



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.



WHEB

Foresight

Attendees

Seb Beloe (Managing Director)	Alice Chapple (Member Chair for this meeting)
Ted Franks (Managing Director)	Abigail Rotheroe (Member)
Claire Jervis (Associate Director, Investments)	George Latham (Member)
Louis Bromfield (Lead Sustainable Investment Manager)	Hans-Christoph Hirt (Member)
Rachel Monteiro (Stewardship and Climate Manager)	Kenneth Kershaw-Green (FundRock Member)
Ty Lee (Associate Director, Investments)	Martin Rich (Member)

Apologies

Charlie Deptford (FundRock Member)

1. Introduction

In line with the process agreed in 2025, Alilce Chapple had volunteered to be the Chair of this meeting. The role will rotate to a different Member for the subsequent meetings.

2. Fund update and composition

Ted Franks provided an overview of the performance of the strategy over the past few months. Performance had been strong into the New Year with positive returns in both January and February and with the Fund performing in-line with wider market indices while still enjoying the benefit of historically cheap valuations.

However, in March this positive start to the year was upended by Israel and the US launching air strikes against Iran and their proxies in Lebanon and elsewhere in the Middle East. The Iranian response together with ongoing strikes from the US and Israel has resulted in dramatic increases in oil and gas prices.

These in turn have caused dislocations in financial markets with analysts now anticipating significant pressure on economies around the world. The FP WHEB Sustainability Fund has a high exposure to companies in industrial sectors which qualify for our environmental themes. These are typically perceived to be very exposed to high energy prices and potentially to the higher interest rates that may follow. As a result, the Fund underperformed wider equity markets in March, erasing the gains made at the start of the year.

During this period, healthcare, which has historically played a defensive role in the portfolio, has not provided a counter-weight to the more cyclical sectors in the portfolio. This is in part due to continued price pressure in healthcare, including specifically in pharmaceuticals. The quarter also saw a dramatic sell-off in software businesses over concerns that artificial intelligence (AI) will undermine their business models. Ted argued that while this may be true for undifferentiated software, it is much less likely to be the case for application software used in highly specialised niches such as in infrastructure design (see below).



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

Committee members were keen to follow-up on a conversation at a previous meeting on the work that the team are doing on alternative benchmarks. Ted reported that this work has continued, including in talking to third party data providers to explore whether there might be an opportunity to create a more specific impact-oriented benchmark.

3. Business update

The Committee heard a brief update from the Team on the state of the sustainability investment market. This included a summary of new business opportunities where a notable uptick has been seen in the number and range of enquiries including a number of large institutional mandates. While many of these remain confidential, two opportunities that have been made public include opportunities with the UK's National Employment Savings Trust (NEST) for a global ethical equities mandate and with the Endowments Investment Challenge (EIC). The FP WHEB Sustainability Fund was short-listed for the EIC along with four other providers and was due to present at an event in late March.

4. Buys and sells in the period

During the period, one new company was purchased.

Bentley Systems (Resource Efficiency): is a leader in infrastructure software used in the design and operation of infrastructure assets including electricity grid, roads and bridges and railways as well as municipal buildings and waste and water infrastructure.



Using Bentley's tools, engineers can design infrastructure in ways that minimise resource use and reduce emissions. This includes through accurate modelling and simulation before infrastructure projects are built, but also includes the use of 'digital twins' that allow engineers to monitor performance and identify improvements once the infrastructure assets are in use. Approximately 50% of revenues comes from design with another 50% from asset management.

Committee members agreed that the stock is appropriate for the strategy. They expressed some concerns however about the valuation of the stock especially in light of concerns about the impacts of AI on software businesses (see above). Claire Jervis pointed out that the Fund invested in the business after the sell-off that occurred earlier in 2026. The investment team are confident that Bentley is a very high quality business operating in a specific niche where there is a chronic shortage of skilled engineers working in a conservative, risk-averse environment. These characteristics mean that Bentley is likely to benefit from the integration of AI tools into their product suite rather than be disrupted.

The Team also discussed whether the efficiency gains generated by Bentley are likely to result in environmental improvements or be subject to the rebound effect¹ whereby savings end up being deployed into additional consumption. Seb Beloe answered that the Team are confident that using Bentley's systems help reduce the environmental impacts of infrastructure relative to a baseline where these systems are not deployed. However, it is not possible to determine whether they also result in an absolute reduction in environmental damage. This is an area that the Team continue to work on.

1 – Also known as Jevons Paradox whereby improved efficiencies generate savings that are then spent on new consumption that eliminates the savings.

5. Presentation of universe selection process

Following a request from the previous Committee meeting, Louis Bromfield presented the process that is used to qualify companies into the WHEB investment universe.

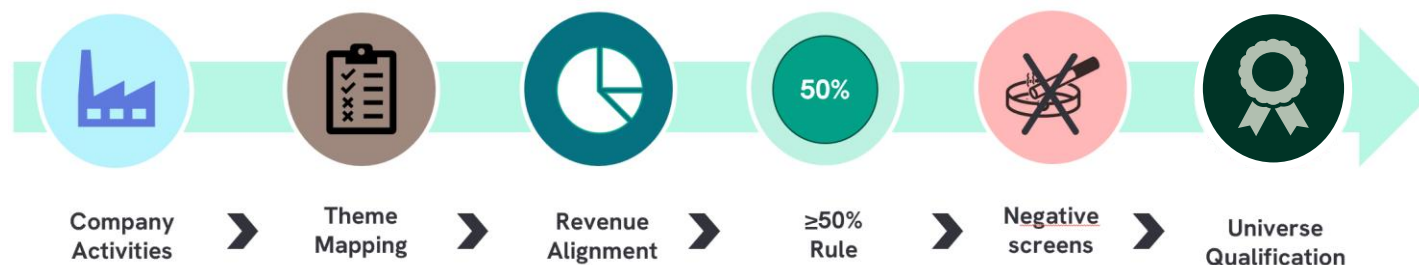
What is the investment universe: The investment universe is a pool of c.450 companies that have been reviewed and assessed as meeting the impact criteria required for investment by WHEB investment strategies. Specifically, these criteria include the company generating $\geq 50\%$ of revenues from products or services that address one or more sustainability challenges, and that the company does not breach any of the negative screens that apply to the Funds.

The investment universe is the product of decades of research and is intended to be a high-purity impact investment universe focused on companies where positive sustainability impacts drive the investment case. The universe is then used as a source of potential investment ideas by the investment team.

How are companies assessed: The sustainability challenges that the strategy targets are set out in the theory of change². The WHEB team categorise companies into one of nine investment themes that tackle these problems through their products and services. These are Cleaner Energy, Education, Environmental Services, Health, Resource Efficiency, Safety, Sustainable Transport, Water Management and Well-being. The themes are then sub-divided into a further 24 sub-themes.

Initially, a new investment idea is logged on the internal research system as 'awaiting review' and is then picked up by a member of the sustainability team who conducts the analysis. This involves a review of the company's activities, a mapping of these activities against one or more of our investment themes and an assessment of the revenue alignment. Where this is $\geq 50\%$ of revenues and the company does not breach any of the negative screens then the company is qualified into the investment universe.

Figure 1: The steps taken in reviewing companies for qualification in WHEB's investment universe



Assessing relative improvements in impact: Louis also explained how the Team review products and services that help to reduce energy and wider resource use. Where the primary purpose of these products and services is reducing energy/resource use (eg insulation in buildings) then these products clearly qualify under our Resource Efficiency theme. However, for many products and services, resource efficiency is often a co-benefit but not necessarily the primary purpose. For example, the primary purpose of heating and cooling systems is clearly heating and cooling. For these types of products and services, companies are only qualified where there is either a clear regulatory or market driver for improved energy/resource efficiency and where we can see clear evidence that the product/service has efficiency performance that is better than the average in the market.

Louis also presented two case studies of businesses that had been reviewed, one of which was qualified and the other not. The Committee then held a discussion on these points including exploring whether there was a larger role for artificial intelligence (AI) in the review process.

6. Any other business

Abigail Rotheroe agreed to chair the next meeting which is scheduled for 23rd July 2026.

2 – The theory of change is set out in WHEB's impact report (<https://media.umbraco.io/foresight/hujlqv15/wheb-impact-report-2024.pdf?175701869950>)

Investment Advisory Committee Members



Alice Chapple

- Founder of Impact Value
- Director, Schroder BSC Social Impact Trust plc, Acre Impact Capital, Development Guarantee Group



Abigail Rotheroe

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



George Latham

- Former Managing Partner at WHEB Asset Mgmt. and MD at Foresight Capital Management



Hans-Christoph Hirt

- Adjunct Professor, 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

