

# FP Wheb Sustainability Fund

Short Report for the year ended 28 February 2016

## 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	29 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 28/02/16	Ongoing Charge Figures as at 28/02/16	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

Distributions	Distribution payable 30/06/16	Distribution paid 30/06/15
Share Class A Accumulation	0.0000	0.0000
Share Class B Accumulation	0.5448	0.0000
Share Class C Accumulation	0.2594	0.0880
Share Class C Income	1.1725	1.1323

## Comparative Tables

### Performance Record

	A Accumulation			B Accumulation*	
	28/02/16 (p)	28/02/15 (p)	28/02/14 (p)	28/02/16 (p)	28/02/15 (p)
<b>Change in net assets per Share</b>					
Opening net asset value per Share	145.13	129.55	117.37	103.89	100.00
Return before operating charges*	3.04	17.80	14.26	2.20	4.41
Operating charges	(2.46)	(2.22)	(2.08)	(0.57)	(0.52)
Return after operating charges*	0.58	15.58	12.18	1.63	3.89
<b>Closing net asset value per Share</b>	<b>145.71</b>	<b>145.13</b>	<b>129.55</b>	<b>105.52</b>	<b>103.89</b>
Retained distributions on accumulation Shares	0.00	0.00	0.00	0.54	0.00
* after direct transaction costs of:	0.15	0.16	0.18	0.15	0.16
<b>Performance</b>					
Return after operating charges	0.40%	12.03%	10.38%	1.57%	3.89%
<b>Other information</b>					
Closing net asset value	8,975,652	13,363,342	15,961,278	25,736,488	9,990,084
Closing number of Shares	6,159,853	9,208,111	12,320,982	24,391,188	9,615,860
Operating charges	1.70%	1.67%	1.70%	0.55%	0.52%
Direct transaction costs	0.15%	0.16%	0.18%	0.15%	0.16%
<b>Prices</b>					
Highest Share price	157.51	145.08	131.00	112.92	103.86
Lowest Share price	129.79	123.59	104.66	93.95	94.36

\*Share Class B Accumulation was launched 20 October 2014.

## Comparative Tables (continued)

### Performance Record (continued)

	C Accumulation			C Income		
	28/02/16 (p)	28/02/15 (p)	28/02/14 (p)	28/02/16 (p)	28/02/15 (p)	28/02/14 (p)
Change in net assets per Share						
<b>Opening net asset value per Share</b>	144.13	127.82	115.05	110.46	98.97	100.00
Return before operating charges*	3.03	17.65	14.03	2.33	13.66	(0.01)
Operating Charges	(1.51)	(1.34)	(1.26)	(1.16)	(1.04)	(1.02)
Return after operating charges*	1.52	16.31	12.77	1.17	12.62	(1.03)
Distributions on income Shares	-	-	-	(1.17)	(1.13)	0.00
<b>Closing net asset value per Share</b>	145.65	144.13	127.82	110.46	110.46	98.97
Retained distributions on accumulation Shares	0.26	0.09	0.08	-	-	-
* after direct transaction costs of:	0.15	0.16	0.18	0.15	0.16	0.18
<b>Performance</b>						
Return after operating charges	1.05%	12.76%	11.10%	1.06%	12.75%	(1.03%)
<b>Other information</b>						
Closing net asset value	41,829,713	53,019,843	36,200,106	11,407,982	8,675,930	6,751,380
Closing number of Shares	28,718,603	36,786,003	28,321,752	10,327,572	7,854,009	6,821,405
Operating charges	1.05%	1.02%	1.05%	1.05%	1.02%	1.05%
Direct transaction costs	0.15%	0.16%	0.18%	0.15%	0.16%	0.18%
<b>Prices</b>						
Highest Share price	156.56	144.08	129.15	120.00	108.08	99.89
Lowest Share price	129.71	122.12	102.49	99.42	94.56	94.17

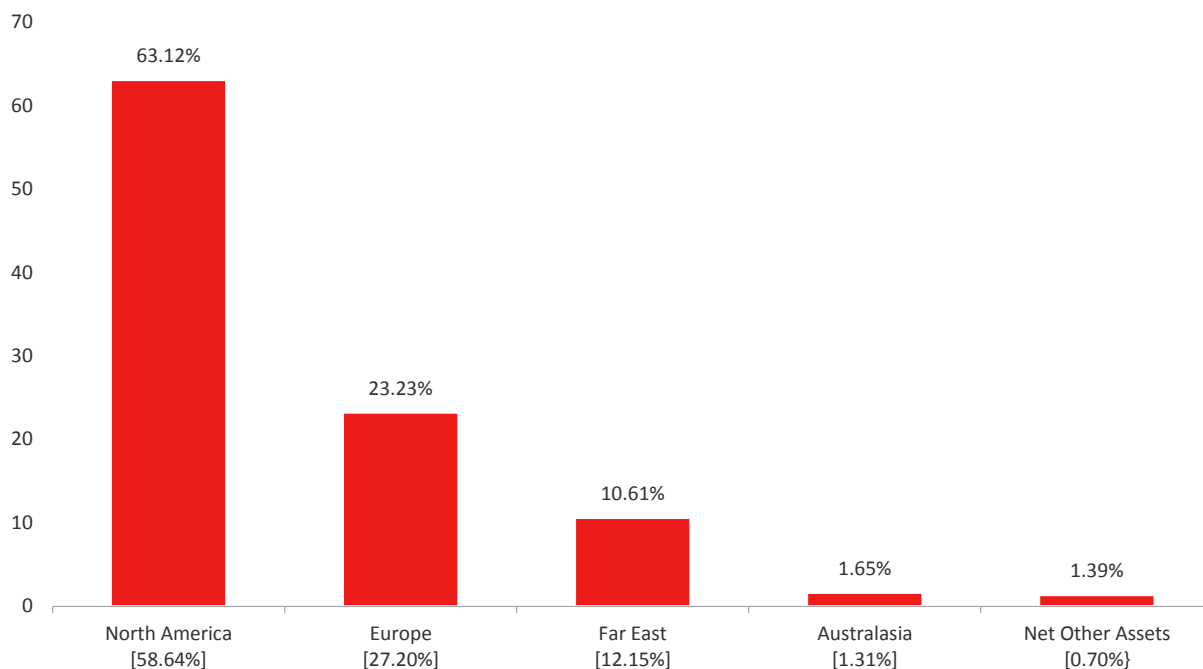
### Major Holdings

Top 10 Holdings	% of Fund as at 28/02/16
Canadian Solar	2.26
Cooper	2.12
Lennox International	2.10
Danaher	2.10
AO Smith	2.06
Novo Nordisk	2.00
Acuity Brands	1.99
Mettler-Toledo	1.98
Littelfuse	1.98
Roper	1.98

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

### Investment by Geographical Region



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

## Risk and Reward Profile

### AS at 28 February 2016

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

\* The risk indicator changed from 6 to 5 on 18 February 2016.

- 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 "5" 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

For the year ending 28 February 2016, the 'A' share class of your Fund returned -0.11% while the MSCI World index of stocks had a negative total return of -0.33%\*, giving an outperformance for the year of 0.22%\*. This was a satisfactory outcome in a year in which many global strategies struggled with difficult macroeconomic conditions, notably in the energy sector and in emerging markets.

The largest positive contribution in the year came from our Resource Efficiency theme. A number of our investments in companies that improve the efficiency of buildings did well as the technologies they provide increased their rate of adoption. Examples include Acuity Brands, which is a market leader in the use of light emitting diodes ('LEDs') in lighting, and Nibe industrier, a Swedish company which makes ground- and air- source heat pumps for efficient space heating. We also had some notable good performances in this theme from companies which help to make industrial processes more efficient, such as Dassault Systemes, which is one of the world's leading Computer Aided Design ('CAD') companies.

Our Health theme also did well over the year. German healthcare conglomerate Fresenius SE was one of the leading successes stories. Its Kabi division which makes generic intravenous drugs is growing rapidly as it helps to bring the prices of treatments down. Kabi benefitted additionally this year as competitor shortfalls lead to shortages in many of the drugs it sells. Henry Schein, a leading distributor to physician's offices, also did well as its ability to help customers cut costs outstripped that of its rivals.

Our Safety theme is one of our smaller themes so its strongly positive contribution this year was particularly notable. Littelfuse, an American company that leads the market in fuses and circuit protection, is finding that sustainability is driving its growth in a number of applications. These include automobile efficiency, renewable energy generation, and the increasing internet connectivity of many electronic appliances.

The largest negative themes in the year were Cleaner Energy and Sustainable Transport. In Cleaner Energy, two companies exposed to China's renewable revolution, China Longyuan and China Singyes Solar particularly struggled. They were negatively impacted as Chinese power prices fell due to the economic slowdown in that country. A key area in our Sustainable Transport theme is more efficient road transport, and our stocks in this area (including Johnson Matthey, BorgWarner and Constellium) struggled in the year as fears over automotive production levels hit.

Source:\* Bloomberg

### Performance of the Fund

FP Wheb Sustainability Fund	Date	Price	% Movement
Published price	28 February 2015	145.08p	
Share Class A	28 February 2016	144.92p	-0.11%

Source: Apex Fund Services (UK) Limited valuations.

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## Investment Manager's Report (continued)

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### Market Overview

Global equity markets were broadly flat, but with significant volatility, in the year ended 28 February 2016. The Fund's benchmark, the MSCI World Index of stocks, had a negative total return of -0.33%\*.

Some early optimism following a strong prior year petered out as the summer approached and several intertwined macroeconomic issues came to the fore. The chief concern was over global growth, as monetary stimulus in developed markets reached the limits of what it could achieve and China's rapid investment growth slowed. These two issues created a series of knock-on effects including significant currency volatility and weak commodity prices. Geopolitical issues also contributed to the uncertainty, primarily through a weakening oil price.

These tensions lead to a marked decline in global equity markets in August 2015, followed by a recovery through to the end of the calendar year, and then a similar decline and recovery in a much shorter time period in early 2016.

Much of the volatility and weakness was, however, focused on sectors such as Materials and Energy, which the Fund has limited direct exposure to due to our focus on Sustainability. The underlying strength of our thematic drivers actually increased during the year, most notably due to the policy support from the Paris Conference on Climate Change in December 2015.

Source:\* Bloomberg

### Outlook

The agreement achieved at the Paris Conference on Climate Change in December will have a significant positive impact on the Fund's sustainability-driven strategy. Some critics have pointed to weaknesses in the mechanism for forcing compliance, and the long timeframes for adoption. Notwithstanding these points, we think that a multilateral framework and shared commitment provides a better backdrop for broad-based policy support for our themes than the Fund has ever had. For proven cost-effective methods of emissions reduction we think the agreement will provide a greatly enhanced global addressable market opportunity.

Even between the agreement being reached and the end of the year, there were a number of very supportive policy announcements by individual governments, prompted by the agreement. These provide a very positive medium-term outlook for renewable energy in particular. The most notable of the announcements was the USA's decision to extend its Production Tax Credit (PTC) and Investment Tax Credit (ITC) mechanisms, which support wind and solar energy investment respectively, past 2020. Hurdles remain and the renewable energy industry is very dynamic but this is an area which we will be focusing more attention on in the coming year than we have done for many years.

Despite our constructive long-term view on the Fund's sustainability-driven investment areas, we remain cautious on the direction of global equity markets in the coming year. The macroeconomic headwinds that weighed on the market last year have not been resolved and there are a number of additional potential negative catalysts coming up too. These include the possibility of the UK leaving the European Union, the re-emergence of the Greek sovereign debt crisis, and a disruptive American election cycle with the possibility of a very adverse outcome.

Our strategy is always to find high quality sustainability-driven companies with good environmental, social and governance performance, and to hold them for the long term, i.e. with a five-year investment horizon. This strategy has a proven track record, including in times of market weakness. We therefore have limited desire or scope to change the Fund in response to short and medium term outlook.

## Investment Manager's Report (continued)

### Outlook (continued)

However, with the current uncertain outlook we will continue to emphasize high quality, defensive holdings, in addition to the more growth-orientated opportunity that there may be in the Cleaner Energy theme this year. Defensive opportunities are available throughout our themes although with perhaps a higher proportion in the Health theme, which is already the largest theme in the portfolio and may therefore remain so.

### Investment Manager

WHEB Asset Management LLP

17 March 2016

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: 01268 448234

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

Authorised and regulated by the Financial Conduct Authority (FCA)

#### Depository

##### Northern Trust Global Services Limited.

50 Bank Street,  
Canary Wharf,  
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 Auditor

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