



**WHEB**

**General Fund Information**

Launch date: 8 Jun 2009  
 Launch price: 100.00p  
 Fund type: OEIC, UCITS  
 Daily dealing valuation point:  
 12 noon  
 IMA sector: Global Growth

Fund Data as at 31/10/2017  
 Fund size: £185m

C share class (ACC & INC: GBP)  
 1.01% Ongoing Charge  
 C share class (ACC: GBP)  
 207.22p Share Price  
 ISIN: GB00B8HPRW47  
 SEDOL: B8HPRW4  
 C share class (INC: GBP)  
 155.79p Share Price  
 Income Frequency: Annual  
 Dividend Record Date: 28 February  
 Last Dividend (28/02/17): 1.2408p  
 ISIN: GB00BHBFFN03  
 SEDOL: BHBFFN0

B share class (ACC: GBP)  
 151.38p Share Price  
 0.51% Ongoing Charge  
 £10m minimum investment<sup>2</sup>  
 ISIN: GB00B6Y2LD34  
 SEDOL: B6Y2LD3

A share class (ACC: GBP)  
 205.07p Share Price  
 1.66% Ongoing Charge  
 ISIN: GB00B4LDCG53  
 SEDOL: B4LDCG5

Indicative Characteristics  
 Holdings: 50-70  
 Expected tracking error  
 Range: 4-7%  
 Average holding period: 3-5 years  
 Actual Characteristics  
 Holdings: 61  
 Holding period<sup>3</sup>: 6.5 years  
 Active Share vs Benchmark: 98%<sup>4</sup>

Key Dates  
 Annual report 28 February  
 Interim report 31 August

Authorised Corporate  
 Director (ACD):  
 Fund Partners Limited (formerly  
 IFDS Managers Limited)  
 Fund Administrator:  
 International Financial Data  
 Services (UK) Limited  
 01268 448 234  
 Independently rated by:

**FP WHEB SUSTAINABILITY FUND FACTSHEET**

31 October 2017

**MANAGER'S COMMENTARY**

Unusually the subject of this newsletter is stocks that we don't in fact own. Specifically, the five largest companies by market capitalisation in the world: Apple, Microsoft, Amazon, Alphabet and Facebook. This group of big tech giants are an unusually large proportion of our Fund's benchmark, with a combined weight of 7.6%. But along with more than 80% of that benchmark they are not part of our investment universe.

We consider them to be broadly neutral in sustainability terms: they don't provide solutions to sustainability challenges. There are certainly some things they do that could be argued to have a positive impact. These are small parts of the businesses and do not drive their financial performance, so these companies do not qualify for us. There are also a few counteracting negative impacts to consider.

What is certain though is that these companies are having a profound impact on business and society. When we think about our investments, and sustainability more generally, it is impossible not to consider the impact of the big tech giants. The most directly relevant for us at the moment is probably Amazon.

Amazon has increased price transparency and revolutionised logistics in a multitude of industries. At the moment it appears poised to shake up the healthcare value chain. When it reported its results on 27 October, a mere mention of this prospect was enough to pressure share prices for a small number of our holdings. In order of our perception of the credibility of the threat, these were Henry Schein, CVS and Thermo Fisher. This is a situation that we are watching carefully. But it is not always the case that the tech giants are disruptors, creating problems for our investee companies. More often they are in fact enablers, providing services (such as data, and cloud computing) that our companies are able to build on to deliver sustainability solutions.

The other important feature of the tech giants is their impact on the benchmark's performance. Because of their large weight in the index, they leave an outsized imprint on our relative performance. Over the last two years, they've averaged 28.0% outperformance of the index. In relative terms this has been a headwind of more than 2.2%. The Fund has outperformed during this period, but this is an unusual challenge. Contrast this with the launch of the strategy at the start of 2006. Then the top five companies in the index by weight included Exxon and BP, two businesses on the wrong side of the sustainability transition. As those large hydrocarbon dinosaurs have struggled with carbon-related pressures, our strategy has enjoyed a relative tailwind. There is still a large part of the benchmark which faces these pressures. The tech giants, on the other hand, provide a different dynamic.

The good news here though is that our investment universe is growing quickly too. There is a significant overlap: technology is the major enabler of the world's response to sustainability challenges. The short term is hard to predict but we're sure that the long-term value creation opportunity for sustainability companies is at least equivalent to that of the tech giants.

Price moves sourced from Bloomberg

**PORTFOLIO ANALYSIS AS AT 31 OCTOBER 2017**

Theme Breakdown	%	Geographic Breakdown	%	Market Cap Breakdown	%
Cleaner Energy	6.51	Asia ex-Japan	6.14	Under \$1bn	0.77
Education	2.13	Europe	17.56	\$1-\$2bn	3.27
Environmental Services	9.69	Japan	8.39	\$2-\$10bn	39.86
Health	20.74	North America	60.59	\$10-\$20bn	21.74
Resource Efficiency	27.69	UK	4.43	Above \$20bn	31.48
Safety	7.67	Cash	2.88	Cash	2.88
Sustainable Transport	10.01				
Water Management	6.72				
Wellbeing	5.96				
Cash	2.88				

**COMPARATIVE PERFORMANCE**

Figures are historic and past performance is not a reliable guide to future performance.

Cumulative Performance	1 month	3 months	Year to date	12 months	3 years	5 years <sup>1</sup>
FP WHEB Sustainability C (Primary) Share Class	4.15%	6.13%	17.28%	17.07%	54.20%	113.45%
MSCI World Total Return	2.94%	3.57%	9.99%	12.88%	52.32%	109.63%

Discrete Performance	Oct 2016	Oct 2015	Oct 2014	Oct 2013	Oct 2012
	Oct 2017	Oct 2016	Oct 2015	Oct 2014	Oct 2013
FP WHEB Sustainability C (Primary) Share Class	17.07%	25.28%	5.14%	9.31%	26.64%
MSCI World Total Return	12.88%	28.00%	5.43%	9.13%	26.12%

The FP WHEB Sustainability Fund was originally launched on 8 Jun 2009. <sup>1</sup>The C share class (now the Primary Share class) data is from 11 September 2012 and prior to that date the A share class data is used. <sup>2</sup>The minimum investment level for the B share class is £10m. It is planned to close the B share class to new investors when that share class approaches £100m. <sup>3</sup>The average holding period is derived from the fund turnover at the last reporting date (six months to 31.08.2017, Source: Apex Fund Services). The figure is annualised and adjusted so as not to double count buys and sells. It is then inverted so that, for example, 50% turnover would equate to a two year average holding period. <sup>4</sup>Active Share refers to the % overlap between the Fund and MSCI World Index weightings. Data as at 30 September 2017, source: Bloomberg. Fund data is provided by Bloomberg. Performance figures for the FP WHEB Sustainability Fund are calculated mid to mid. Index data are provided by MSCI Barra via Bloomberg, calculated using GBP. The MSCI World Index is quoted at month end with net dividends reinvested and without the deduction of any expenses (in contrast to the portfolio). The MSCI World Index is unmanaged and cannot be invested in directly.

This document is for Professional Investors only. Please see important notice on page 2.





#### Platform & Wrap Availability



► A BNY MELLON COMPANY



ZURICH

## FUND AIM

The aim of the Fund is to achieve capital growth over the medium to long term. The Fund will invest predominantly in international and UK equities and in particular will invest in equities in those sectors identified by the investment manager as providing solutions to the challenges of sustainability.

## INVESTMENT PROCESS

- Provides investors with exposure to a new generation of sustainability themes with powerful, long-term growth drivers;
- Applies a disciplined multi-thematic approach;
- Follows a global strategy investing in what we believe are the world's best-managed companies focused on providing solutions to critical environmental and social challenges;
- Applies integrated sustainability investment analysis to all investments;
- Seeks to promote best practice in the companies we invest in.

## TOP TEN HOLDINGS AS AT 31 OCTOBER 2017 (Source: WHEB)

Stock	Theme	Description	Holding
Littelfuse	Safety	A global supplier of electrical safety and circuit protection products for the electronics, automotive and electrical industries.	2.33%
Stantec	Environmental Services	One of the leading engineering companies in North America with a focus on environmental design and consultancy.	2.23%
Praxair	Environmental Services	Supplies a variety of gases to industries including industrial manufacturing, steel-making, petrochemicals, electronics and healthcare which help to make manufacturing processes more efficient and so reduce harmful emissions from industrial processes and downstream products.	2.19%
Roper Technologies	Resource Efficiency	Manufactures industrial control, fluid handling and analytical instrumentation products that increase efficiency and safety in areas such as medical diagnostics, semiconductor production and water management.	2.18%
TE Connectivity	Sustainable Transport	The leader in the connectors and sensors industry using electronic components, network solutions and wireless systems to improve safety and fuel and energy efficiency in the automotive industry and industrial end markets.	2.18%
Xylem	Water Management	Sells a variety of equipment and services for water and waste water applications addressing the full cycle of water from collection, distribution and use to the return of water to the environment.	2.17%
Intertek Group	Safety	Offers testing, inspection and certification services to the consumer goods industry particularly covering toys and clothes and also tests food and beverages, healthcare products, electrical goods and commodities.	2.14%
Grand Canyon	Education	Provides flexible and affordable online and campus-based graduate and undergraduate business, education and healthcare degree programs for students from all socio-economic backgrounds.	2.13%
Acuity Brands	Resource Efficiency	One of the world's leading producers and distributors of energy efficient LED lighting for commercial, institutional, infrastructure and residential markets.	2.12%
Norma	Sustainable Transport	Norma Group develops and manufactures connecting technology and lightweight components used in the transport sector and the automotive market.	2.12%

## WHEB Listed Equities Team

WHEB Group is a specialist investment management firm focused on the opportunities created by the global transition to more sustainable, resource efficient and energy efficient economies. We are independent and owner managed, and are well known for our extensive thought leadership and innovation. The Listed Equities team manages the FP WHEB Sustainability Fund and is considered to be one of the most experienced and well-resourced in the sector. Team members previously ran market-leading sustainable investment strategies at established institutional managers before coming together at WHEB. Fund manager Ted Franks works together with Head of Research Seb Beloe, Associate Fund Manager Ty Lee and Senior Analyst Ben Klutinger as a close-knit team.

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For more information, see [www.whebgroup.com](http://www.whebgroup.com)

### Important Notices:

Risks include: the price of shares ("Shares") in FP WHEB Sustainability Fund ("Fund") may increase or decrease and you may not get back the amount originally invested, for reasons including adverse market and foreign exchange rate movements. Past performance is not a guide to future returns. The Fund invests in equities and is exposed to price fluctuations in the equity markets, and focuses on investments in mid-sized companies in certain sectors so its performance may not correlate closely with the MSCI World Index (the Fund's benchmark). For full risks, please see fund prospectus on [www.whebgroup.com](http://www.whebgroup.com).

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