

# FP WHEB Sustainability Fund

Short Report for the six months ended 31 August 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 31/08/15	Ongoing Charge Figures as at 31/08/15	Ongoing Charge Figures as at 28/02/15
Share Class A	0.00%	1.50%	1.70%	1.67%
Share Class B	0.00%	0.35%	0.55%	0.52%
Share Class C	0.00%	0.85%	1.05%	1.02%

## Distributions/Accumulations

The Fund distributes annually, following the annual accounting period. Therefore there is no distribution in the current period.

## Comparative Tables

### Net Asset Value

Date	Net Asset Value of Share Class (£)	Shares in issue	Net Asset Value pence per Share
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
31/08/15	10,782,803	7,771,896	138.74
Share Class B Accumulation			
28/02/15	9,990,084	9,615,860	103.89
31/08/15	22,446,185	22,470,385	99.89
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
31/08/15	40,565,749	29,345,351	138.24
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
31/08/15	9,099,505	8,588,739	105.95

### 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			
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>	157.51	131.06	0.0000
Share Class B Accumulation			
2014 <sup>3</sup>	100.49	94.36	0.0000
2015 <sup>4</sup>	112.92	94.36	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>	156.56	130.58	0.0880 †
Share Class C Income			
2014 <sup>2</sup>	108.08	94.17	0.0000
2015 <sup>4</sup>	120.00	100.08	1.1323 †

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

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

† Includes the distributions paid 30 June 2015.

Share Class C Accumulation was launched 3 September 2012.

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

<sup>4</sup> From 1 January to 31 August 2015.

Share Class B Accumulation was launched 20 October 2014.

Share Class C Income was launched 6 January 2014.

## Comparative Tables (continued)

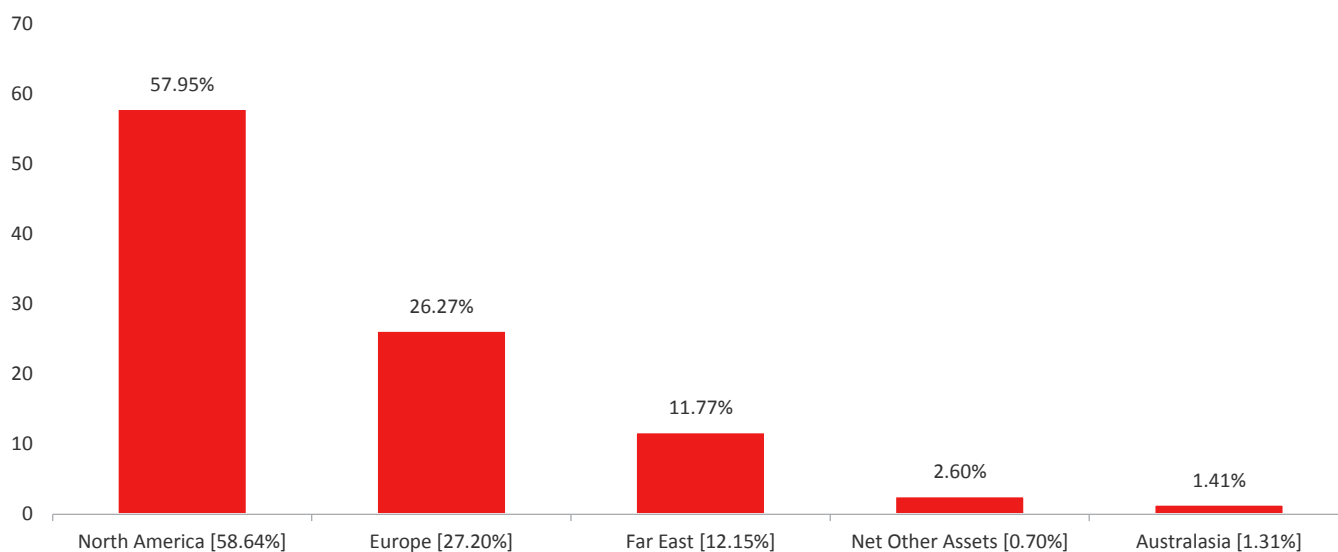
### Major Holdings

Top 10 Holdings	% of Fund as at 31/08/15
Fresenius	2.27
Acuity Brands	2.13
Mednax	2.00
Danaher	1.97
Novo Nordisk	1.96
Cerner	1.96
LKQ	1.91
Wabtec	1.90
AO Smith	1.89
Ecolab	1.87

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

## Portfolio Information

### Breakdown by Geographic Region



Comparative figures shown above in square brackets relate to 28 February 2015.

## Risk and Reward Profile

As at 31 August 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

- The 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 fell by 5.7%<sup>1</sup>, the Share Class A of the Fund declined by 4.3%<sup>1</sup>, thus outperforming the benchmark<sup>2</sup>. We saw very strong performance from our Resource Efficiency theme in the period, with positive contributions also from Environmental Services, Health and Water. Our Sustainable Transport and Cleaner Energy themes detracted from performance in the period.

The ongoing strength of Resource Efficiency in a lower energy cost environment was again testament to the theme's enduring appeal. Some of the stocks in the theme benefitted from improving construction markets, but for many the quality and utility of their products is driving strong secular performance. Efficient electrical equipment manufacturer Boer Power was the top contributor, where excellent operating performance and very strong growth drove strong performance, resulting in a higher valuation basis for the Shares. The Fund sold its position towards the end of the period due to concern that market expectations had become too high. There was strong performance from efficient lighting company Acuity Brands, insulation specialist Kingspan, and heat pump manufacturer Nibe.

The Fund's performance in the Health theme was boosted by a bid approach for filtration device manufacturer Pall by industrial services company Danaher, which is also held in the Fund. As part of that combination, Danaher is splitting off its industrial businesses to focus more exclusively on life sciences, and its prospects continue to be bright. The Fund sold its stake in Pall following the bid approach having seen the Shares more than double over the last three years of ownership<sup>1</sup>. Elsewhere strong performance was seen from dialysis and hospital provider Fresenius, and neonatal care provider Mednax. After a long period on the watch list, medical and dental equipment distributor Henry Schein was added to the portfolio. It is a very high-quality distributor specialising in serving physicians and dental practices.

Within Environmental Services auto part recycler LKQ performed well on good results, as did cardboard recycler Smurfit Kappa. The Fund sold out of its Dutch consulting engineer Arcadis having been consistently disappointed by its organic growth.

## Investment Manager's Report (continued)

### Investment Review (continued)

The contribution from our Sustainable Transport theme was influenced by poor performance from aluminium auto parts manufacturer Constellium. The Fund re-reviewed its cash flow prospects and subsequently sold its position. The weak oil price has not helped companies, encouraging more fuel efficient transport, and Borgwarner was another detractor in the period.

The Cleaner Energy theme was also dogged by the weak oil price which caused solar stocks in particular to decline. UK renewable energy producer Infinis, despite being a high-quality operator, is suffering from an increasingly adverse regulatory environment and the Fund sold its position as a consequence. The Fund added to its exposure in this theme through the purchase of Hannon Armstrong, a US-listed provider of finance to renewable energy projects, and solar manufacturer and developer Sunpower, which was included after a theme review.

	Performance for the six months ended 31 August 2015
A Share class (ACC)	-4.27%
B Share class (ACC)	-3.72%
C Share class (ACC)	-3.95%
C Share class (INC)	-3.92%
MSCI World Total Return Index	-5.69%

### Market Overview

Global markets were weak in the period, with several concerns coming into play. The financial crisis in Greece, with the very real threat of the country exiting the Euro, was a focus of attention creating some uncertainty. The attention shifted towards China later in the period, where signs of a slowing economy caused a steep decline in the Shanghai Composite Index. This also affected Asian markets more generally, as well as any stocks with significant exposure to China. This, along with some weaker than expected economic data in North America, dampened investor sentiment and resulted in a sharp sell-off in major markets in late August. As a consequence, expectations for the first US interest rate rise since the financial crisis have been pushed back. Commodity prices continued to be weak with oil hitting new lows in August, and metal prices also in decline. Commodity related sectors fared worst, while more defensive areas such as health tended to outperform.

### Outlook

The Fund has maintained a cautious stance on global markets for about a year now. The European macro economy remains weak and while an immediate crisis over Greece exiting the Euro has been averted, problems remain and may yet resurface. US policy makers face a difficult decision over when to raise rates and how the economy and markets will respond when they do. China has tried some draconian measures to stop the sell-off in Chinese markets, with little to show for it. China is now a major consumer in the global economy and slowing growth, there is likely to be significant global ramifications. Japan too is finding that growth is hard to come by, in spite of strong fiscal and monetary support.

Weak macro-economic conditions are putting pressure on the level of growth in some of the themes, whilst helping to highlight the benefits of others. The Health theme benefits from its defensive qualities, whilst stocks in the Efficiency theme can show cost savings for their customers. Lower commodity prices do not help the overall case for efficient resource use or shifting to more sustainable forms of transport. However, regulation remains the key driver for improving fuel efficiency in the auto industry.

## Investment Manager's Report (continued)

### Outlook (continued)

The Health and Efficiency themes remain the largest in the Fund and account for approximately half of the Fund between them. There are many diverse investment opportunities in these two themes, with Health being less dependent on macro-economic activity. The Fund has no exposure to Education and remains happy to continue with a negative stance there, as enrolments in US education establishments remain under pressure.

In Cleaner Energy, the Fund recently carried out a theme review of the solar industry which prompted to initiate a holding in SunPower in the US. The Fund also added to Canadian Solar, as it suffered from the sell-off in the sector due to the weak oil price. It has been disappointing to see the UK government aggressively rein back support for cleaner energy in recent months, causing the Fund to exit its holding in Infinis.

As the Fund continues through the year, the political focus will move towards December's inter-governmental conference on climate change in Paris. There is hope that this will produce more concrete agreements and catalyse further policy support for shifting to a more sustainable economy. As global temperatures continue to run at record levels, the need for assertive coordinated action is clear. Stocks in the Fund are set to benefit from enabling this shift, and being well positioned for long-term growth in the themes.

Sources: 1 All prices sourced from Bloomberg.

2 Benchmark is MSCI World Total Return Index in GBP

### Investment Manager

WHEB Asset Management LLP

17 September 2015

## Important events during the period

The Investment Association (IA) has published, in accordance with FRS 102, a revised Statement of Recommended Practice (SORP) in May 2014 which supersedes the previous SORP for the preparation of Financial Statements by UK Authorised Funds. The recommendations of this SORP are applicable to accounting periods beginning on or after 1 January 2015 and as a result the requirement for Umbrella Funds to present aggregated accounts has been removed for the Financial Statements of the Company.

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

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