

Pengana - High Conviction Equities Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



Disappointing

Poor | Disappointing | Average | Appealing | Excellent

As voted by Ethical Adviser Co-op members. Find a specialised ethical adviser near you: www.ethicaladviserscoop.org/find-an-adviser.html

Fund Overview

This is an actively managed fund investing in Australian and global companies. It has a negative filter.

Ethical Concerns

Investments

- ✘ Some investments in the Fund can be problematic for ethical investors, such as:
 - Base Resources: Australian company mining mineral sands in Africa with two main projects:
 - Toliara Project in Madagascar (rare earth deposits)
 - Kwale Mineral Sands Operation in Kenya (titanium)
 - Mining in Africa is often fraught with environmental and labour issues, as well as disturbance of local communities. It is unknown whether Base Resources adheres to ethical standards or not.

Other concerns

- ✘ Disclosure of [top 10 holdings](#) only.
- ✘ Fund does not provide disclosure of voting.
- ✘ Pengana do not specialise in ethical investments.

Good Points

- ✓ Fund excludes weapons, tobacco, gambling, animal testing, intensive animal farming, human rights, un-remediated environmental destruction, uranium and fossil fuels.
- ✓ Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) certified.
- ✓ No materiality or exposure limits but investment team use a ranking system ([pg4](#)): Red (excluded from holding)/Amber (restricted holding)/Green (accepted to hold) by investment team.
- ✓ Invests in some companies with strong positive impact such as:
 - **Bavarian Nordic**: developer of cancer immunotherapy and infectious diseases vaccines has strong benefit for human health.
 - Vaccines in the current pipeline include: smallpox, ebola, HPV, HIV Hep B and RSV (children's respiratory infection). The Ebola vaccine is particularly important and revolutionary (working in partnership with Johnson & Johnson).
 - Currently testing immunotherapies for lung, colorectal and bladder cancer, chordoma and advanced solid tumours.
 - No negative stories found
 - Other pharma companies with no major ethical/legal issues.

About the 'Ethical Survey'

About the Ethical Advisers Co-Op

The Ethical Advisers Co-op is a group of 35 financial advisers who are passionate about ethics and finance. The Co-op was established as a not-for-profit over 10 years ago to enable likeminded financial advisers to work together to represent the voice of the consumer. We work to shift the super and investment industry into being more ethically aligned with their clients' objectives. The Co-op's nationwide membership of ethical financial advisers help over 3,300 Australians make financial decisions and invest in line with their ethical values.

How the Leaf-System Works

The ethical rating is voted by Australian financial advisers who specialise in ethical investments (Co-op members). The advisers assess if fund ethics suit their average ethical client, and if it matches with the average client's expectations and objectives. The advisers consider how successful the fund is at; 1) removing industries and stocks harmful to the environment and society 2) including companies with environmental or social benefits, and 3) providing evidence of actions from the fund which benefit society and/or the environment. The quality of information the fund provides on its ethical policies, companies invested in, and proxy voting is important in assessing if a fund is as ethical as claimed. The final rating is an average of these votes.

Financial advisers are voluntarily participating to help ethical consumers gain a quick understanding of how the clients of a group of industry professionals view the ethics of each fund. The Co-op and the advisers do not receive any form of remuneration or reward for participating.

Further Research

Does your fund walk the talk?

The Australasian Centre for Corporate Responsibility (ACCR) – a not-for-profit shareholder advocacy organisation – pushes for transparency around whether your super fund 'walks the talk' on issues such as climate and human rights. You can find details on your super fund [here](#).

Is your fund investing in fossil fuels?

Market Forces is a not-for-profit delivering transparency on fossil fuel lending, insuring and investing within super funds, banks and insurance companies. You can see how exposed your super fund, bank or insurance company is to the fossil fuel industry [here](#).

If the fund is certified by the Responsible Investment Association Australasia (RIAA)

You can find more ethical and investment information for certified funds [here](#).

More information on this fund

For exact details of the fund's claimed ethics, costs and legal details see the fund's Product Disclosure Statement - available on their website.

Vote based on information last updated 1st March 2019