Since we last saw you

Sources: Viktor Mikhailovich Vasnetsov, Public domain, via Wikimedia Commons
Three of the horsemen

Sources: iStock; Nicolò Vasconi, CC BY-SA 4.0 <https://creativecommons.org/licenses/by-sa/4.0>, via Wikimedia Commons; Main Directorate of the State Emergency Service of Ukraine in Kharkiv Oblast, CC BY 4.0 <https://creativecommons.org/licenses/by/4.0>, via Wikimedia Commons
Epochal change in inflation and interest rates?

United States interest rates

United States inflation

Details: Federal Fund Effective Rate, per cent, not seasonally adjusted; Consumer price inflation for the United States, per cent, not seasonally adjusted. Source: Board of Governors of the Federal Reserve System;
The end of TINA: globalisation and liberalisation

Sources: Shell Scenarios 1995; WHEB AIC 2019; WHEB 2Q21 Update
After TINA: reaction and progress

The “Inevitable Policy Response”

- "Orderly transition starting now."
- "Elon’s got this" - Technology will save us.
- Disorderly policy response
- Climate breakdown / fail to transition

Source: UN PRI

Sources: iStock; The White House, Public domain, via Wikimedia Commons; WHEB
The return of real policy

Source: iStock
Opportunity set growing and growing
WHEB has been changing too

Source: WHEB
WHEB jigsaw

- Expanded Investment Team
- Dedicated Impact Team
- Expanded Client Team
- Research Resources
- Risk Analysis
- Expanded Operations Team
3-year performance

Absolute performance (total return)

Source: FE Analytics & Bloomberg. Total Return in GBP with dividends reinvested net of tax. 18 November 2019 to 18 November 2022.
FP WHEB Sustainability Fund’s cumulative and discrete performance

FP WHEB Sustainability Fund and benchmarks total return

<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>18 Nov 2022</td>
<td>18 Nov 2021</td>
<td>18 Nov 2020</td>
<td>18 Nov 2019</td>
<td>18 Nov 2018</td>
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<tr>
<td>FP WHEB Sustainability</td>
<td>-16.24%</td>
<td>20.83%</td>
<td>19.03%</td>
<td>10.14%</td>
<td>0.78%</td>
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<td>MSCI World</td>
<td>-5.37%</td>
<td>27.01%</td>
<td>10.30%</td>
<td>13.67%</td>
<td>4.70%</td>
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<td>IA Global Return</td>
<td>-10.40%</td>
<td>23.36%</td>
<td>13.65%</td>
<td>12.42%</td>
<td>1.51%</td>
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</table>

Inflation and interest rates still rising

Reported and expected inflation (USA)

Most widespread tightening of monetary policy on record

Source: Federal Reserve Bank of Minneapolis; Bloomberg
Style discussion

Source: MSCI Barra via FactSet. 3 years 18th November 2019 to 18th November 2022
3-year market performance relative to MSCI World

Source: Bloomberg. Total Return in GBP with dividends reinvested net of tax. 18 November 2019 to 18 November 2022.
Source: Performance attribution of the FP WHEB Sustainability Fund calculated with reference to the MSCI World Index Total Return GBP. FactSet, WHEB, MSCI as at COB 18/11/2022
Wellbeing theme: Slowing consumer demand

Consumer coping mechanisms in response to rising prices

- Try to reduce home energy consumption
- Spend less on clothes & shoes
- Spend less on going out & leisure activities
- Switch to cheaper products
- Shop at cheaper stores
- Reduce number of takeaway purchases from...
- Reduce the amount of food bought
- Spend less on personal care
- Use my car less
- End a regular payment for subscription services
- Sell my personal belongings on resale web...
- Postpone a major planned purchase
- Buy second-hand/refurbished goods more than I...
- Shop around for fuel more than I use to
- Use public transport
- Look for a better paid job

Source: Deloitte
HelloFresh

Value proposition strengthening in a challenging macro environment

Source: OECD leading indicators, company presentation

1 Relative price comparison, indexed to 2012 at 100%
Orpea

Impactful but challenging sector

Source: Company presentation, UN, WHO
Resource Efficiency theme: Supply chain chaos

Global supply chains under strain

Contribution to GDP - change in private inventories

Source: Federal Reserve Bank of New York, U.S. Bureau of Economic Analysis
Kion Group

Short term growth challenges and rising competition

Supply Chain Solution (SCS) Orders & Book-to-Bill

SCS end-market exposure

Other, 17%
E-commerce, 45%
General merchandise, 9%
Food & beverage, 9%
Apparel, 7%
Wholesale, 4%
Grocery, 7%
Parcel, 2%
General merchandise, 9%

Source: company reports, Citi estimates
Health theme: Solutions for COVID

Organic growth rates in scientific tools end markets

Source: Company information: Thermo Fisher, Danaher, Agilent. Revenue growth details in quarterly reporting
Cleaner Energy: Supportive policy and high energy costs

Breakdown of US climate spending (> $500B) across S-curve phases

1) Research & Development
2) Applied Innovation
3) Early Adopters
4) System Integration
5) Market Expansion

Infrastructure Investment and Jobs Act (2021)
CHIPS and Science Act (2022)
Inflation Reduction Act (2022)

First Solar Backlog (MW)

Source: Rocky Mountain Institute, First Solar
Water Management: Increasing climate adaptation demand

Thematic split of climate finance (US$ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adaptation</th>
<th>Cross-cutting</th>
<th>Mitigation</th>
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<tbody>
<tr>
<td>2016</td>
<td>42.2</td>
<td>10.1</td>
<td>6.0</td>
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<td>2017</td>
<td>52.8</td>
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<td>5.6</td>
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<td>2018</td>
<td>55.9</td>
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<td>7.1</td>
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<tr>
<td>2019</td>
<td>51.4</td>
<td>20.3</td>
<td>8.7</td>
</tr>
<tr>
<td>2020</td>
<td>48.6</td>
<td>28.9</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Adaptation finance by source and instrument

Source: OECD, Climate Policy Initiative
Impact map

Investing in more impactful, higher quality companies

Rating of the product/service impact 'Impact intensity'
Rating of company operations 'Operational quality'

Source: WHEB
Outlook: Cost of capital and sustainable investment

Cost of Capital: Fossil Fuels vs Renewable Energy

Global Levelised Cost of Energy ($ per MWh)

Source: Goldman Sachs, BloombergNEF
Outlook: Cost of living and sustainability

Cost of living crunch forcing shoppers to ditch green products

Some 74% of people want the government to take steps to make sustainable behaviour and products

Wood Mackenzie

Europe to install 45 million heat pumps in the residential sector by 2030

Norway and Italy frontrunners, but UK falls behind in heat power decarbonisation

04 8月 2022 | 2 minute read
Outlook: Public health infrastructure post-COVID

Change in public health allocation 2015/16-2022/23: England, real terms per person

Source: The Health Foundation
Momentum regained
Important information

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