

# FP WHEB Sustainability Fund

Short Report for the year ended 28 February 2015

## Investment Objective and Policy

The aim of the Fund is to achieve capital growth over the medium to longer term.

The Fund will invest predominantly in global equities and in particular will invest in such equities in those sectors identified by the investment manager as providing solutions to the challenges of sustainability. Under normal circumstances, the Fund will hold cash on deposit up to 10% of the value of the Fund.

The Fund may also invest in other transferable securities, Collective Investment Schemes, money market instruments and near cash.

The Fund may also invest in derivatives for efficient portfolio management. This is in order to reduce the Fund's exposure to risk, as permitted under the FCA Rules.

## Fund Facts

Interim/Annual Accounting End Dates	Ex-dividend (xd) Dates	Income Distribution/ Accumulation Dates
31 August		
28 February	01 March	30 June

## Risk Profile

Please refer to the Full Prospectus for details of all the risks. The Fund has exposure to credit, counterparty and usual market risks. Past performance is not a guide to future performance. The value of investments and any income from them may go down as well as up. Exchange rate changes may cause the value of any overseas investments to rise or fall. You should always regard investments in the Fund as medium to long term.

## Charges

Share Class	Initial Charge	Annual Management Charge as at 28/02/15	Ongoing Charge Figures as at 28/02/15	Ongoing Charge Figures as at 28/02/14
Share Class A	0.00%	1.50%	1.67%	1.70%
Share Class B <sup>1</sup>	0.00%	0.35%	0.52%	N/A
Share Class C	0.00%	0.85%	1.02%	1.05%

<sup>1</sup> Share Class B Accumulation was launched 20 October 2014.

## Distributions/Accumulations

The distribution for Share Class C Accumulation is 0.0880p per share, payable 30 June 2015.

The distribution for Share Class C Income is 1.1323p per share, payable 30 June 2015.

At the year end, expenses exceeded revenue, generating a shortfall position on Share Class A Accumulation and Share Class B Accumulation therefore there will be no distribution.

## Comparative Tables

### Net Asset Value

Date	Net Asset Value of Share Class (£)	Shares in issue	Net Asset Value per Share (p)
Share Class A Accumulation			
28/02/13	24,545,939	20,912,985	117.37
28/02/14	15,961,278	12,320,982	129.55
28/02/15	13,363,342	9,208,111	145.13
Share Class B Accumulation			
28/02/15	9,990,084	9,615,860	103.89
Share Class C Accumulation			
28/02/13	16,614,880	14,441,414	115.05
28/02/14	36,200,106	28,321,752	127.82
28/02/15	53,019,843	36,786,003	144.13
Share Class C Income			
28/02/14	6,751,380	6,821,405	98.97
28/02/15	8,675,930	7,854,009	110.46

### Price and Revenue History

Calendar Year	Highest Published Share price (p)	Lowest Published Share price (p)	Net Revenue per Share (p)
Share Class A Accumulation			
2010	122.45	104.01	0.0000
2011	124.48	91.05	0.0000
2012	107.66	93.99	0.0000
2013	127.69	104.66	0.0000
2014	140.79	123.31	0.0000
2015 <sup>4</sup>	145.08	136.46	0.0000
Share Class B Accumulation			
2014 <sup>3</sup>	100.49	94.36	0.0000
2015 <sup>4</sup>	103.86	97.56	0.0000
Share Class C Accumulation			
2012 <sup>1</sup>	102.48	96.58	0.0000
2013	125.85	102.49	0.0376
2014	139.59	121.61	0.0843
2015 <sup>4</sup>	144.08	135.43	0.0880 †
Share Class C Income			
2014 <sup>2</sup>	108.08	94.17	0.0000
2015 <sup>4</sup>	111.56	104.86	1.1323 †

<sup>1</sup> From 3 September to 31 December 2012.

<sup>2</sup> From 6 January to 31 December 2014.

<sup>3</sup> From 20 October to 31 December 2014.

<sup>4</sup> From 1 January to 28 February 2015.

† Includes the distributions payable 30 June 2015.

Share Class B Accumulation was launched 20 October 2014.

Share Class C Accumulation was launched 3 September 2012.

Share Class C Income was launched 6 January 2014.

## Comparative Tables (continued)

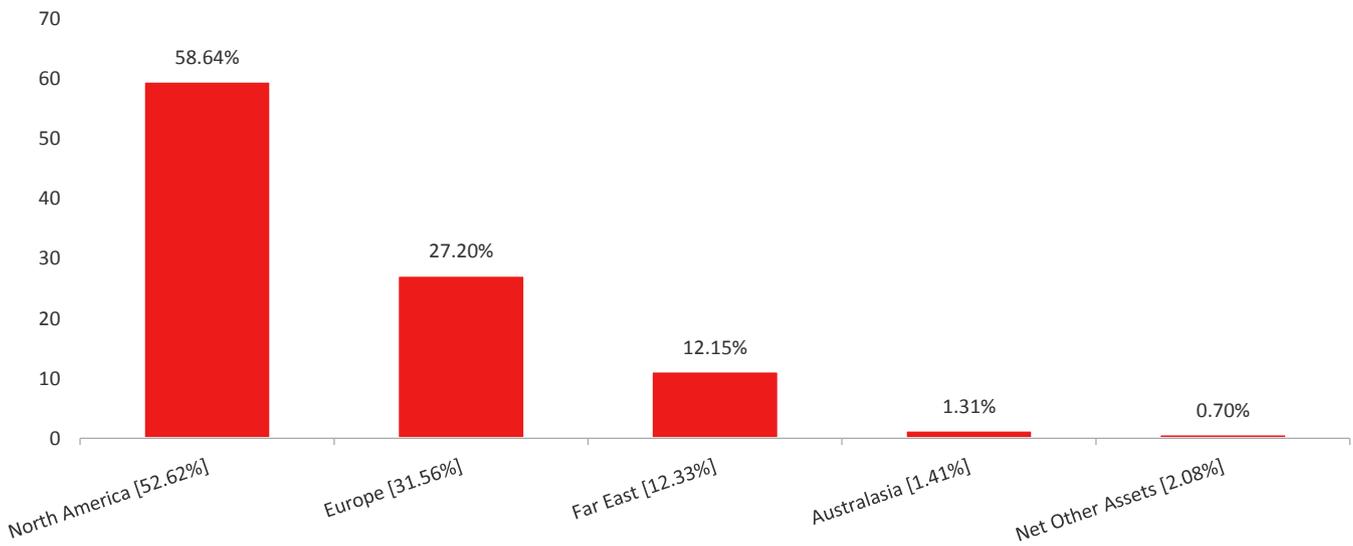
### Major Holdings

Top 10 Holdings	% of Fund as at 28/02/15
BorgWarner	2.00
Varian Medical	1.97
Mednax	1.94
Wabtec	1.93
Roper	1.92
Rockwell Automation	1.91
Thermo Fisher Scientific	1.91
AO Smith	1.90
Stericycle	1.88
Danaher	1.84

Top 10 Holdings	% of Fund as at 28/02/14
Pentair	2.07
BorgWarner	2.02
Thermo Fisher Scientific	1.99
Novo Nordisk	1.92
Trimble Navigation	1.90
Covidien	1.88
Fresenius	1.87
Quanta Services	1.84
Johnson Controls	1.80
Mednax	1.75

## Portfolio Information

### Breakdown by Investment type



Comparative figures shown above in square brackets relate to 28 February 2014.

## Risk and Reward Profile

As at 28 February 2015

	Typically lower rewards Lower risk				Typically higher rewards Higher risk		
Share Class A	1	2	3	4	5	6	7
Share Class B	1	2	3	4	5	6	7
Share Class C	1	2	3	4	5	6	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund.
- The risk category shown is not guaranteed to remain unchanged and may shift over time.
- The lowest category does not mean 'risk free'.
- The Fund appears as a "6" on the scale. This is because it invests in the shares of companies, whose values tend to vary more widely.

## Investment Manager's Report

### Investment Review

In a period when the MSCI World Total Return Index rose by nearly 17%, the A share class of the Fund rose by 12%<sup>1</sup>. This was a period when the size bias of the fund towards mid-sized companies worked against the performance relative to the benchmark. The Fund is structurally underweight in the largest companies of the benchmark, which do not tend to fit into our themes. The Fund performance was particularly impacted in April 2014, when there was a sharp style shift away from mid-cap companies and into larger cap companies where we are underexposed relative to the benchmark. We took the view that the shift away from mid-cap stocks in favour of large cap stocks was temporary and not based on any long-term fundamental factors. Meanwhile, many of the secular trends supporting our themes continue to improve.

Our sustainable transport theme was the best contributing theme over the period. A number of long-term trends support this theme, including the global resurgence of rail, the increasing popularity of cycling, and ever more stringent standards for auto emissions. Specifically, Singapore transport company ComfortDelGro shares did very well on news that the Singapore Government is changing its contracting model for bus operations in a way which benefits the company. Shares in bicycle parts company Shimano were also strong as the company's exports benefitted from the weak Yen. We started a position in automotive catalyst company Johnson Matthey, which benefits from more stringent emission regulations globally.

Our Health theme also contributed positively, and two of our holdings received take-over approaches as corporate activity in the sector picked up. Medical device company Covidien was acquired by Medtronic, and hospital services company Synergy Health received an approach from Steris. We sold both these holdings, and reinvested in Cerner following a review of the healthcare IT space where we see strong prospects for growth driven by cost saving opportunities. Contact lens manufacturer Cooper also performed well after making an acquisition in the UK.

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## Investment Manager's Report (continued)

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### Investment Review (continued)

The sharp fall in the oil price impacted some of our holdings in our Environmental Services theme, where stocks reacted to the expectation of a slowdown in oil industry activity. Industrial waste recycling company Newalta suffered in particular, as did the Environmental consultants Stantec and Arcadis. Other stocks that suffered from association with the oil price included stocks in our Cleaner Energy theme, where the solar sector was hit hard as oil was seen as a proxy for declining power prices. We think oil has little underlying correlation with power prices and we used the opportunity to increase our holdings in solar, initiating a position in China Singyes, and adding to Canadian Solar.

Internal discussions, including with our Advisory Committee, led us to focus the boundaries of our Safety theme on companies protecting human safety as opposed to the safety of property.. As a result we sold our positions in Japanese security company Secom and lock manufacturer Assa Abloy. We also started a new position in fuse manufacturer Littelfuse which continues to fit into our Safety theme. Applications for fuse and circuit breakers have grown by 400% in the past ten years<sup>2</sup>, driven by regulations and increasing safety standards.

### Market Overview

Global markets were strong over the period, led by North America where confidence in the economic recovery continues to increase. There was a sharp style shift away from mid-sized companies and into larger companies in April with mid-caps making some ground back later in the year.

A key feature of markets was the strength of the US dollar which rose significantly against all the other major currencies and boosted the returns of the US market in sterling terms. Much of this was driven by weakness in other currencies such as the Yen or the Euro where investors worried about negotiations around the Greek debt post the election of a new government there.

The oil price collapsed in the second half of the year. Having held above \$100 for the first six months or so, oil closed the year around \$50 per barrel. This shocked the markets and the ramifications for oil industry capital expenditure are still being felt. As a result, Energy sectors were the worst performing sectors over the year by some margin. Health and IT sectors led the market as consistent growth was in favour.

### Outlook

Global markets closed the year on all-time highs in many regions, with the UK's FTSE100 index highs of 1999 surpassed for the first time in February 2015. Macro-economic conditions continue to improve in America and in the UK, but are more difficult in Europe and Asia. Continued tensions around levels of government and consumer indebtedness remain, and a long-term resolution to Greece's debt repayments has yet to be agreed. Markets are still adjusting to the fall in the oil price. Our expectation is that the price will recover to more normalised levels before too long as demand continues to increase. Strong oil and other commodity prices benefit the fund as people are more incentivised to recycle materials or make use of efficiency technologies when prices are higher.

Health has become our largest theme as we continue to favour the potential for reliable growth. We are relatively cautious on markets at present and prefer the more defensive exposure that the Health theme brings. We continue to have no holdings in our Education theme where we see a lack of strong investment opportunities. We have been gradually increasing our Cleaner Energy exposure, though this theme is still only 5% of the fund.

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## Investment Manager's Report (continued)

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### Outlook (continued)

A number of companies in our Resource Efficiency theme are well placed to benefit from continued recovery in construction. Efficient lighting company Acuity Brands will benefit from this, as will heat pump manufacturer Nibe. We increased our exposure to building activity in the period with the purchase of water heating company A.O. Smith, where the demand for energy efficient boilers is linked to construction. We also initiated a position in insulation board manufacturer Kingspan where there is considerable scope for margin improvement as capacity utilisation improves.

We conducted a number of theme reviews in the course of the year. One review concluded that emission regulations are causing auto manufacturers to increasingly focus on lightweighting strategies to reduce emissions. We invested in Constellium, a leading supplier of aluminium body parts to the auto industry. Another review was of Japanese industrial automation where robotics is seen as a key enabler of manufacturing efficiency in which Japan leads the world. We initiated a position in Omron which manufactures a range of electronic components and equipment used in factory automation. We continue to invest in Keyence, a leading player in factory automation technologies.

As we go through the year, the political focus will move towards December's COP21 conference in Paris. We were pleased to see the US-China joint announcement on climate change last November which has increased the likelihood of a positive outcome at the Paris conference. In the UK the leaders of the three main parties set aside their differences to sign a cross-party pledge to combat climate change whatever the result of the May election. Political manoeuvres aside, we continue to see the long-term growth prospects for the themes as being very attractive.

Sources: <sup>1</sup> Financial data throughout this commentary taken from Bloomberg

<sup>2</sup> Littelfuse Product Catalogue 2013

### Investment Manager

WHEB Asset Management

16 March 2015

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## Significant Changes

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There are three specific changes which came into effect during the year to FP WHEB Asset Management Funds (the "Company"):

- 1 March 2014 the Fund Accountant to the Company moved from State Street Bank and Trust Company to Apex Fund Services (UK) Limited.
- 16 June 2014 the Depository to the Company moved from State Street Trustees Limited to Northern Trust Global Services Limited ('NTGSL').
- 16 June 2014 the Custodian to the Company moved from State Street Bank and Trust Company to The Northern Trust Company.

## Significant Changes (continued)

### Rationale

- State Street served notice to terminate the Depositary Agreement with the Company.

We identified a new provider, NTGSL, as being best suited to take on these duties. However, this has meant an increase in costs for services to reflect changes in the market and the introduction of new regulations since the Fund and original deal with SSTL was agreed.

Below we have formally laid out details of the changes.

### Depositary Change

The new Depositary is NTGSL. The relative fees of the previous and new Depositaries are as follows:

Previous Depositary Fee (based on an aggregate size of all the Funds of the Company)	Rate (%)	New Depositary Fee (based on the size of each individual Fund of the Company)	Rate (%)
On the first £1 billion	0.015%	On the first £250 million	0.04%
On the next £1 billion	0.0125%	On the next £250 million	0.03%
On any excess	0.01%	On the next £500 million	0.02%
		On any excess	0.01%
Minimum Fee per sub-fund per annum	£6,000 (inclusive of VAT)	Minimum Fee per sub-fund per annum	£16,800 (inclusive of VAT)

### Custodian Change

NTGSL appointed The Northern Trust Company to be the Custodian of the Fund's assets, in the place of State Street Bank and Trust Company. The relative fees of the previous and new Custodians are as follows:

State Street Bank and Trust Company	Fee range	The Northern Trust Company	Fee range
Safekeeping charges	From 0.005% to 0.5%	Safekeeping charges	From 0.009% to 0.7%
Transaction charges	From £10 to £100	Transaction charges	From £6 to £200
Subject to a minimum annual charge of	N/A	Subject to a minimum annual charge of	£7,500 (exempt from VAT)

### Fund Accountant Change

Fund Partners Limited, as the Authorised Corporate Director (ACD) of the company, has appointed Apex Fund Services (UK) Limited to act as the Fund Accountant for the Company. They will replace State Street Bank and Trust Company. The relative fees of the previous and new Fund Accountants are as follows:

State Street Bank and Trust Company	Rate (%)	Apex Fund Services (UK) Limited	Rate (%)
On the first £100 million	0.025%	On the first £100 million	0.025%
On the next £500 million	0.015%	On the next £500 million	0.015%
On the next £500 million	0.005%	On any excess	0.005%
On any excess	0.001%		
Subject to a minimum annual fee per sub-fund of	£22,000 (exempt from VAT)	Subject to a minimum annual fee per sub-fund of	£22,000 (exempt from VAT)

## Significant Changes (continued)

### Ongoing Charge Figure ('OCF')

We do not expect the changes in fees related to Custody to contribute to any increase to the Ongoing Charge Figures. However, fluctuations in the size of the Fund may still cause variations whereby the OCF can increase or decrease.

Please note that these changes do not alter the Fund Policy and objectives in any respect, or the way in which the Fund is managed.

The information in this report is designed to enable shareholders to make an informed judgment on the activities of the Fund during the period it covers and the result of those activities at the end of the period. The long Report and Accounts are available free of charge on request. For more information about the activities and performance of the Fund during the period and previous periods, please contact:

#### Authorised Corporate Director

##### Fund Partners Limited

Cedar House, 3 Cedar Park,  
Cobham Road, Wimborne,  
Dorset, BH21 7SB

Customer Service Centre: 0844 931 0006

[www.fundpartners.co.uk](http://www.fundpartners.co.uk)

Authorised and regulated by the FCA

#### Depository

##### State Street Trustees Limited

20 Churchill Place,  
London, E14 5HJ

From 16 June 2014

##### Northern Trust Global Services Limited,

50 Bank Street,  
London, E14 5NT

Authorised by the Prudential Regulation  
Authority (PRA) and regulated by the FCA  
and the PRA

#### Investment Manager

##### WHEB Asset Management LLP

23 Hanover Square,  
London, W1S 1JB

Authorised and regulated by the FCA

#### Auditor

##### Deloitte LLP

##### Chartered Accountants and Statutory Auditors

Saltire Court,  
20 Castle Terrace,  
Edinburgh, EH1 2DB