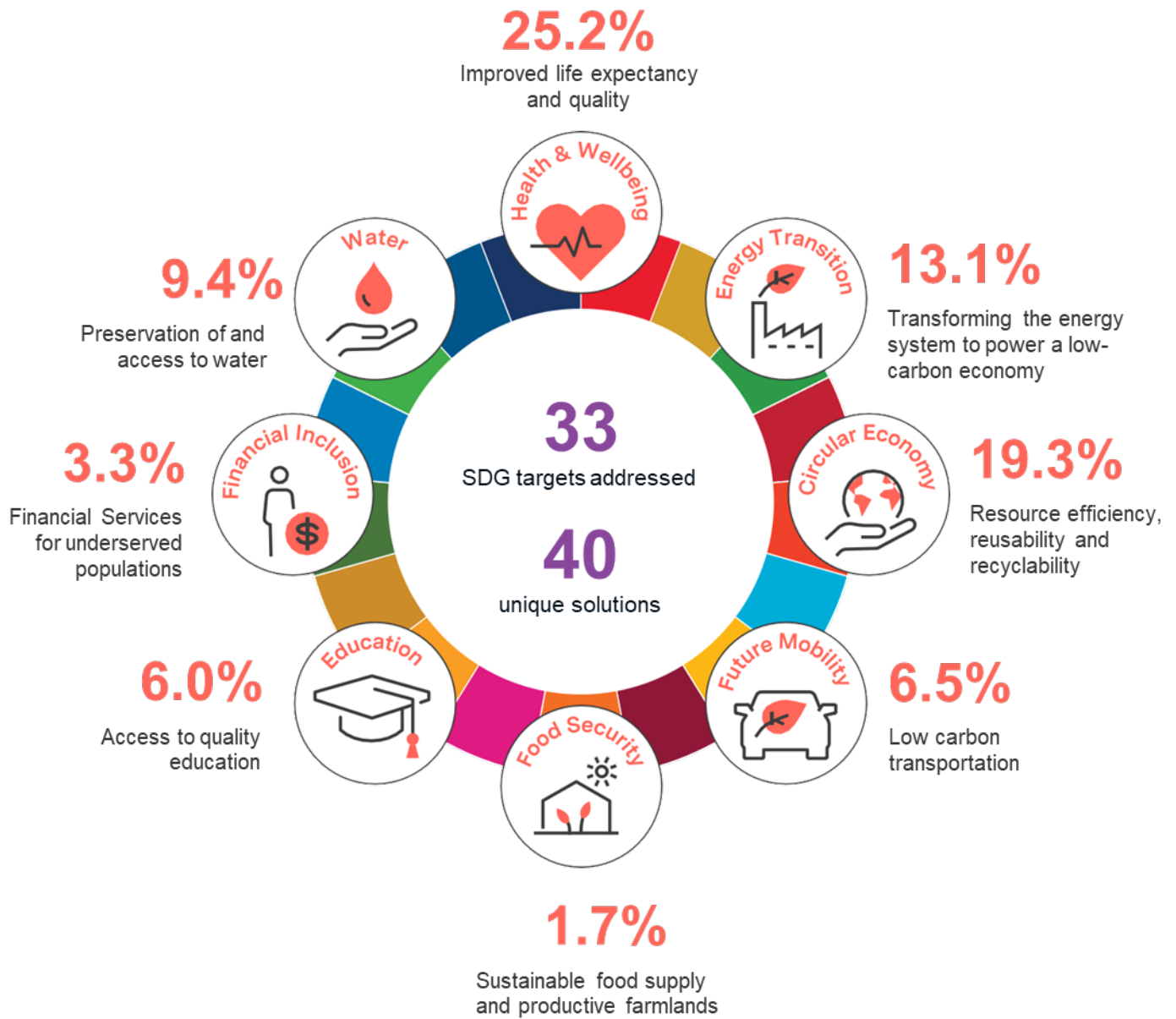
Portfolio analysis

Significant portfolio changes over the quarter.

Stock	Buy/Sell	Impact Solution
Ilika	Buy	<p>Ilika was added as a risk-adjusted holding over the quarter. The business is developing large format solid state batteries for use in electric vehicles with the potential for 6x faster charging, 4x longer charge retention and 2x increased energy density, with a better safety profile and easier recycling versus conventional lithium ion batteries. Ilika has also developed micro solid-state batteries which have a class leading compact footprint, can operate at higher temperatures (up to 150°C) and with 40% higher energy density to alternative solutions. The company's micro batteries are being tested in implantable medical devices to reduce the size of implants and extend device life, reducing the need for more frequent medical interventions. There were no divestments through the period.</p> <p>Ilika was acquired during primary equity raises to fund the next leg of their growth.</p>
HOME REIT	Buy	<p>We also introduced HOME REIT into the risk-adjusted bucket, the first real estate investment trust dedicated to fighting homelessness in the UK. Since its IPO in October 2020, HOME has acquired over 3,000 beds throughout the UK for individuals and families that were homeless or threatened with homelessness. The accommodation that HOME provides is cost-effective in absolute terms and is materially cheaper than other forms of accommodation available to local authorities, such as bed & breakfasts (B&Bs) and hotels. All of the properties are recently refurbished to a high standard and provide individuals, as well as families, well-being support and a place to rebuild their lives and reintegrate back into society.</p> <p>HOME REIT was acquired during primary equity raises to fund the next leg of their growth.</p>

Portfolio exposure by impact theme

(As at 30 September 2021)



Source: Regnan/JOHCM as at 30 September 2021. Note: Thematic exposure attribution to eight impact themes based on estimates of company revenues or other relevant metrics. Cash position: 0.6%. Neutral impact (12.4%) is estimated where revenues not directly tied to any theme. Negative impact (2.4%) estimated where revenues may be detrimental to UN Sustainable Development Goals (SDG).

Portfolio analysis

Theme breakdown (as at 30 September 2021)

	Absolute
Health & Wellbeing	25.2%
Energy Transition	13.1%
Circular Economy	19.3%
Water	9.4%
Future Mobility	6.5%
Education	6.0%
Financial Inclusion	3.3%
Food Security	1.7%
Positive Impact	84.5%
Cash	0.6%
Neutral Impact	12.5%
Negative Impact	2.4%

Source: Pendal

Country breakdown (as at 30 September 2021)

	Absolute
Austria	4.3%
Belgium	3.8%
Denmark	7.4%
France	8.8%
Germany	13.9%
Netherlands	3.9%
Norway	2.9%
Spain	1.7%
Switzerland	4.2%
United Kingdom	5.0%
Japan	4.2%
Other Asia	4.0%
USA	32.9%
Latin America	2.6%
Cash	0.6%

Source: Pendal

Sector breakdown (as at 30 September 2021)

	Absolute
Energy	0.0%
Materials	9.5%
Industrials	26.9%
Consumer Discretionary	11.7%
Consumer Staples	0.0%
Health Care	26.0%
Information Technology	12.3%
Telecommunication Services	0.0%
Utilities	2.9%
Financials ex Property Trusts	9.8%
Property Trusts	0.3%
Cash	0.6%

Source: Pendal

Active bets (as at 30 September 2021)

Top 5	Relative
Evoqua Water Tech	5.1%
Befesa	4.6%
Lenzing	4.3%
Duerr	4.3%
Sartorius Stedim Biotech	4.2%

Bottom 5	Relative
Apple	-3.1%
Microsoft Corp	-2.7%
Alphabet	-2.1%
Amazon.Com	-2.0%
Facebook A	-1.1%

Source: Pendal

Investment process with a purpose



Meet the Regnan Global Equity Impact Solutions team



Tim Crockford
Senior Fund Manager
14 years'
industry experience



Mohsin Ahmad, CFA
Fund Manager
13 years'
industry experience



Maxime Le Floch, CFA
Analyst
10 years'
industry experience



Maxine Wille, CFA
Analyst
6 years'
industry experience

For more information



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Risks

An investment in the Fund involves risk, including:

- **Market risk:** The risk associated with factors that can influence the direction and volatility of an overall market, as opposed to security-specific risks. These factors can affect one country or a number of countries.
- **Security specific risk:** The risk associated with an individual security.
- **International investment risk:** The risk arising from political and economic uncertainties, interest rate movements and differences in regulatory supervision associated with international investments.
- **Emerging markets risk:** The Fund may make investments that provide exposure to emerging markets. Emerging markets are generally considered riskier than developed markets due to factors such as lower liquidity, the potential for political unrest, the increased likelihood of sovereign intervention (including default and currency intervention), currency volatility and increased legal risk. Emerging market investments therefore may experience increased asset price volatility and face higher currency, default and liquidity risk.
- **Concentrated portfolio risk:** The Fund's investment strategy of seeking to generate high returns by investing in a concentrated portfolio of global shares may make the Fund more volatile than a diversified global share fund with a larger number of shares. This means there is a greater risk of negative returns, particularly over the short to medium term.
- **Currency risk:** Currency exchange rate fluctuation risk arising from investing across multiple countries.
- **Class risk:** The Fund has been established as a separate class of units in the Scheme. As the assets are held on trust for all investors, there is a risk that investors of one class, may be exposed to liabilities of another class of units and they could lose some or all of their investment in the Fund. There is also a risk that in the event of an insolvency, the assets of the Fund could be made available to creditors of another class of units of the Scheme.

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

This factsheet has been prepared by Pental Fund Services Limited (**PFSL**) ABN 13 161 249 332, AFSL No 431426 and the information contained within is current as at the date of this factsheet. It is not to be published, or otherwise made available to any person other than the party to whom it is provided.

PFSL is the responsible entity of, and issuer of units in, the Fund offered in this factsheet. A product disclosure statement (**PDS**) is available for the Fund and can be obtained by calling 1300 346 821 or visiting www.pentalgroup.com. The Target Market Determination (**TMD**) for the Fund is available at www.pentalgroup.com/ddo. You should obtain and consider the PDS and TMD 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.

This factsheet is for general information purposes only, should not be considered as a comprehensive statement on any matter and should not be relied upon as such. It has been prepared without taking into account any recipient's personal objectives, financial situation or needs. Because of this, recipients should, before acting on this information, consider its appropriateness having regard to their individual objectives, financial situation and needs. This information is not to be regarded as a securities recommendation.

The information in this factsheet may contain material provided by third parties, is given in good faith and has been derived from sources believed to be accurate as at its issue date. While such material is published with necessary permission, and while all reasonable care has been taken to ensure that the information in this factsheet is complete and correct, to the maximum extent permitted by law neither PFSL nor any company in the Pental group accepts any responsibility or liability for the accuracy or completeness of this information.

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.