



Investment Advisory Committee

WHEB's independent Investment Advisory Committee's key purpose is to scrutinise the investment team's activities, including stewardship. They review the strategy's processes and holdings to ensure that they meet with both the spirit and the letter of the strategy's sustainability criteria. Members play an advisory role, are independent experts in the field of sustainable investing and meet every four months.

Attendees

Seb Beloe (Managing Director)	Alice Chapple (Member)
Anna Elliott (Sustainability Analyst)	Charlie Deptford (FundRock Member)
Ted Franks (Managing Director)	Hans-Christoph Hirt (Member and Chair)
George Latham (Managing Director)	Kenneth Kershaw-Green (FundRock Member)
Ty Lee (Associate Director)	Martin Rich (Member)
	Abigail Rotheroe (Member)

1. Introduction

In line with the process agreed at the March Committee meeting, Hans-Christoph Hirt had volunteered to be the Chair of this meeting with this role then rotating to a different Member for the subsequent meetings.

2. Business update

George Latham provided a brief update on the status of the WHEB business within Foresight Capital Management. Performance of the FP WHEB Sustainability Impact Fund has continued to be difficult (see below) notably because of the performance of the Health theme. The WHEB Environmental Impact Fund, which only invests in the stocks held in the strategy's environmental themes has, by contrast, delivered solid returns year to date. Notwithstanding the challenging environment, fund flows have been largely stable with just modest outflows over the past four months. However, the strategy has also seen some notable successes including winning new mandates with a pension fund and with a private bank. Overall, while impact strategies are far from the hot topic that they were in 2020-22, there is still quite a bit of interest, particularly from institutional investors.

Beyond the performance of the WHEB funds, the WHEB business is being progressively integrated into the Foresight Capital Management business. The team has now fully migrated onto Foresight's IT systems and there are live discussions now taking place on how to integrate investment processes and develop new products. One near-term objective is to develop a shared platform and policy on stewardship and engagement informed by WHEB's recent white paper on the topic.

3. Fund update and composition

Ted Franks provided an overview of the performance of the strategy over the past few months, noting in particular that President Trump's second term has, if anything, been worse for sustainability-focused investors than expected. This has been most pointed in efforts to undermine support for businesses providing solutions to climate change. His administration has also, however, sought to challenge the healthcare industry. This attack has included reducing funding for public health in the US and also taking aim at the scientific method itself by reducing the role and influence of independent scientific panels at the Department of Health and Human Services.



**Ted Franks, Managing Director,
Foresight Capital Management**

Ted argued that these changes, alongside wider activity from the Trump administration such as threats to impose import tariffs, have caused significant volatility in the market. This has undermined business and investor confidence causing businesses to 'sit on their hands' and withhold further investment, further undermining business prospects. At the same time, technology businesses have continued to benefit from ongoing investments in artificial intelligence (AI).

In spite of this bleak backdrop, Ted did note some cause for optimism. Firstly, the WHEB portfolio is now trading at an historically attractive valuation. Many of the businesses in the portfolio are priced with the expectation that they will struggle to survive. At the same time, while the Trump administration's moves have been deeply damaging, there are signs that the narrative for sustainability-focused businesses is improving. Clean energy businesses, particularly those with US domestic manufacturing capacity, have continued to see demand with several companies reporting improvements in orders. Healthcare stocks too, including the life science tools businesses owned in the WHEB strategy, continue to demonstrate resilient order books and robust margins. The WHEB team's view is that these features more than justify current valuations and as a consequence turnover on the portfolio has been very low in recent months (see chart).

Portfolio valuations of the FP WHEB Sustainability Impact Fund are at ten-year lows¹

Portfolio price-to-forward-book ratio, relative to local markets, rebased



4. Buys and sells in the period

During the period, one new company was purchased.

Lantheus (Health) sells radiopharmaceuticals and precision diagnostics. Its current products are used in the early detection of cancer, heart, brain and lung conditions. In addition, the company is in the process of acquiring a business commercialising a diagnostic tool for Alzheimer's.



There was a brief conversation about Lantheus with Committee Members. Members were interested to hear about the company's position vis-à-vis Chinese competitors and also about risk management of the stock. Ted argued that the company's technology is hard to replicate and so has a relatively robust competitive position. The team has started a small position in the company which recently reported disappointing results. Members indicated that they were comfortable with the inclusion of the company in the portfolio and congratulated the team on the quality of the investment analysis and narrative contained in the research materials shared with the Committee.

¹ - Mean ratio of price to next reported book value by analysts' estimates, FP WHEB Sustainability Impact Fund, excluding distortions from meaningless denominator in the case of Autodesk. Source: FactSet as of 22/04/25

5. Stewardship and engagement – WHEB’s approach

A number of changes were made to the prospectus of the FP WHEB Sustainability Impact Fund in response to the requirements of the Sustainability Disclosure Requirements (SDR). One of these changes was to set out more clearly the Fund’s approach to stewardship and engagement. Changes in the Fund’s prospectus also clarified how stewardship and engagement activity gets managed and reported and – critically – how it contributes to the achievement of the Fund’s sustainability objective. In its role in providing an independent assessment of the FP WHEB Sustainability Impact Fund, Committee Members had asked the team running the WHEB funds to provide a more detailed explanation of how stewardship and engagement activity is managed and organised.

Seb Beloe presented the ‘stewardship engine’ that the team use to organise their stewardship and engagement activities. The White Paper that was published on stewardship and engagement in the Autumn of 2024 provides the foundation for this approach and Seb touched on many of the key points highlighted in the paper. Key points included:

- That stewardship and engagement activities include: 1) efforts to influence individual assets (primarily listed companies in the WHEB strategy), 2) efforts to influence the system as whole (for example through exchanges with policy-makers²) and 3) contribute to decisions to invest in or divest from assets held in the strategy.
- The use of six objectives (see below) to guide stewardship and engagement activities that directly support the achievement of the sustainability objective of the fund.
- Defining an ‘engagement’ as a communication with a company that has a clear and specific objective (whether or not this communication is responded to).
- A clear focus on achieving real-world outcomes that include both changes in the team’s level of conviction in an investment as well as changes within the investment business.
- Prioritising engagement activities on issues that either a) represent material risks or opportunities for the company and/or b) are priority issues for clients,
- Using milestones to manage and report progress on stewardship and engagement objectives.

Stewardship and engagement objectives



Seb also set out WHEB’s approach to escalation including through the use of collaborative engagement alongside other investors as well as through attendance and voting activity at company meetings.

Members were generally impressed with the systematic approach and clear thinking that was evident in the stewardship and engagement processes that are used on WHEB’s funds. Some Members did question whether WHEB’s reporting sufficiently captured the quality of the process that underpins stewardship and engagement activities. Members felt that WHEB’s reporting is good at focusing on outcomes (eg through the engagement ‘matrices’³) and the breadth of engagement that the team does (eg through the case studies⁴). However, Members suggested that there could be more detail on the processes that underpin this work as well as clearer reporting of quarterly voting.

2 – While the team engage policy makers, standard setters and other groups in order to make sustainability a more central feature of the financial system, this is not used as a basis for claiming the Sustainability Impact label on the FP WHEB Sustainability Impact Fund because we are not able to measure our effectiveness in achieving this objective.

3 – See pages 18 and 24 of WHEB’s 2024 impact report (<https://www.whebgroup.com/reporting-impact-investment/impact-reports>)

4 – See <https://www.whebgroup.com/investing-for-impact/stewardship/engagement-case-studies>

6. Any other business

The next Committee meeting will be held on the 20th November.

Investment Advisory Committee Members



Alice Chapple

- Founder of Impact Value
- Chair, Investor Watch and Director, Schroder BSC Social Impact Trust plc



Abigail Rotheroe

- NED at HydrogenOne, Baillie Gifford and Franklin Templeton
- Previously Investment Director at Snowball Impact Management



Hans-Christoph Hirt

- Adjunct Professor at IMD
- Professional Trustee at Pi Partnership
- Member of FCA Listing Authority Advisory Panel
- Former UBS MD in Sustainable Investing



Martin Rich

- Co-founder and CEO of Future-Fit Foundation
- 25 years' experience in mainstream and social investment



FundRock

- Representatives attend meetings in their capacity as the Authorised Corporate Director of the FP WHEB Sustainability Impact Fund

