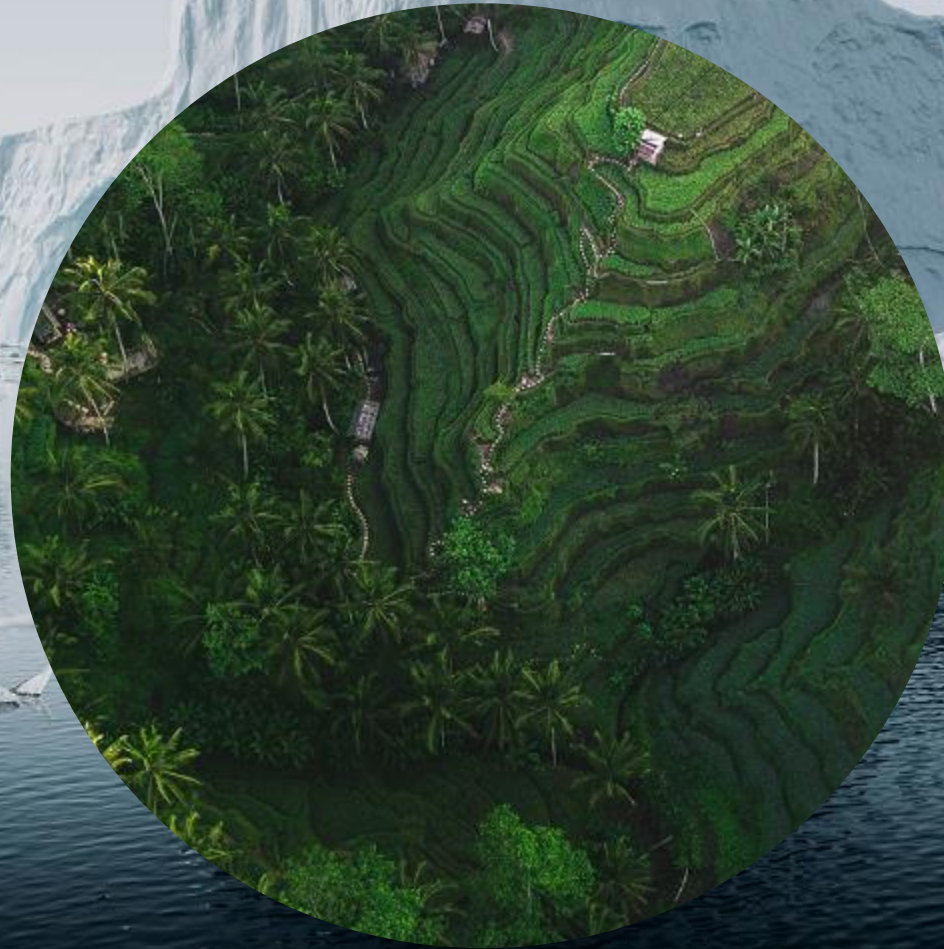


# Strategy review and outlook

Ted Franks  
Ty Lee





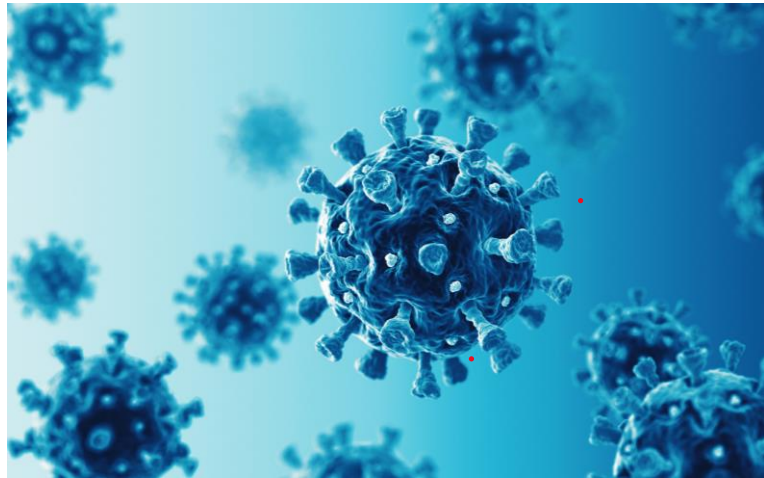
# Since we last saw you



Sources: Viktor Mikhailovich Vasnetsov, Public domain, via Wikimedia Commons



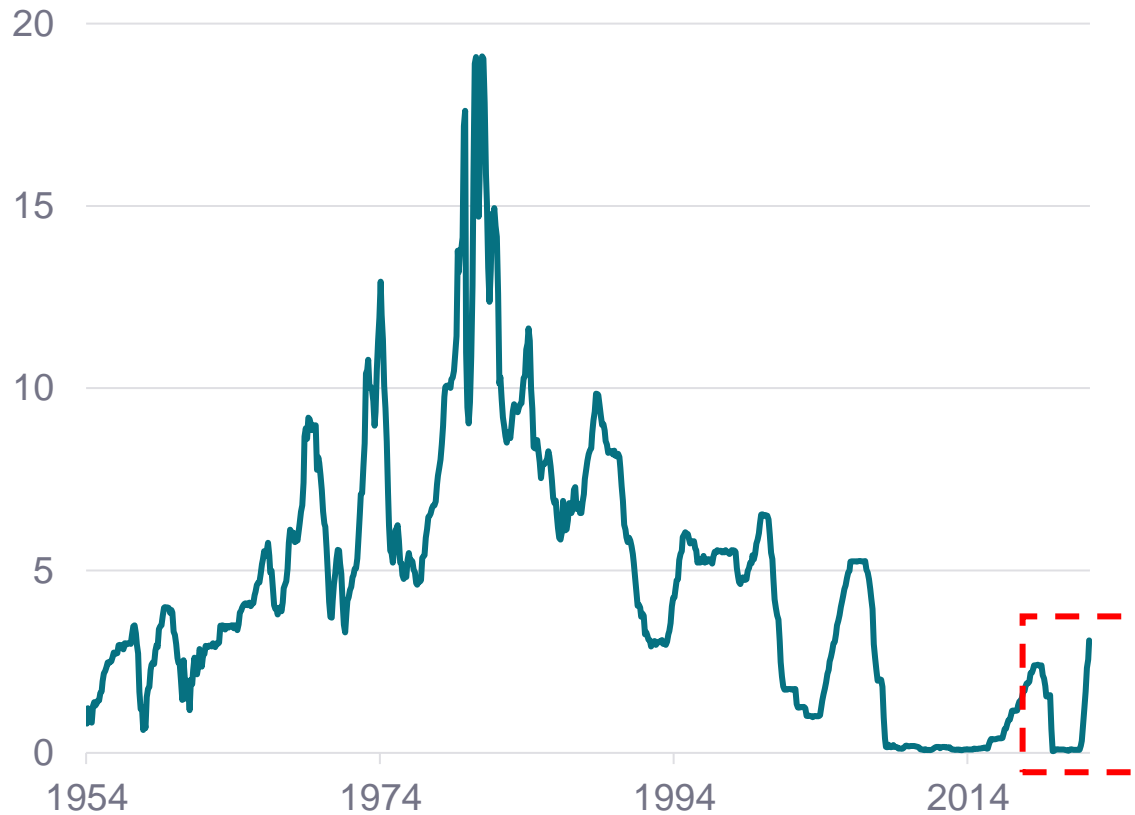
# Three of the horsemen



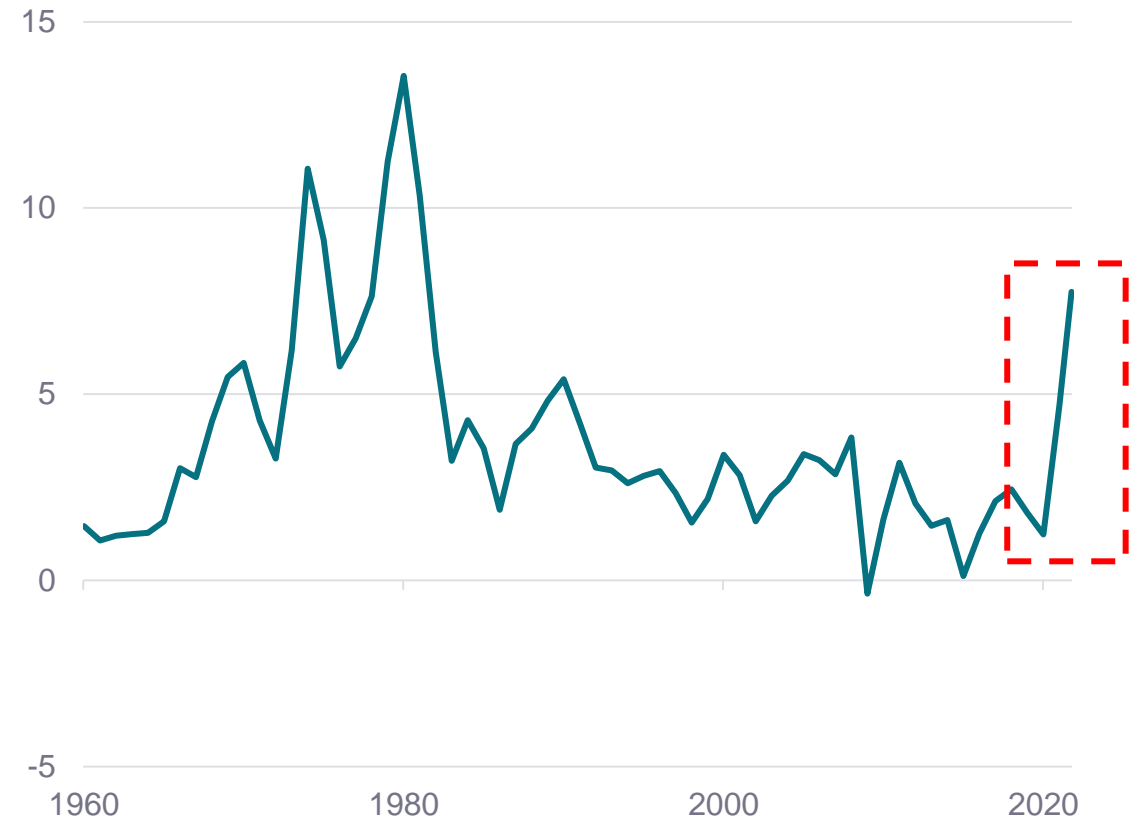
Sources: iStock; Nicolò Vasconi, CC BY-SA 4.0 <<https://creativecommons.org/licenses/by-sa/4.0/>>, via Wikimedia Commons; Main Directorate of the State Emergency Service of Ukraine in Kharkiv Oblast, CC BY 4.0 <<https://creativecommons.org/licenses/by/4.0/>>, via Wikimedia Commons

# 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

## GLOBAL SCENARIOS 1995-2020



### Where to from here?



### Biden administration China response



#### US Innovation and Competition Act



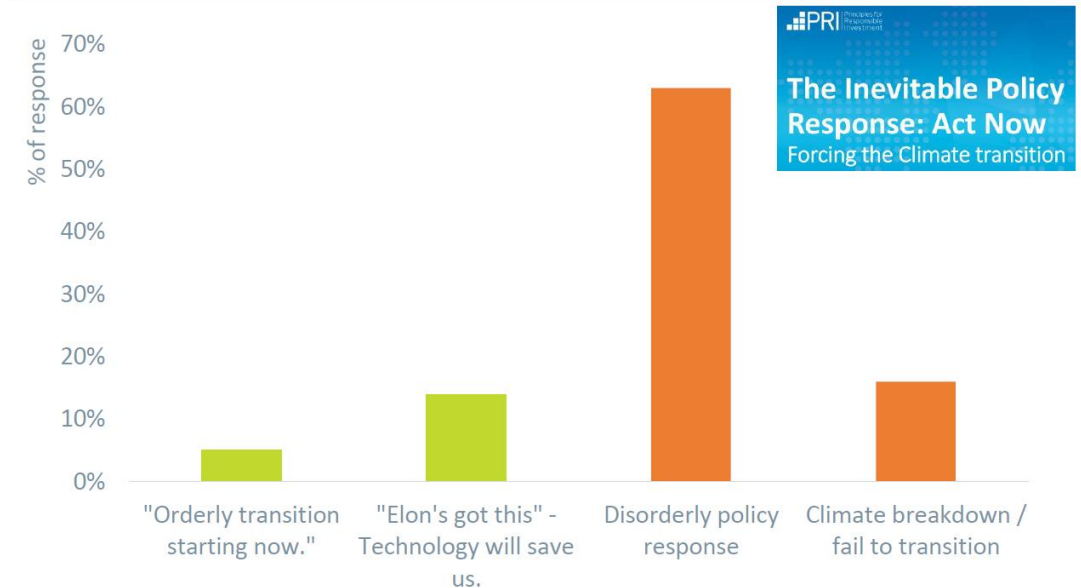
Source: Access Partnership: <https://www.accesspartnership.com/dashboard-and-infographic-us-innovation-and-competition-act-of-2021-usia>

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# After TINA: reaction and progress



## The “Inevitable Policy Response”

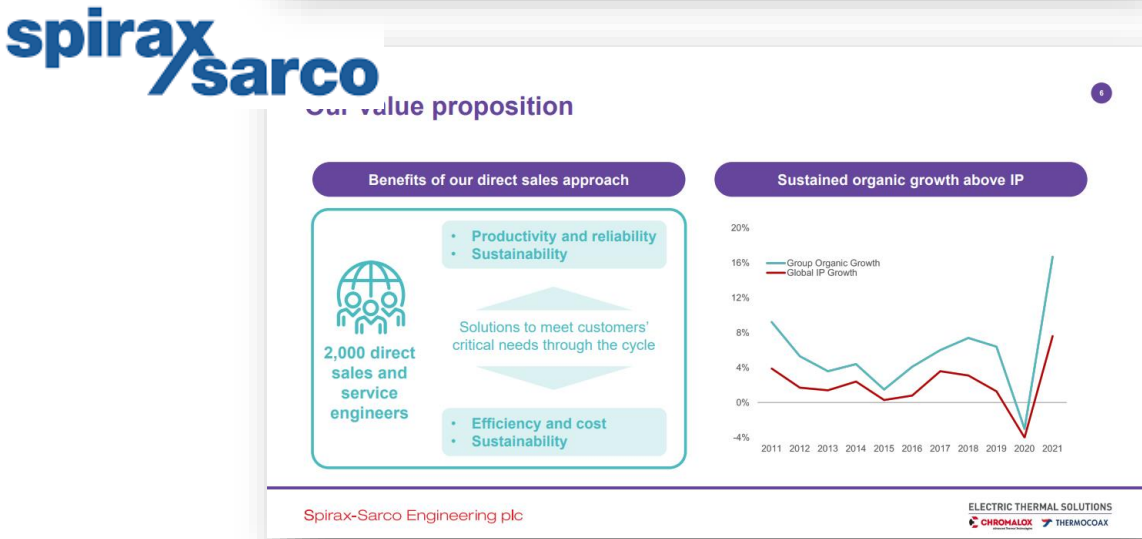
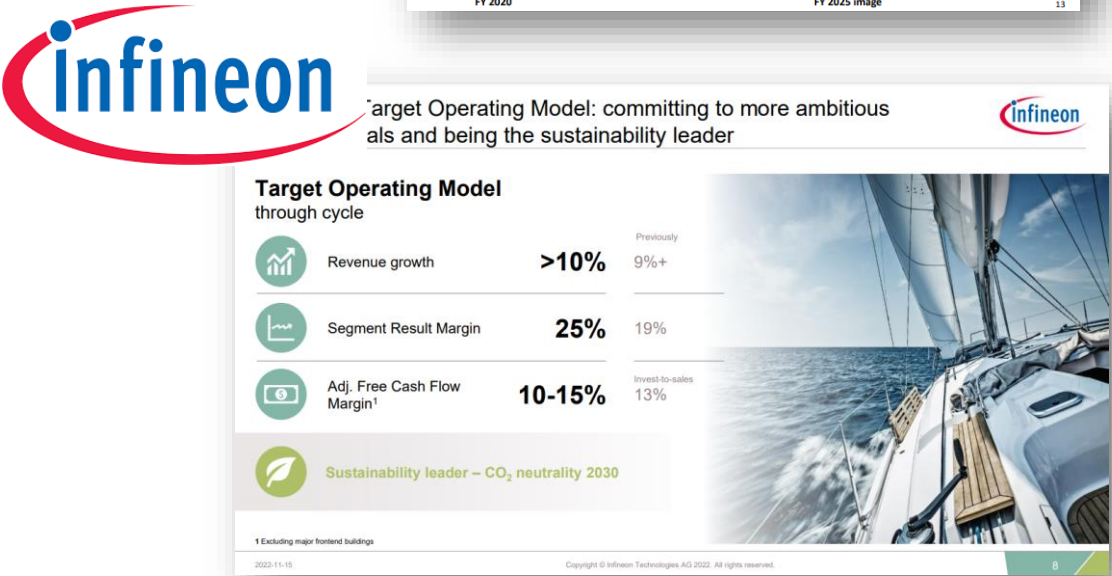
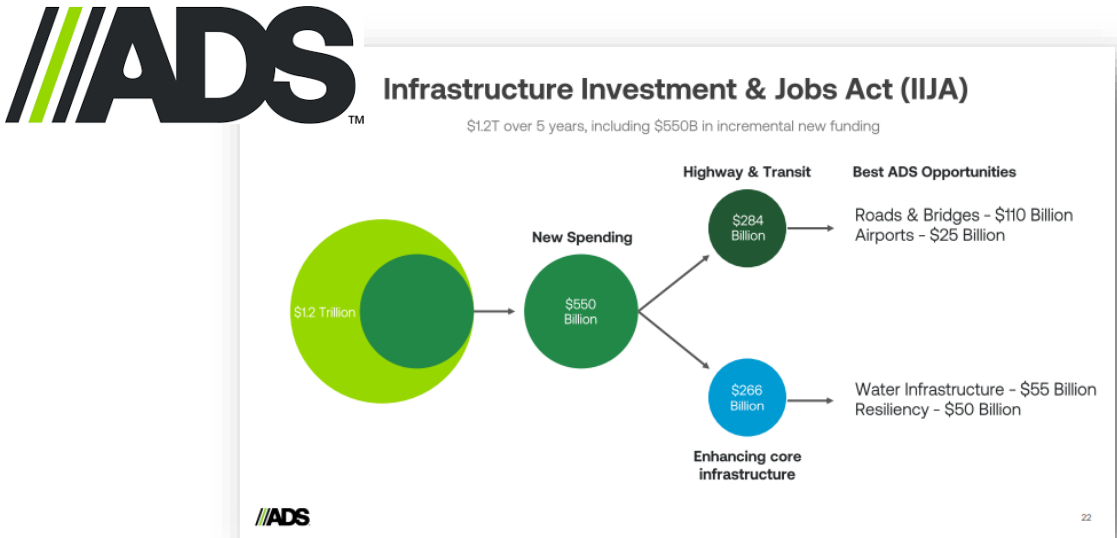
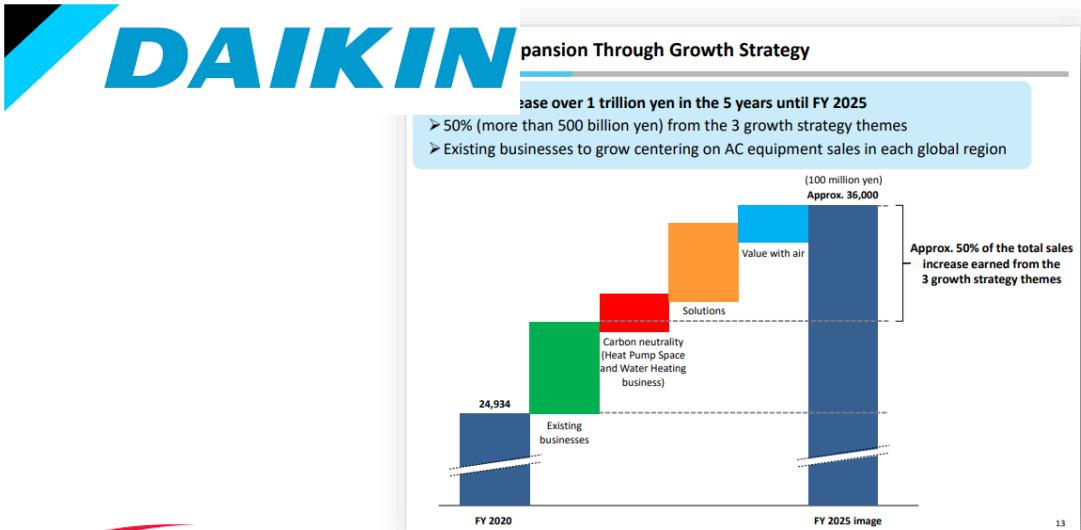




# The return of real policy

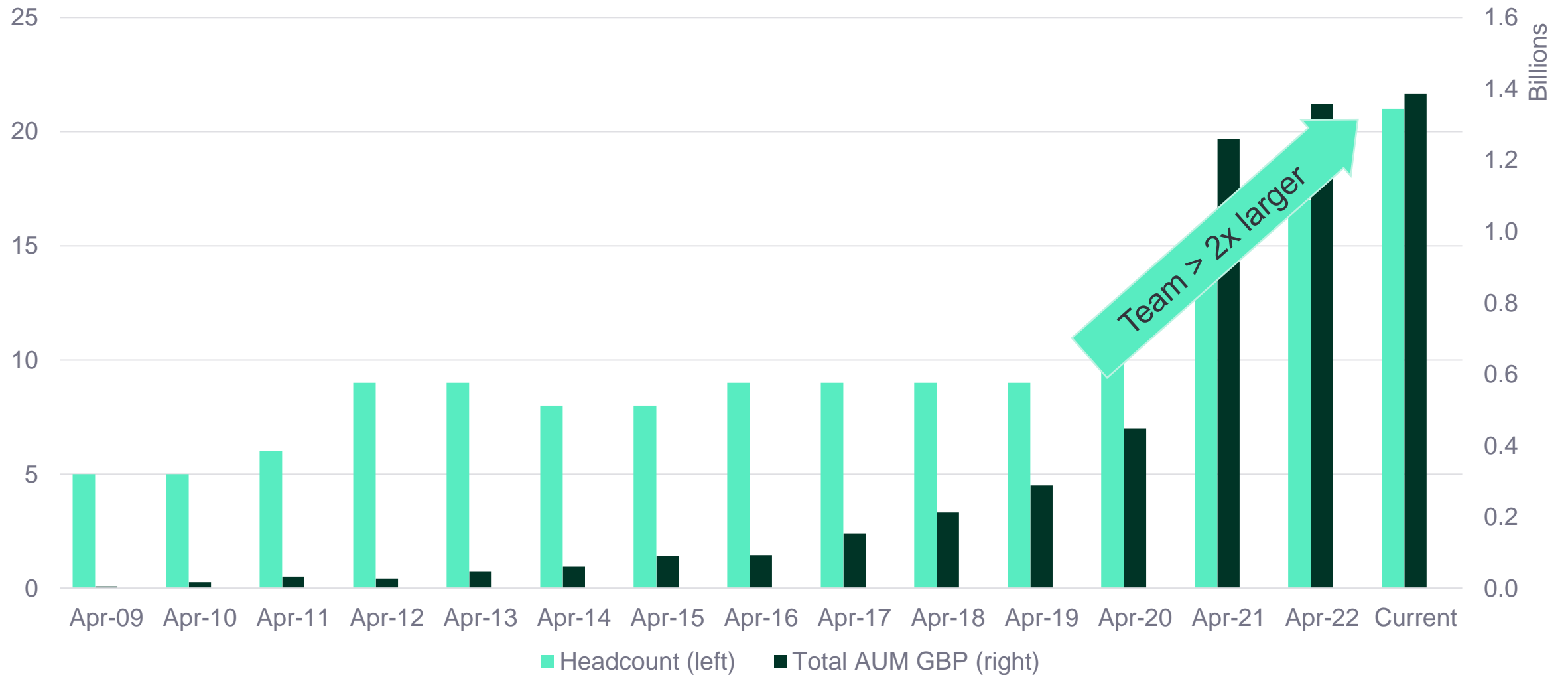


# Opportunity set growing and growing



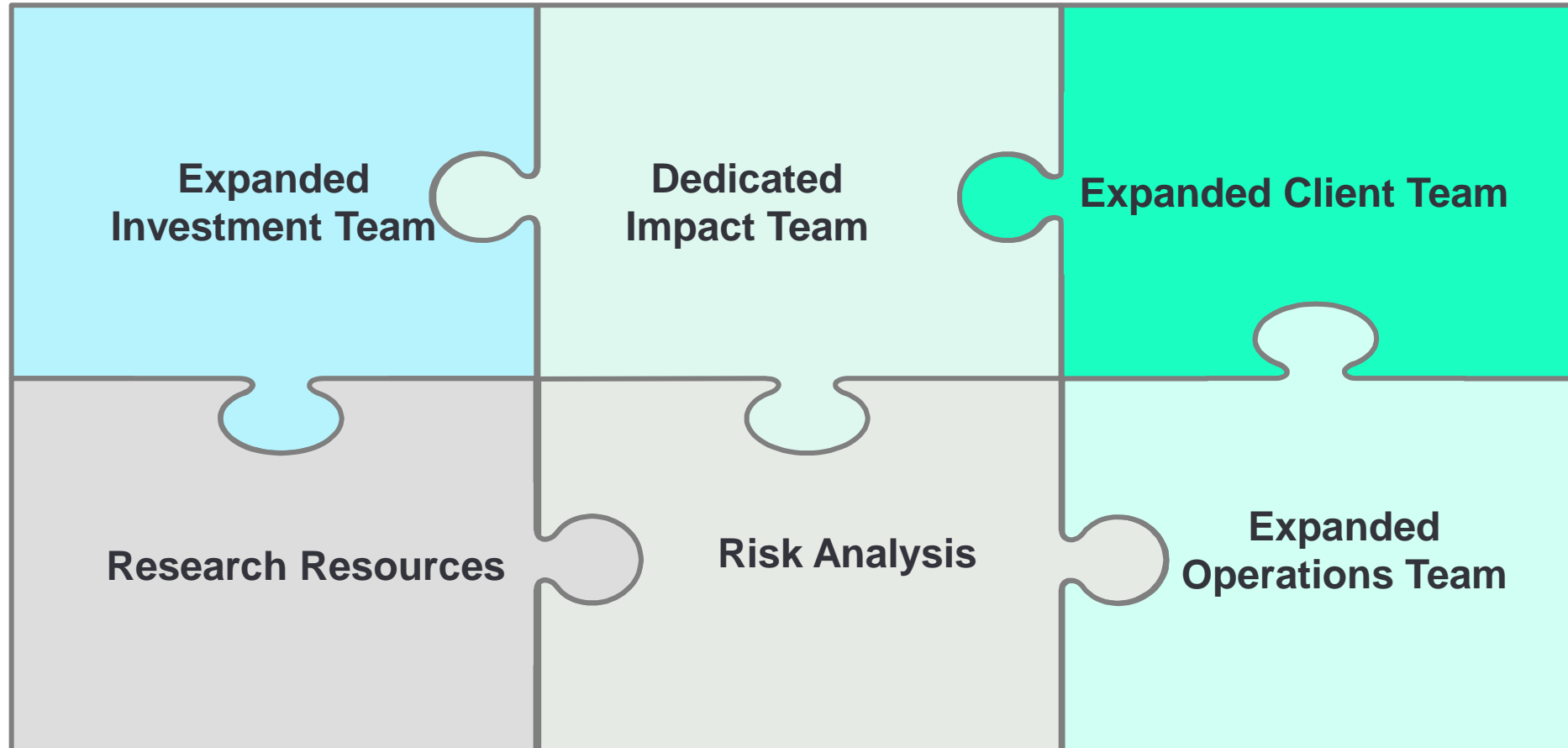


# WHEB has been changing too



Source: WHEB

# WHEB jigsaw





# 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



	18 Nov 2021 – 18 Nov 2022	18 Nov 2020 – 18 Nov 2021	18 Nov 2019 – 18 Nov 2020	18 Nov 2018 – 18 Nov 2019	18 Nov 2017 – 18 Nov 2018
FP WHEB Sustainability	-16.24%	20.83%	19.03%	10.14%	0.78%
MSCI World	-5.37%	27.01%	10.30%	13.67%	4.70%
IA Global Return	-10.40%	23.36%	13.65%	12.42%	1.51%

Source: Total Return in GBP with dividends reinvested net of tax. Source: Bloomberg, FE Analytics. Past performance does not predict future returns..

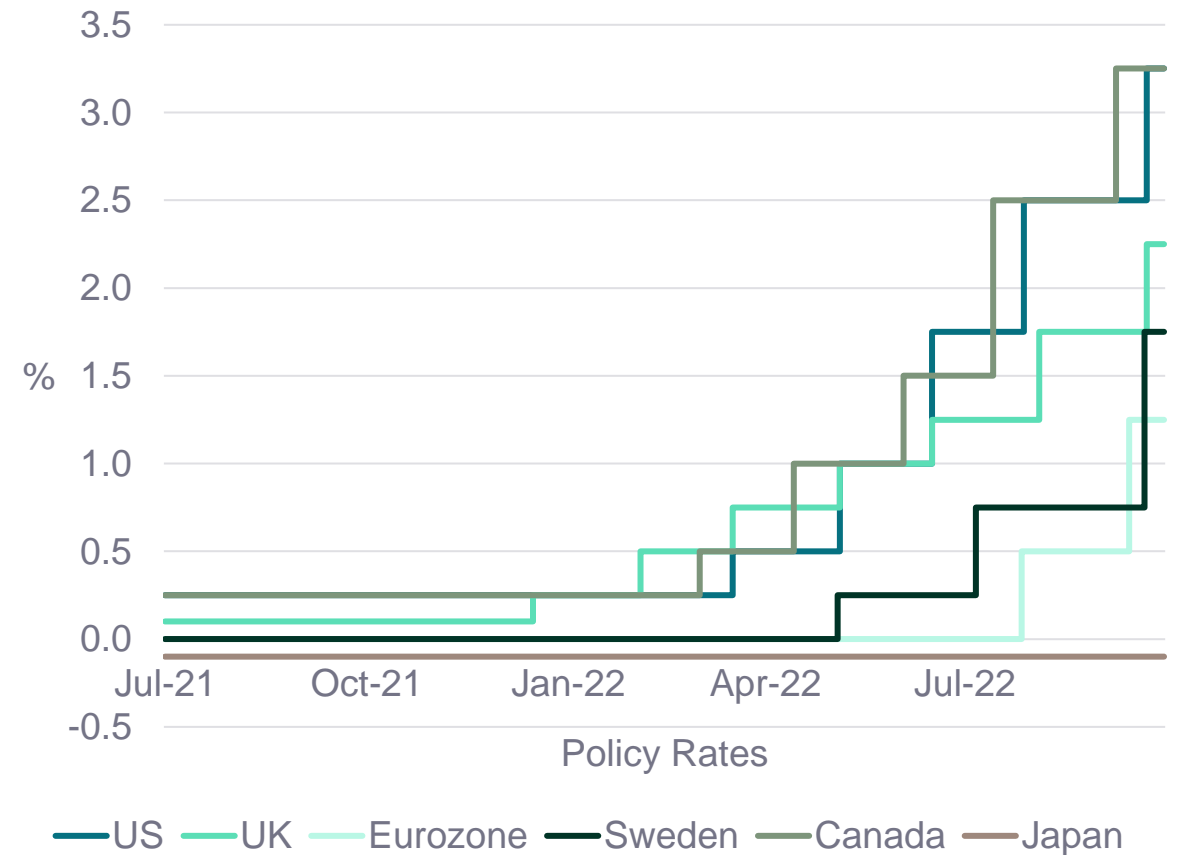


# Inflation and interest rates still rising

Reported and expected inflation (USA)



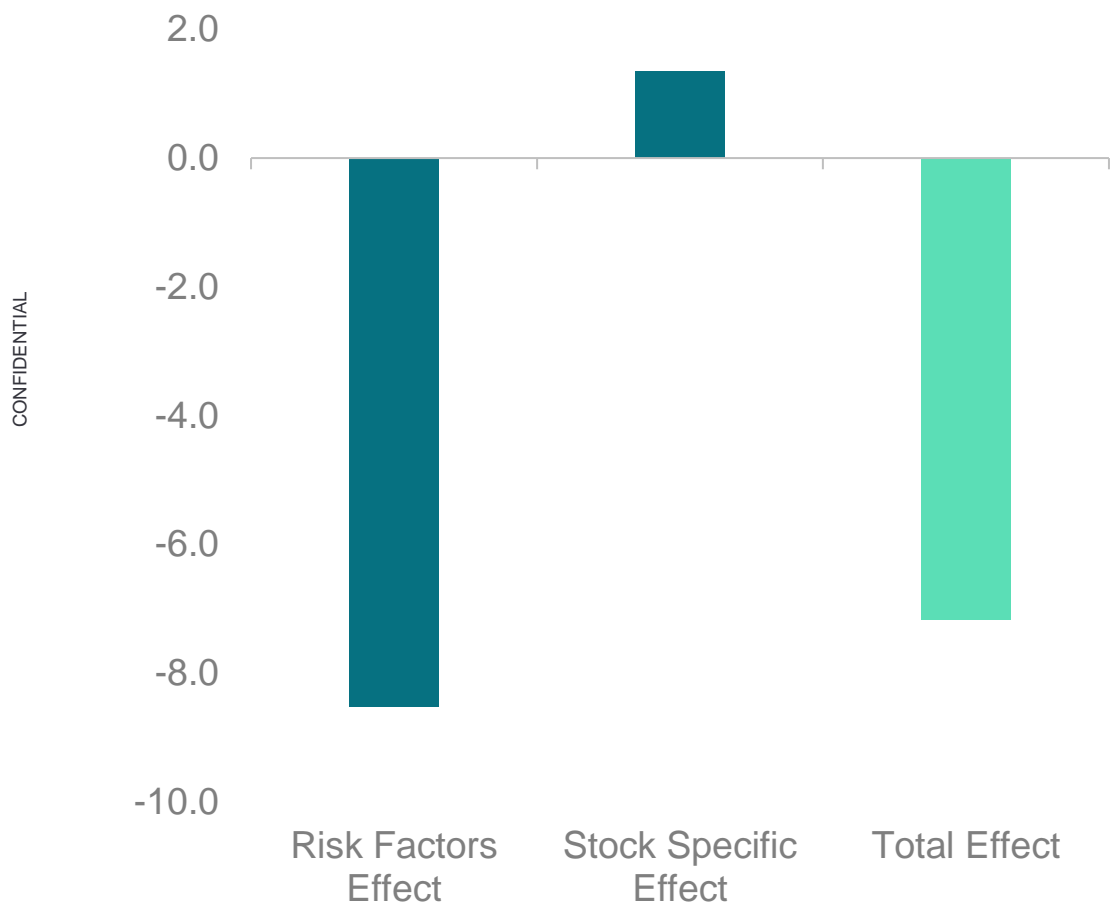
Most widespread tightening of monetary policy on record



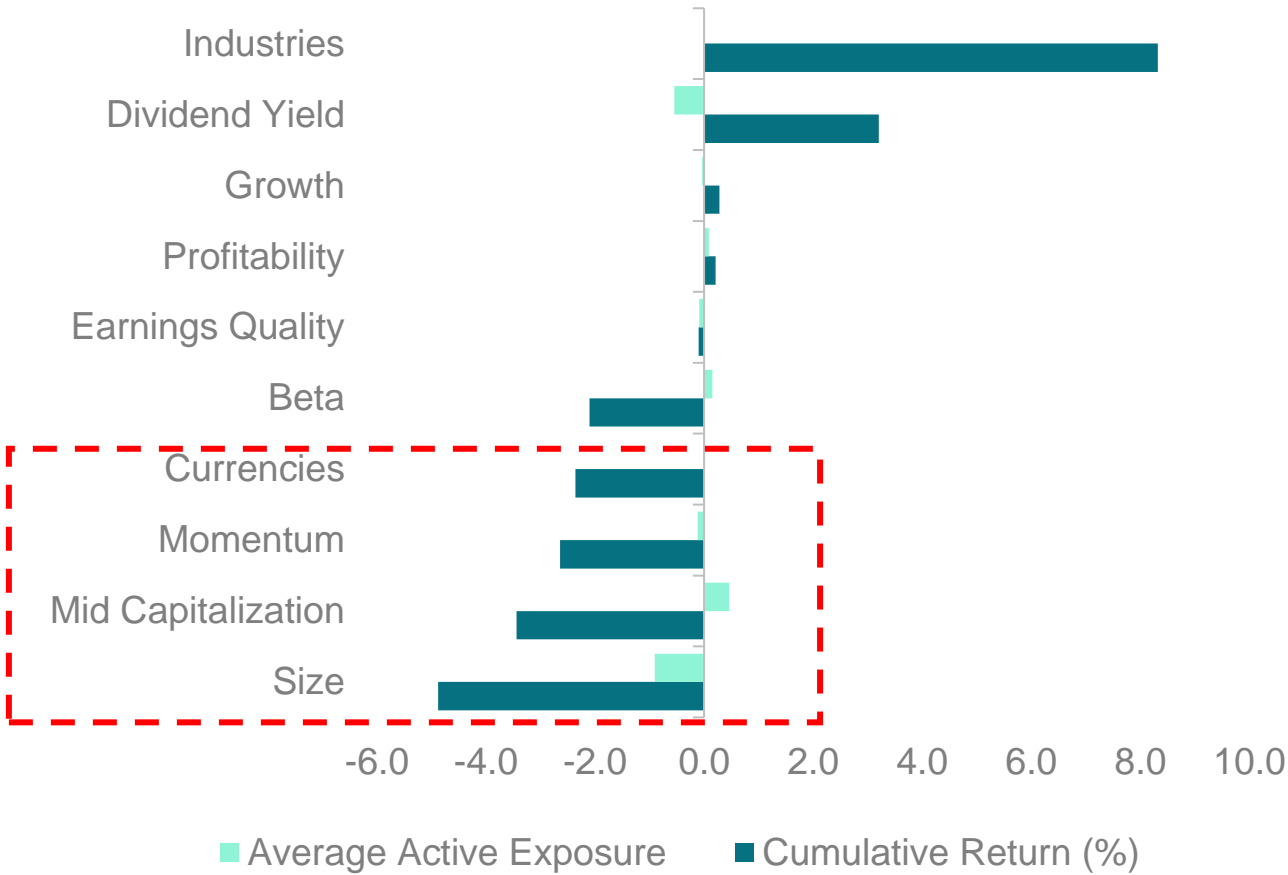
Source: Federal Reserve Bank of Minneapolis; Bloomberg

# Style discussion

Risk attribution - 3 Years (%)



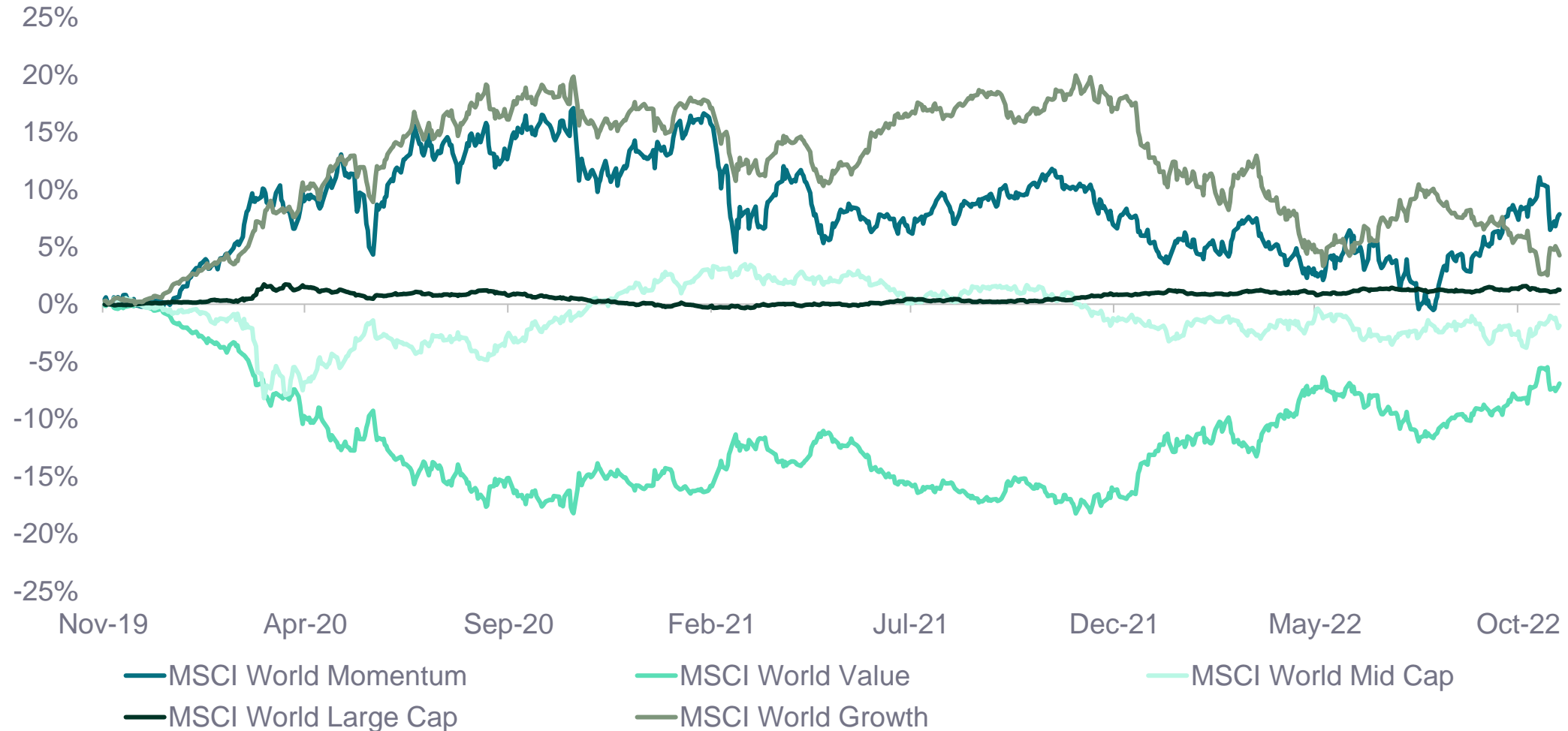
Top/Bottom Risk Factors - Cumulative return %



Source: MSCI Barra via FactSet. 3 years 18<sup>th</sup> November 2019 to 18<sup>th</sup> November 2022

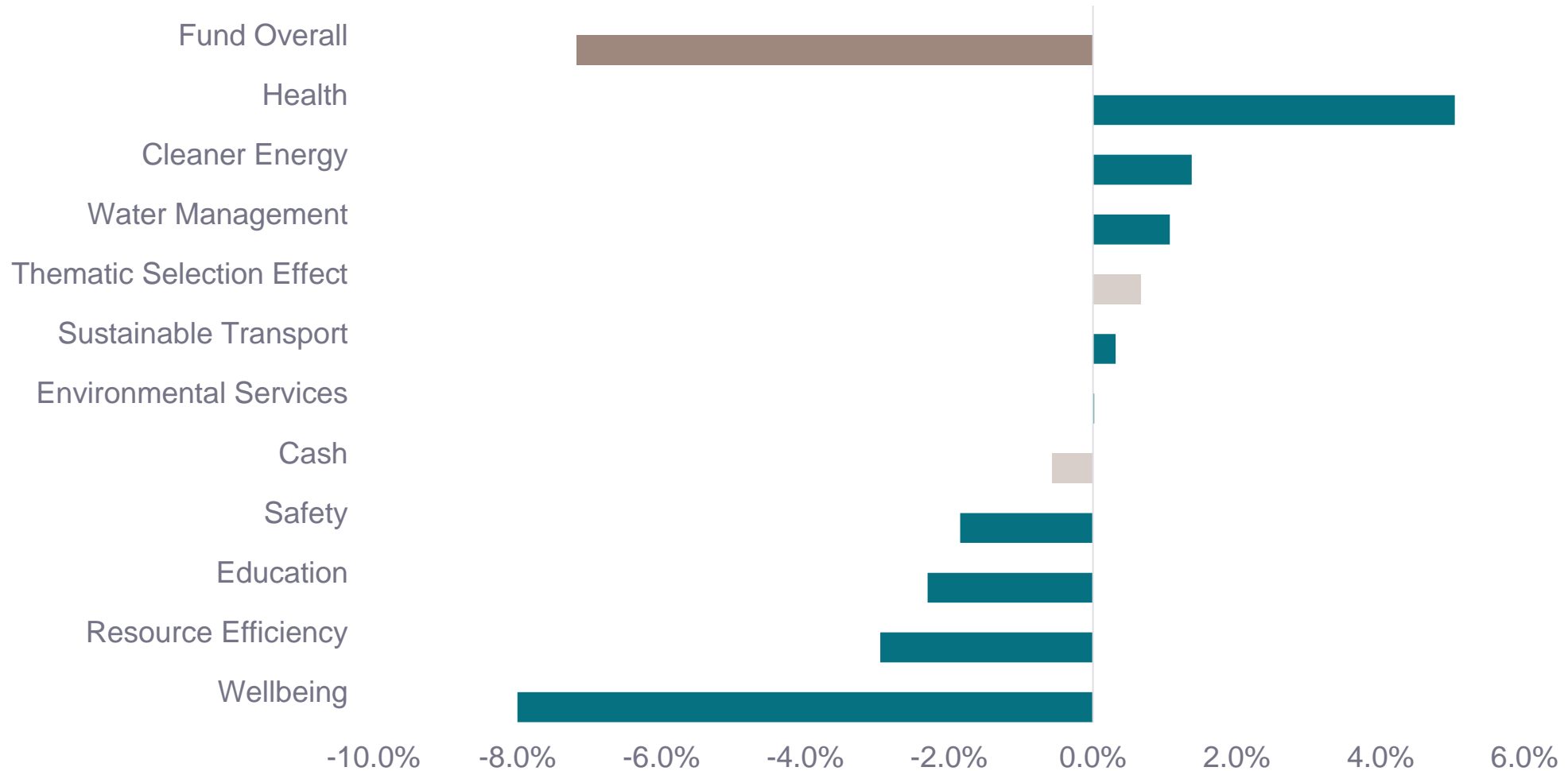


# 3-year market performance relative to MSCI World



Source: Bloomberg. Total Return in GBP with dividends reinvested net of tax. 18 November 2019 to 18 November 2022.

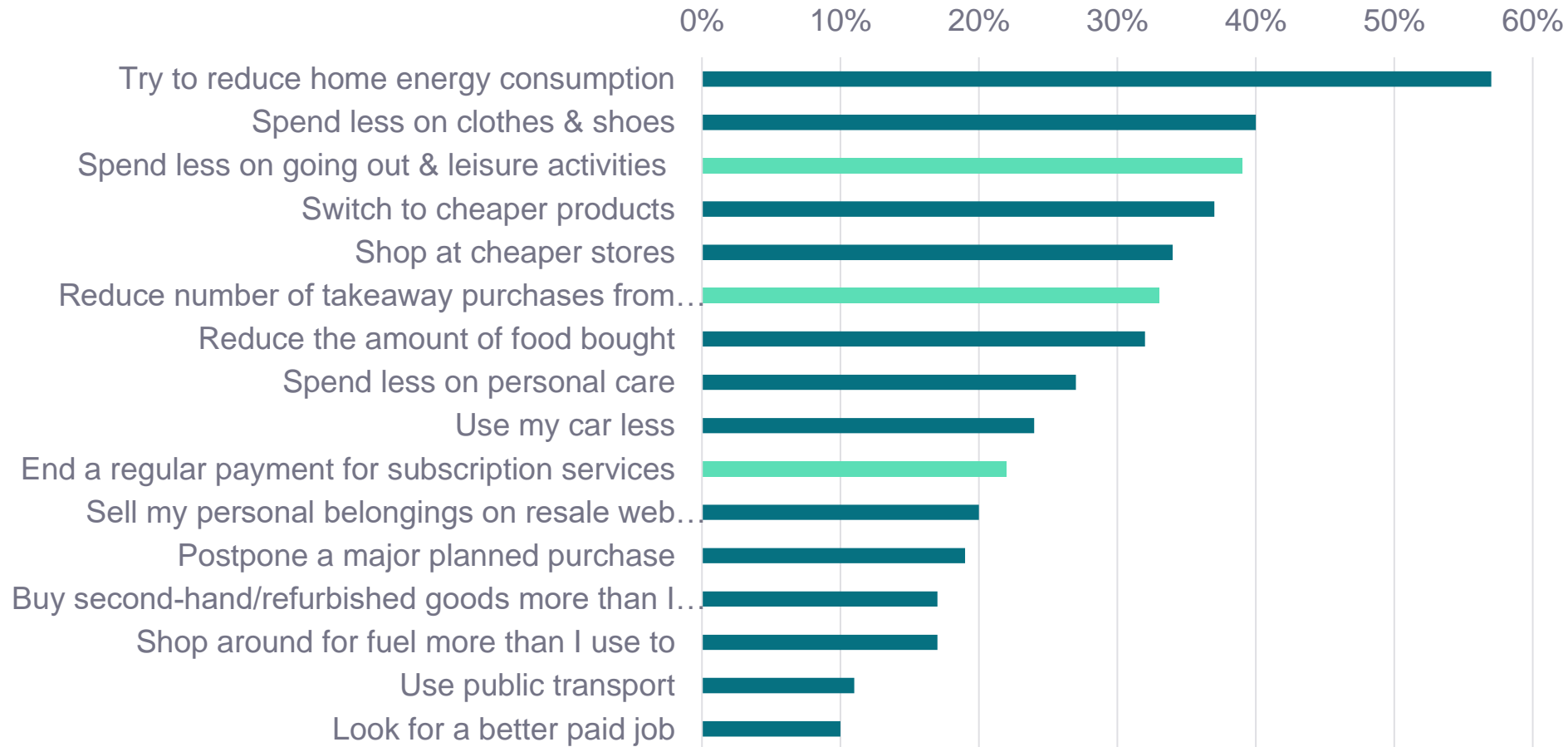
# 3-year performance attribution



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

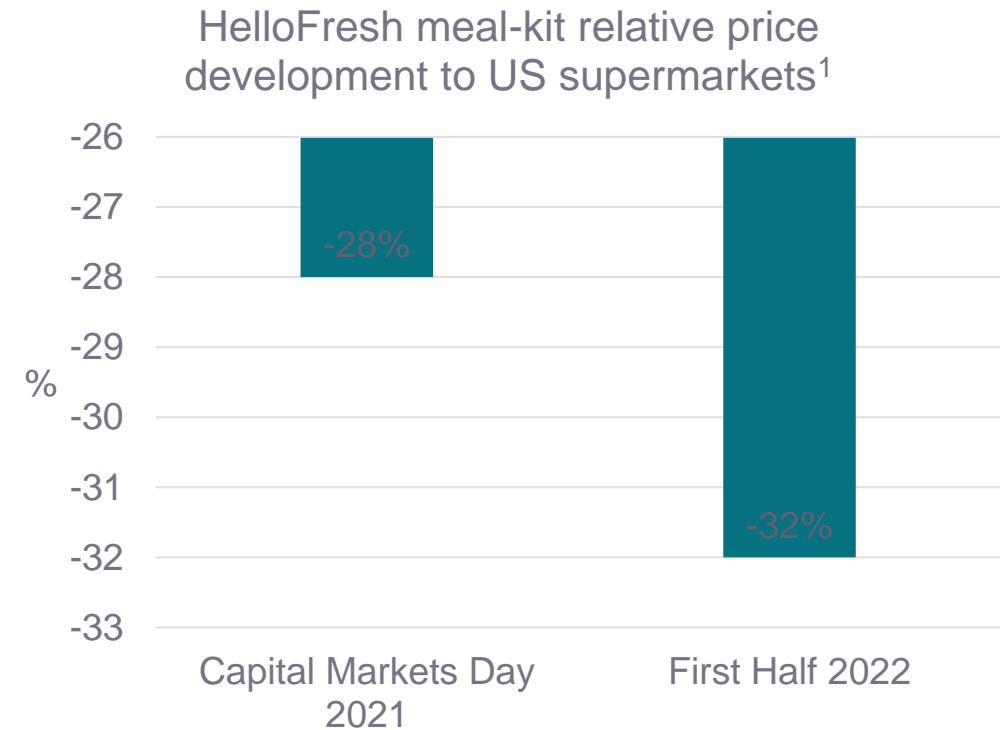
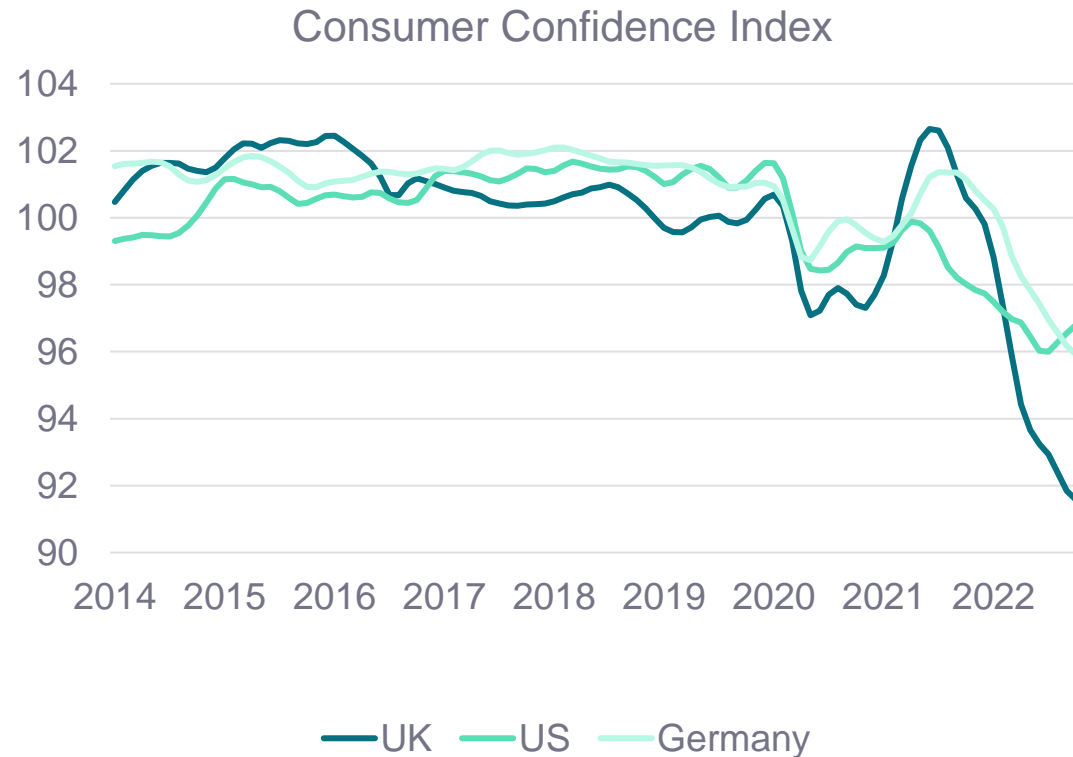
Consumer coping mechanisms in response to rising prices





# HelloFresh

Value proposition strengthening in a challenging macro environment



Source: OECD leading indicators, company presentation

<sup>1</sup> Relative price comparison, indexed to 2012 at 100%

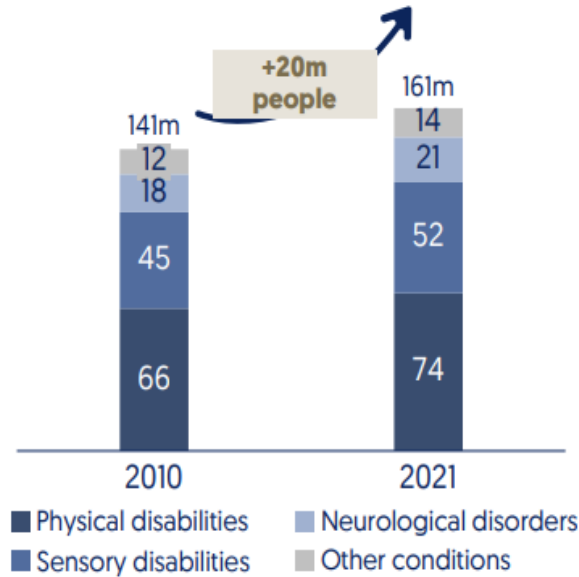
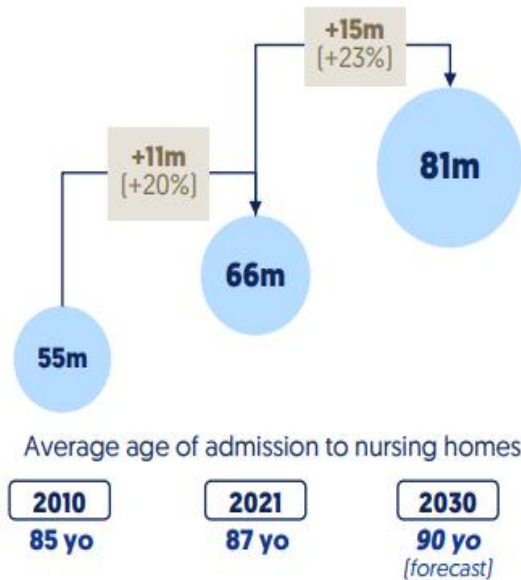
### Nursing homes

European population over age 75  
[millions, EU]



### Rehabilitation clinics

Prevalence among people aged 75+  
[millions, EU]

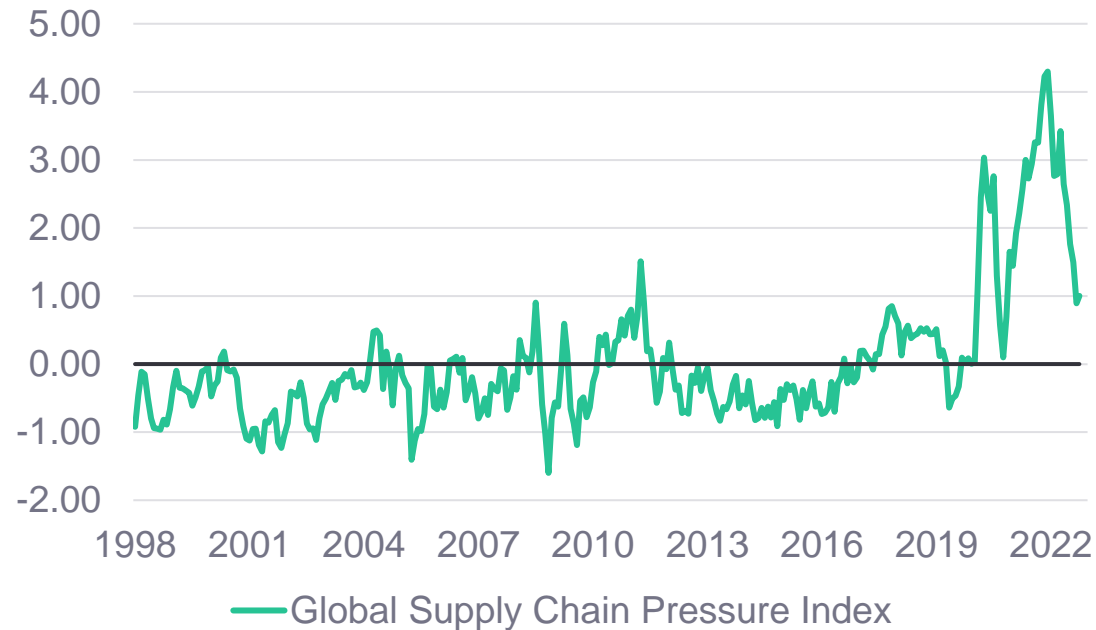


Source: Company presentation, UN, WHO

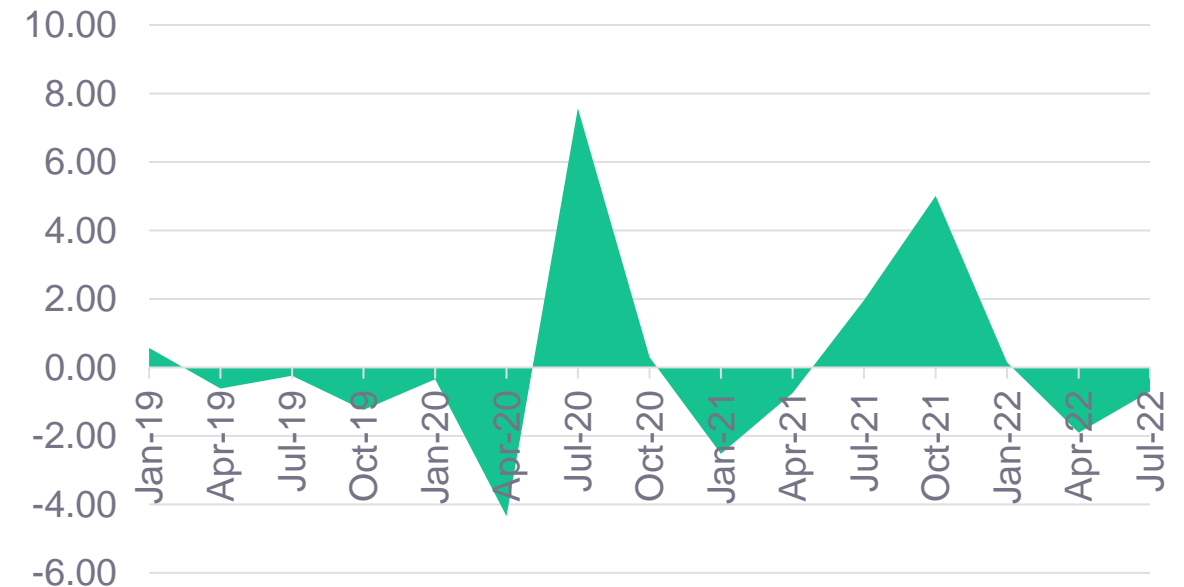
# Resource Efficiency theme: Supply chain chaos



Global supply chains under strain



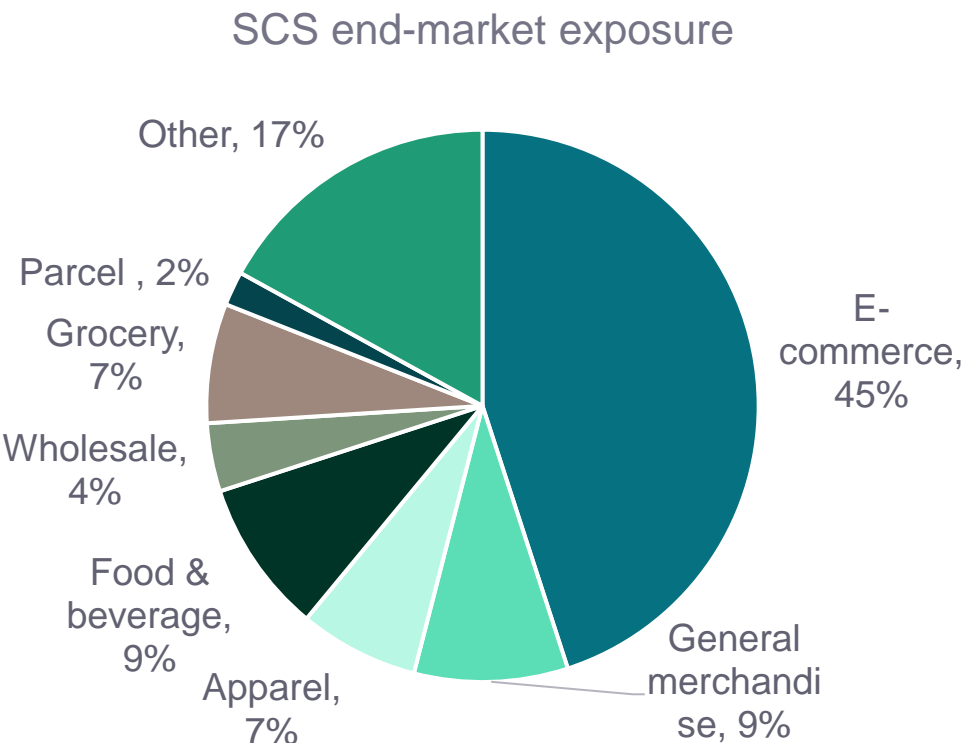
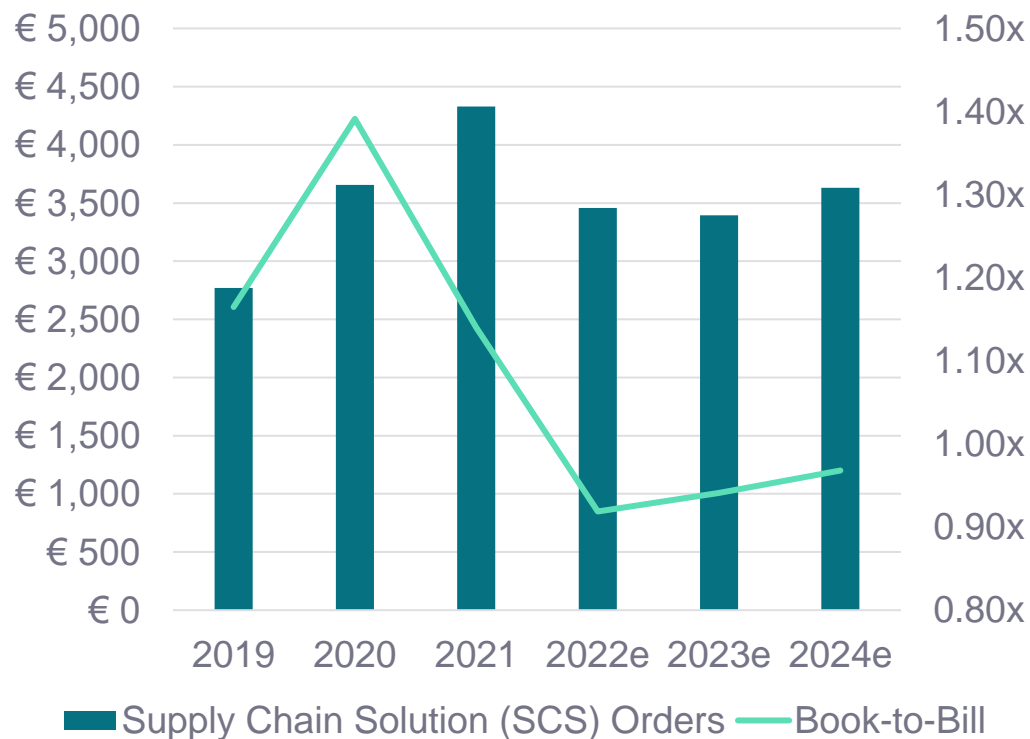
Contribution to GDP -  
change in private inventories



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



## Short term growth challenges and rising competition

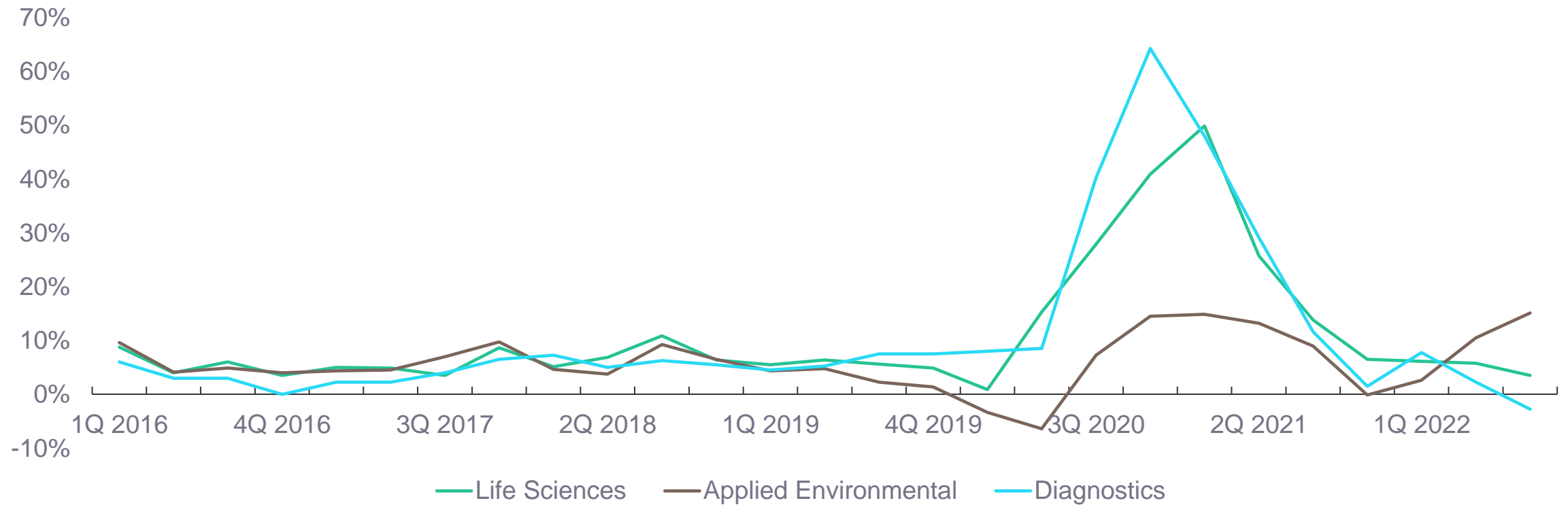


Source: company reports, Citi estimates

# Health theme: Solutions for COVID



Organic growth rates in scientific tools end markets

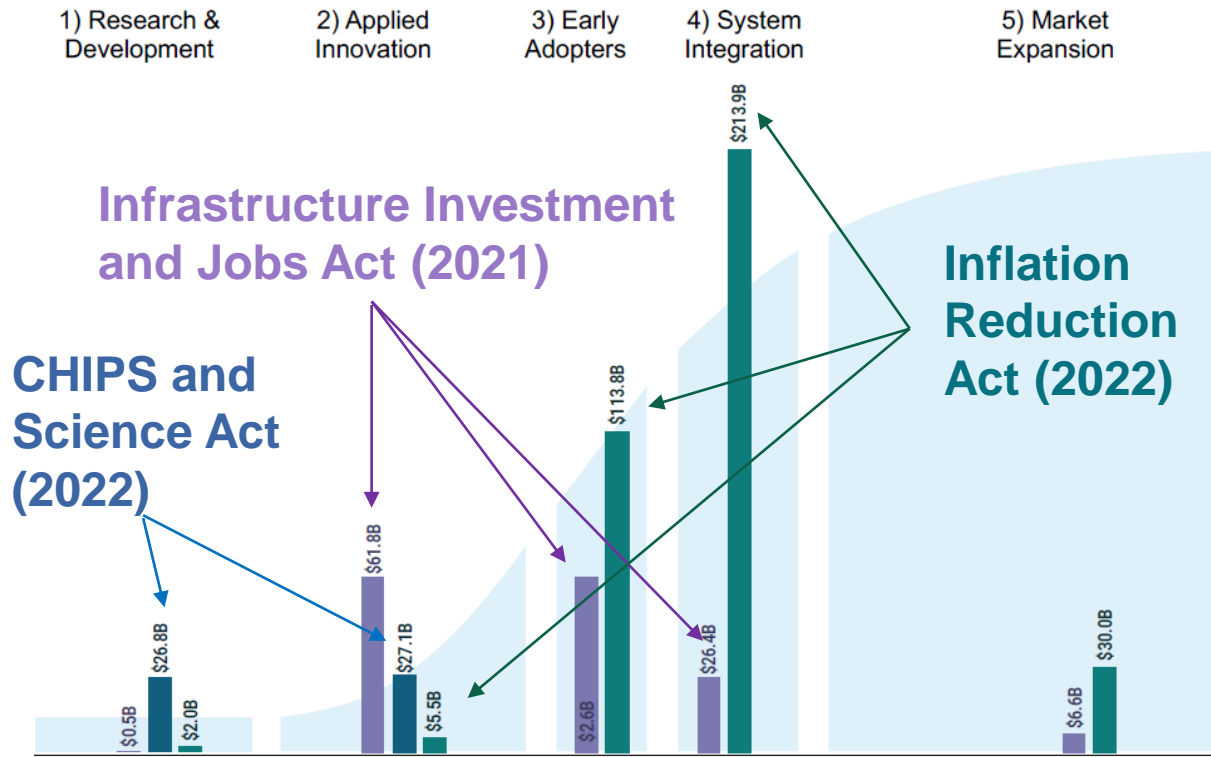


Source: Company information: Thermo Fisher, Danaher, Agilent. Revenue growth details in quarterly reporting

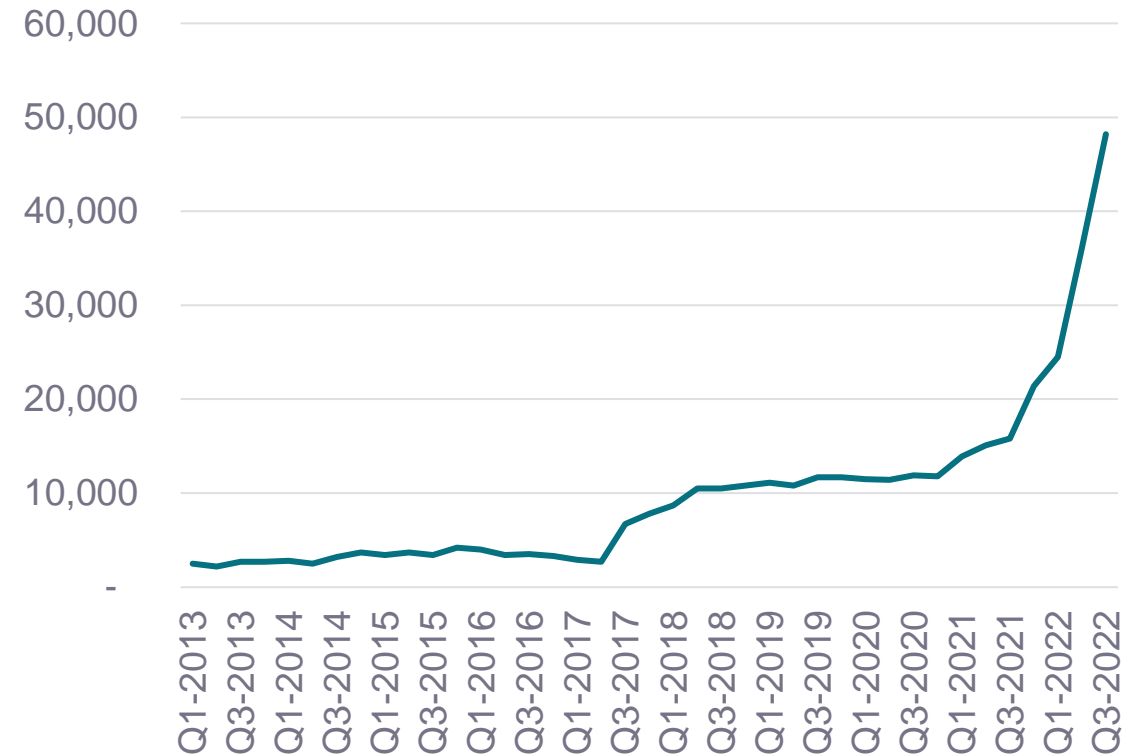
# Cleaner Energy: Supportive policy and high energy costs



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



## First Solar Backlog (MW)

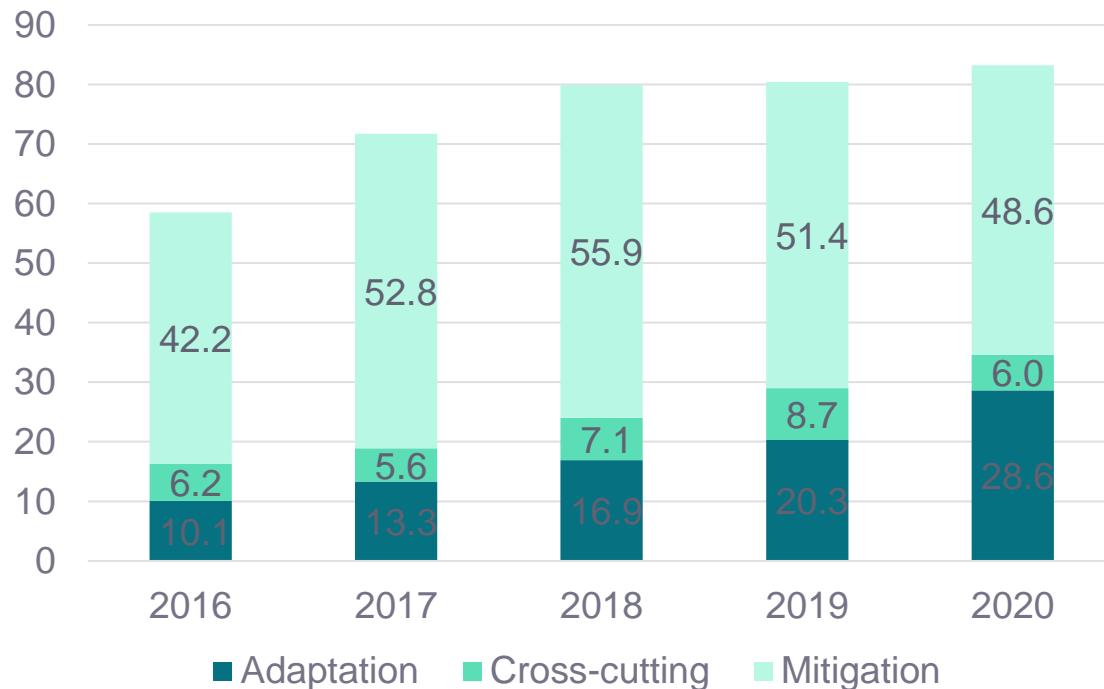


Source: Rocky Mountain Institute, First Solar

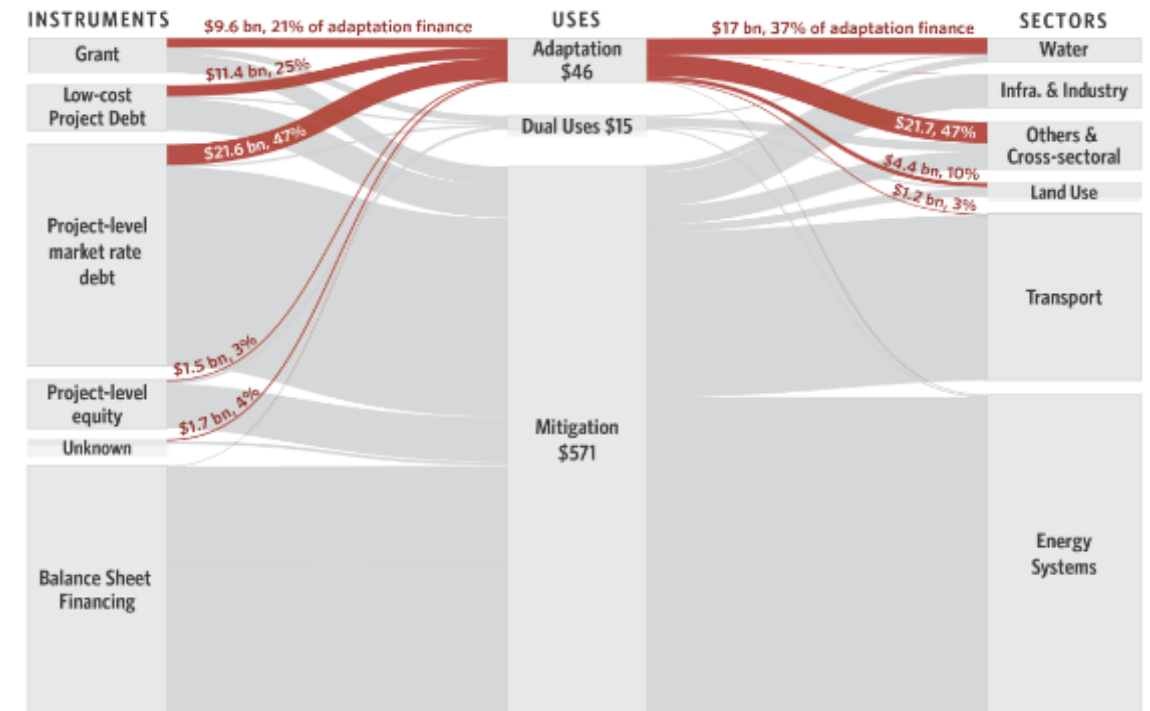


# Water Management: Increasing climate adaptation demand

Thematic split of climate finance (US\$ billion)



Adaptation finance by source and instrument



Source: OECD, Climate Policy Initiative

# Impact map

Investing in more impactful, higher quality companies

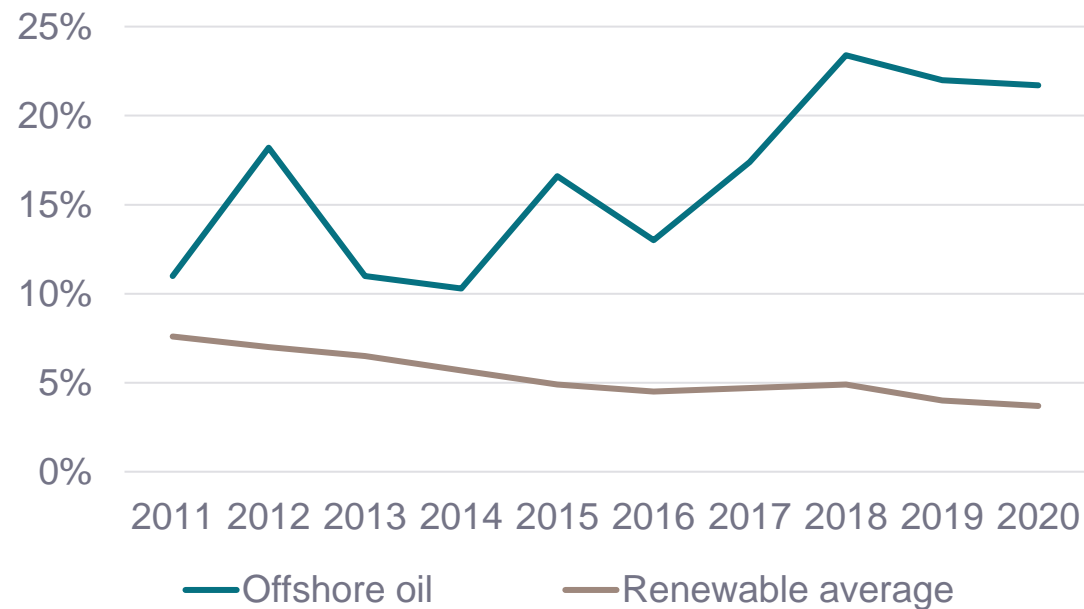


Source: WHEB

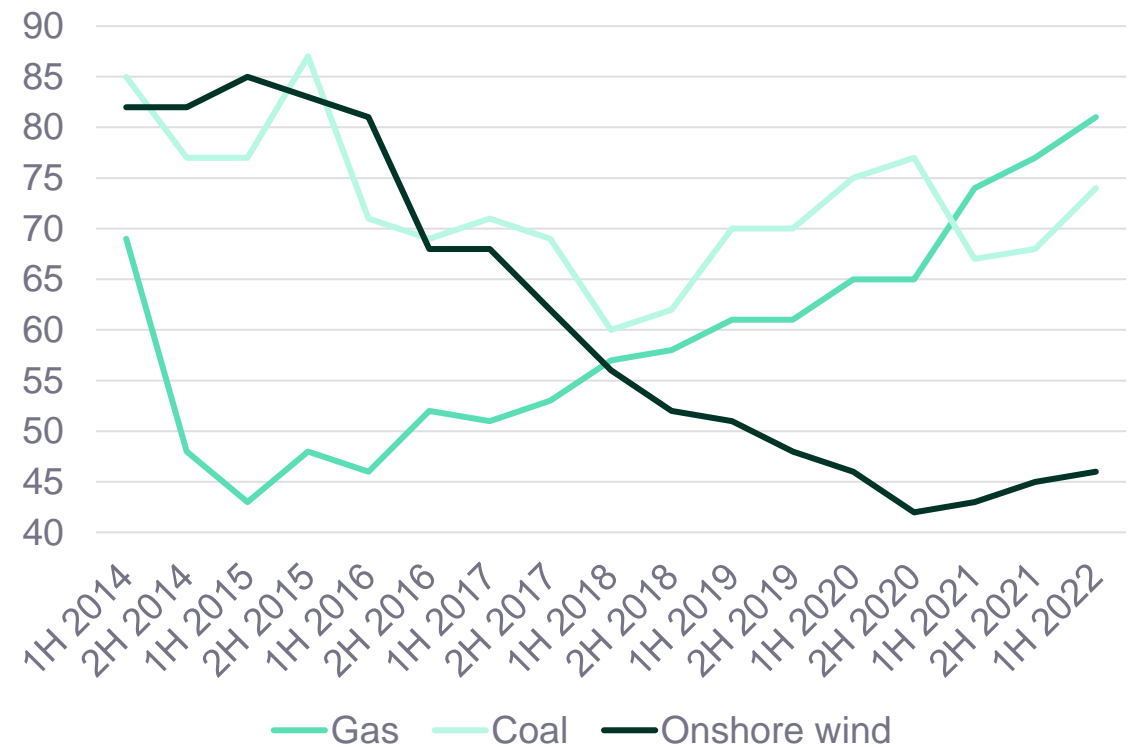
# Outlook:

## 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 per cent of people want the government to take steps to make sustainable behaviour and products

Samuel Webb • Friday 21 October 2022 00:07 • 2 Comments



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

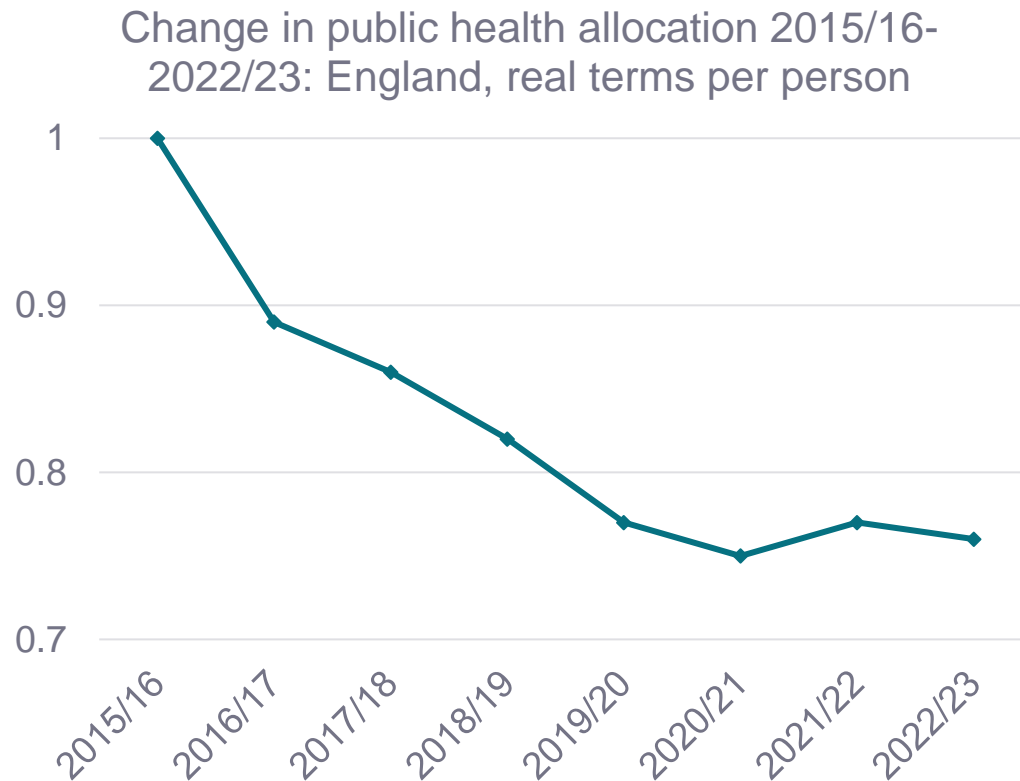
Norway and Italy frontrunners, but UK falls behind in heat power decarbonisation

04 8月 2022 | 2 minute read

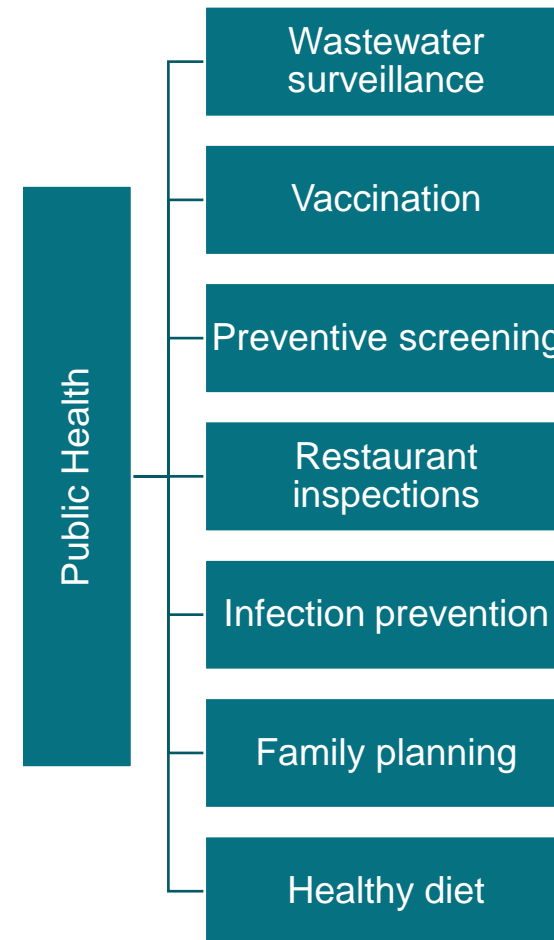




# Outlook: Public health infrastructure post-COVID



Source: The Health Foundation



# Momentum regained

2019

## At a fork in the road



2020

## Datapoints on the accelerating transition



### National net zero carbon commitments

% GDP <sup>1</sup>	COUNTRY/REGION	STATUS	TARGET	DATE	MECHANISM
3%	UK				
17%	EU				
18%	CHINA				
6%	JAPAN				
2%	S. KORE				
2%	CANADA				
25%	USA				
3%	INDIA				
2%	BRAZIL				

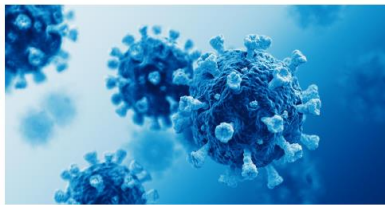
Source: 1. IMF Global GDP Data 2

CONFIDENTIAL

## Outlook



2021



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2022

## Silver lining in climate policy



Inflation Reduction Act made a surprise comeback



Source: Forbes

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whebgroupp.com

# Important information



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