FUND AIM AND INVESTMENT PROCESS

WHEB Sustainable Impact Fund focuses on the opportunities created by the transition to healthy, low carbon and sustainable economies. The investment team selects high-quality companies from nine broad themes with strong growth characteristics to create a globally diversified portfolio. We develop long-term relationships with company managements to promote the best environmental, social and economic outcomes.

Q2 REPORT*

WHEB Sustainable Impact Fund ICAV launched December 4, 2020

April - June 2021
WHEB Asset Management Quarterly Report

WHEB

The price of civilisation

A disappointing roadshow lunch

In 2016, I attended a roadshow lunch for an upcoming initial public offering (IPO). This was of course in the "good old days" before the pandemic. It was a biggish launch, so maybe 100 of us crammed into a room in a grand West London hotel.

As we juggled laptops with dinnerplates, the CEO stepped up to the lectern. He was leading a global business with over £1bn in revenues and over 9,000 employees. The first thing he wanted to talk to his potential investors about? The company's clever tax structuring.

I found this profoundly depressing. Though the silver lining was I could put my laptop away and concentrate on lunch. We stayed well away from the IPO and watched as the firm repeatedly disappointed investors. Its stock lost half of its value relative to the index over the next two years. I've not used the name here to protect the guilty. But do contact us at WHEB if you want to know who it was!

Tax and quality

We are impact investors first and foremost, and our first focus is on the social and environmental benefits of the products that companies sell. But we do integrate environmental, social and governance ("ESG") analysis into our work. And tax is a classic ESG issue: somewhat buried in the detail and loaded with asymmetric risks. A company’s tax profile is something you want to be able to understand, get comfortable with, and then move to the back burner. But if you can't, then that's a pretty clear warning sign.

Like many other ESG issues, tax also tells you a lot about management quality, and about how the senior leadership sees the world.

As the saying goes, it's important to pay taxes: we use them to buy civilization. But in the day-to-day, taxes are just one of the administrative costs of doing business, like insurance. There's a sensible amount of time to be spent making sure you're paying the right amount. Beyond that, good management teams move on to bigger things.

Towards a global agreement on corporate tax

So here at WHEB we're pleased with this quarter's move on tax from the G7. The headline is about setting a minimum global corporate tax rate of 15%. The bigger picture is a years-long effort (lead, amongst others, by the OECD) to stop it being quite so easy for multinationals to avoid tax.

This isn't the end. There is so much devil in the detail that there is more devil than detail! And not withstanding objections by a small number of European countries and, perhaps more meaningfully, Senate Republicans, there is at least an emerging consensus.

For us, this makes good sense. 15% isn't a high number, and it's hard to argue that it's not a fair share. The global yardstick is now clear. It is not meant to be the most any company pays, by any means. We will still need to do our work to understand what a logical rate looks like for each of our companies. But if they are paying less, globally, than this number, then that will be a very clear signal. And there will be even less reason for companies to contort themselves into clever international structures.

Management teams should welcome this initiative too. International tax is complicated, even if you're not trying to game it. This harmonisation should bring simplification.

Building back better

It is not hard to see a broader significance of this too. For decades, until the middle of the last one, the developed world marched to a neo-liberal tune. That meant small government and limited interventions. It also fetishized low taxes.

But the worm has turned. Governments are emboldened. Industrial policies are back in fashion. We are seeing major spending programmes in all the major economies. With record low interest rates, much of this is being funded by deficits. But it is only logical that taxes will need to share some of the burden. And that fits with the new way of thinking.

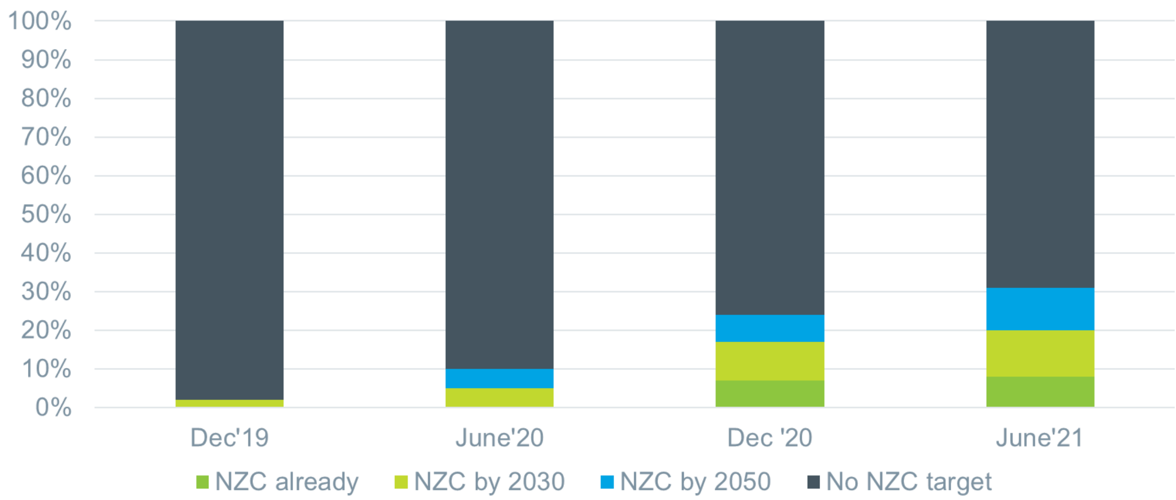
This is another reason why investors should welcome a coordinated international response. There is enough to think about in varying global stimuli, without having to second-guess tax behaviours. With a bit of luck and hard work, we could push tax back down the agenda where it belongs. And not have investors and management teams ruin good IPO meetings talking about it.

Delivering carbon reductions – moving beyond target setting

Much ink has been spilt announcing net-zero carbon (NZC) targets over the past few months, with WHEB no doubt contributing more than our fair share. A recent survey of UK businesses, for example, found that 52% of respondents worked for businesses that had already set a NZC target.[1] A proportion of these announcements will doubtless amount to rather little. Greenpeace believes that we are currently living in 'a golden age of greenwash'.[2] Certainly, some companies have been more focused on setting 'aims' rather than 'commitments' and have been pilloried by NGOs and investors alike.[3]

Within the WHEB strategy, as of the end of June 2021, companies representing approximately 8% of the portfolio have already achieved net-zero carbon emissions though admittedly relying heavily on carbon off-sets. A further 12% has committed to achieving net-zero carbon emissions by 2030 and a further 11% is committed to the same target but by 2050 at the latest. These numbers have increased rapidly in the pat eighteen months (see Figure 1).

Figure 1: Proportion of the WHEB strategy with NZC commitments



The hard work begins here

Stating NZC commitments, let alone ambitions, is the easy bit. Delivering them is going to be altogether harder. There is, however, evidence that many companies are serious. Bloomberg reported that in the first six months of 2021, 600 companies had joined the Science-Based Targets

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[1] https://www.edie.net/news/6/45--of-UK-businesses-yet-to-set-net-zero-targets--survey-reveals/?utm_source=dailynewsletter,%20AdestraCampaign&utm_medium=email,%20Email&utm_content=news&utm_campaign=dailynewsletter,%20edie.net%20daily%20newsletter%20ediedaily-12-7-2021
[2] https://www.greenpeace.org.uk/news/golden-age-of-greenwash/
[3] https://www.ft.com/content/83edfedd-77e7-4877-a016-b00b6b6d0307

Initiative.[4] This is more than signed up during the whole of 2020. At this rate more companies will join this initiative in 2021 than in the previous three years combined.

The Science-Based Targets Initiative (SBTi) is a partnership between CDP, the United Nations Global Compact as well the two environmental groups the World Resources Institute and WWF.[5] Their explicit objective is to ensure that best practices are used to set emission reduction targets and are in-line with climate science. WHEB regularly recommends to investee companies that they develop targets with the SBTi. Four portfolio companies – **DSM**, **Ecolab**, **Linde** and **Smurfit Kappa** – have already gone down this route. Together these four are responsible for approximately 60% of the strategy's scope 1 and 2 carbon intensity.[6] A further group of three companies (Hikma, Intertek and Kion) accounting for approximately 5% of the strategy's carbon intensity, have also publicly committed to working with the SBTi on their own emission targets.

The devil in the detail

Targets are great, but we need to see the detail on how the targets will be achieved. So far, relatively few companies have provided this. We have though seen evidence of more innovation – and communication – around new low and zero carbon technologies. **Wabtec**, for example, is in our Sustainable Transport theme and sells rail equipment, wagons, carriages and locomotives. The company has recently announced a series of joint ventures and pilot-test initiatives deploying new low carbon technologies. These include trialing new electric locomotives with BNSF Railway Company and hydrogen fuel cell solutions with GM. They are also rolling out new digital technologies to improve rail efficiencies with CSX Corporation. These are all aimed at reducing

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[4] Nathaniel Bullard, '2021 is already better than 2020', Bloomberg Green, 8th July 2021
[5] https://sciencebasedtargets.org/about-us
[6] Scope 1 emissions related to direct emissions from the burning of fossil fuels by a company. Scope 2 relates to the greenhouse gas emissions associated with the direct use of electricity by a company.

scope 3 emissions.[7] So far though, the company has only set targets on carbon intensity rather than the absolute carbon reduction targets that are urgently needed.

JB Hunt, is also in our Sustainable Transport theme because their largest ‘intermodal’ business shifts freight from road to rail. The company has published a 17 page ‘Climate Action Plan’ in which it clearly sets out the challenge and the opportunity that they face.[8] An opportunity because their main business delivers significant carbon reductions to clients by enabling their products to travel by rail rather than by road. But a challenge because rail still produces carbon emissions as does their road-haulage fleet. The company has not yet set a science-based target because they are heavily dependent on heavy duty road haulage vehicle manufacturers and train companies bringing forward zero and low carbon technologies.

Technology development is needed in other sectors as well. Smurfit Kappa, in our Environmental Services theme and part of the paper and packaging sector, has set out details on their carbon reductions strategy. For their mid-term 2030 target, the company is relying on routine efficiency improvements as well as some capital projects that generate carbon reductions alongside wider business benefits. Further reductions will come through the ongoing greening of the electricity grid. But for more substantial reductions beyond 2030 there will need to be significant progress in new zero carbon technologies particularly in the production and use of green hydrogen.

Keeping the pressure up

We are reasonably pleased with the response to our engagement from portfolio companies thus far. Heavier industry sectors that we have exposure to are in many cases the furthest ahead in developing effective strategies. We’ve also seen a greater strategic priority being given to this issue. At JB Hunt, for example, the company’s Chief Operating Officer has taken the reins on the company’s sustainability strategy. And at **Daikin**, ‘achieving carbon neutrality’ was the first of three strategic aims in the company’s new ‘Fusion25’ strategy.

But there is still an enormous amount to do. 60% of WHEB investee companies have still not committed to a NZC target. We are actively engaging with the majority of these companies and hope that we will see significant further progress in the second half of 2021. If we do not, we are quite prepared divest our position. We spent two years engaging with **China Everbright Environment Group** to encourage a more proactive approach to carbon emission reductions. Ultimately the company was not willing to set such targets. We think this is bad for business and bad for the planet and consequently we are considering our position in the shares at the end of June.

[7] Scope 3 relates to greenhouse gas emissions from a company’s value chain including from suppliers and also from the use of products by customers.
[8] https://www.jbhunt.com/content/dam/jbhunt/jbh/pr/press-releases/J.B.%20Hunt%20Climate%20Action%20Plan.pdf

Engagement Activity

Thermo Fisher Scientific, COVID-19 and access to diagnostics

Thermo Fisher Scientific is a global life sciences company and one of the longest standing holdings in our portfolio. Thermo's scale and depth of capabilities enabled the company to respond rapidly and effectively to the COVID-19 pandemic. Thermo began providing huge quantities of testing kits from as early as March 2020, and is now providing manufacturing equipment and services to support the largest vaccination drive the world has ever seen.

Enabling access to diagnostics

We are all relying on companies like Thermo Fisher to pull us out of this pandemic, and we do not seek to downplay the incredible achievements of the management team and staff who have worked tirelessly to provide this support. Clearly, however, the global COVID-19 response has not been an equitable one. As we write this report, the UK is preparing for "freedom day", having fully vaccinated over half of its population. Meanwhile, India is emerging from a tragic third wave and has fully vaccinated just 6% of its population.

AGM questions

For this reason, we joined forces with the Access to Medicine Foundation to lead a cohort of professional investors in an engagement with Thermo Fisher at this year's Annual General Meeting. We asked them to consider sharing their intellectual property and expertise with other companies to enable increased supplies of testing kits and vaccine production equipment worldwide. We asked them what more they could do to expand production and accelerate distribution of testing kits, vaccine supplies and equipment. Finally, we asked them to pledge not to profit from COVID-19 testing or vaccine production services and equipment for developing countries during the remainder of the pandemic.

Thermo Fisher responded by asserting that their approach to pricing is intended to ensure that their customers are able to rapidly adopt the technologies, meanwhile the company substantially increased donations made through their Giving Back program to help disadvantaged communities in 2020. We were pleased that the CEO responded to our question during the AGM, though the content of his response was admittedly disappointing. We look forward to speaking with Access to Medicine and our peers again in October to continue our engagement.

MSA Safety and PFAS

In March we picked up on some news from two large US studies that found that firefighters were 9% more likey to be diagnosed with cancer, and that 14% are more likely to die from the disease, compared to the general population.[9] The causes are still unclear, although it is assumed that exposure to toxic fumes, firefighting chemicals as well as contaminantes in firefighting equipment are likely to be cause.

Potential links between PFAS and cancer

Another recent study, published in June last year, suggested that the high levels of per- and polyfluoroalkyl (PFAS) chemicals in firefighting clothing might represent an additional pathway that might also be contributing to the higher incidence of cancer among firefighters.[10]

PFAS, also known as 'forever chemicals', are highly persistent chemicals that are resistant to water, grease and heat. They can also be toxic and bioaccumulative and have been linked to a number of diseases including various forms of cancer. Some types of PFAS chemicals have been phased out (including PFOA and PFOS) but other PFAS chemicals still remain in widespread use.

The issue was publicised by the envrionmental NGO ChemSec and we relayed these concerns on to **MSA Safety**, a WHEB portfolio business held in our Safety theme which manufactures a wide

[9] https://www.nfpa.org/News-and-Research/Resources/Emergency-Responders/Health-and-Wellness/Firefighters-and-cancer
[10] https://pubs.acs.org/doi/abs/10.1021/acs.estlett.0c00410?source=cen

variety of safety equipment including firefighter equipment and clothing.[11]

Developing PFAS-free alternatives

Over the course of March-May we had a series of exchanges with the company which clarified their position and approach to this issue. The company, through its 'Globe' brand does make a variety of types of firefighting equipment and clothing, however, they do not themselves use PFAS in their manufacturing processes. The materials are supplied to the company by fabric manufacturers who in some cases add the chemical in their manufacturing processes.

MSA Safety was already aware of the issue and has fielded enquiries from firefighting services who are interested in PFAS-free gear. MSA, and Globe, have relayed these enquiries back to their own suppliers and has been encouraging them to work on developing PFAS-free materials.

In May we met with MSA's Investor Relations Director who informed us that two of the company's fabric suppliers have now launched PFAS-free materials. MSA Safety's own position is that they want to provide a full range of options to their customers including clothing that contains PFAS as well as PFAS-free gear. So far, there have not been any efforts to actively phase-out PFAS from clothing. The company does continue to monitor any emerging evidence of harmful effects as well as any changes in regulatory guidance.

We will continue to raise this issue with the company in order to understand and assess whether the company is taking a sufficiently proactive position on the issue in order to limit risk to firefighters as well as to the company.

Wind turbine blade recycling

We have commented previously on the engagement we have been doing with the management of **TPI Composites** to encourage the company to take a more aggressive approach to developing materials and processes to recycle wind turbine blades. In May, the broader issue of wind blade recycling received a boost when **Vestas** announced that a coalition of Danish organisations had succeeded in developing a new technology that will enable 'full circularity' for the thermoset composites that are used in wind turbine blades.

Scaling the new technology

The consortium, which includes Vestas as well a Olin Corporation, a manufacturer of epoxy resins, and two academic institutes has formed an initiative called CETEC (Circular Economy for Thermoset Epoxy Composites) which will be responsible for developing a fully scoped solution for the industrial adoption of the new technology operating at commercial scale within the wind industry.

The technology involves separating the thermoset materials into the epoxy and fibre. Using a novel chemcycling process the epoxy is then further broken down into base components similar to virgin materials. These materials can then be reintroducced into the manufacturing of new wind turbine blades.

We have engaged with Vestas, held alongside TPI Composites in our Cleaner energy theme, to understand the likely timelines and next steps. While TPI Composites was not part of the original

[11] https://chemsec.org/forever-chemicals-in-turnout-gear-fan-the-flames-of-hazard-against-the-health-of-firefighters/#close

consortium, they are a major supplier to Vestas and it is clear that Vestas and the other partners want to ensure that the initiative achieves scale as quickly as possible. For their part, TPI Composites have been working in a parallel initiative on similiar chemcycling technologies which they will bring to the discussions on how to scale the technology within the industry.

Engagement on regulatory and market standards

Global investor statement on the climate crisis

WHEB was one of nearly 500 investors representing US$41 trillion in assets that signed a letter to the Heads of State of the G7 countries meeting in the Cornwall at the beginning of June. The letter drew attention to gaps in policy action and climate ambition that need to be addressed if the world is to limit global warming to 1.5 degrees Celsius. In particular the letter called for a strengthening of national-level 2030 carbon reduction targets ahead of the COP26 meeting in Glasgow in the Autumn and for all countries to commit to mid-century net-zero emissions targets.

Consultation on updated guidance from the Taskforce on Climate-related Financial Disclosures (TCFD)

The TCFD has published draft guidance on new reporting requirements for all sectors. As part of the policy working group at the Institutional Investors Group on Climate Change (IIGCC) we have submitted our views on the updated guidance which we broadly support.

British Standards Institute work on sustainable finance put on hold

WHEB is represented on the technical committee developing a new Publicly Available Specification (PAS) for sustainable financial products at the British Standards Institute. This work, which was at draft stage, has been postponed due to the announcement by the UK Chancellor of a Government initiative to develop a regulatory sustainable investment label. WHEB is part of a group meeting with the Financial Conduct Authority (FCA) in early July to scope out the best approach for developing this label.

Performance commentary

Global equities advanced in the second quarter, with our strategy's global benchmark, the MSCI World Index (in USD) gaining 7.74%. These advances were supported by growth expectations. The global roll-out of Covid-19 vaccines accelerated and the major economies gradually reopened. Inflation expectations have accompanied this stronger growth and the second quarter provided more evidence to support that view.

The strategy trailed in the period with a return of 6.78%. It was another period with strong performance in sectors unrelated to sustainability, such as Financial and Communication Services companies. The strategy is not exposed to these sectors, so they provided a headwind, as they have now done for three successive quarters.

Within the strategy, our Health and Wellbeing themes provided the strongest positive contributions to performance. They were offset by weaker performances from our Education, Cleaner Energy and Resource Efficiency themes.

Our Wellbeing theme was the largest positive contributor in the quarter. Particularly strong performance came from **Sonova**, a specialist in hearing care solutions which include hearing aids and cochlear implants. Demand for this vital equipment has recovered strongly from the depths of the lockdown. Sonova has also seen market share gains from the launch of its new next-generation Paradise technology platform.

HelloFresh also provided a boost to the Wellbeing theme. It is a leading supplier of fresh food meal kits, using fresh ingredients in pre-measured quantities. This allows for calorie control to support healthy eating. Its sustainable value chain also generates up to one-third less food waste than traditional food supply models. HelloFresh has benefited from a fundamental change in people's habits as a result of lockdowns and its prospects are bright.

Our Health theme was another positive contributor, with a notable performance from **Danaher**. Danaher is a global life sciences and technology company and has benefitted from its role in developing vaccines and therapeutic treatments to combat COVID-19. Despite the likelihood that this activity will slow from here, we expect a gradual recovery of their non-COVID-19 related businesses over the rest of the year.

Agilent Technologies is a peer of Danaher and also in our Health theme, although it does have more exposure to industrial and environmental markets for its scientific equipment. Agilent also made a positive contribution and is a good example of a stock that is using its pricing power to navigate the rising price environment. There was evidence of pricing power across the portfolio, other examples including **Smurfit Kappa** and **Silicon Labs** in the Environmental Services and Resource Efficiency themes respectively.

Our Education theme underperformed this month. The two holdings we have in this theme, **Strategic Education** and **Grand Canyon Education**, are both higher education providers to disadvantaged groups in the USA. Both struggled as investors worried about possible policy moves against for-profit colleges. There is also ongoing pressure from more rival institutions entering the remote learning market, a traditional strength of our companies. We are watching developments closely.

Our Cleaner Energy theme also underperformed this quarter as the market continues to digest the large rally in 2020. Both holdings **TPI Composites**, a manufacturer wind turbine blades, and **Vestas**, the world's largest manufacturer of wind turbines, saw their share price fall despite little new information. The expectations for this market are high and there is a live debate about the value in the sector. We remain bullish about our renewable holdings over the long term, supported by tremendous demand for renewable energy across the world.

Having had mixed results this quarter our Resource Efficiency theme ended in negative territory. **Daifuku** was the major detractor. Its products enable the automation of warehousing and manufacturing, reducing energy and resource use in these activities. Daifuku's share price was weak as recent full-year guidance was seen as too conservative. Order growth was also disappointing. With a leading share in material handling, it now needs to show better execution.

Stock markets have mainly been driven by macro-economic factors and fiscal stimuli in the first half of the year. Inflationary pressure and interest rate expectations have dominated the headlines. As economies gradually move back towards normality, we expect that investors will focus back on company fundamentals in the second half of the year. Given our strategy's focus on impact and quality, our strategy is more likely to perform well when fundamentals are rewarded accordingly.

Portfolio activity

We initiated one position in the quarter.

Recent purchase

We initiated a new position in **First Solar** in our Cleaner Energy theme. First Solar is a US-domiciled solar company. It is differentiated as being the biggest player in thin-film technology, using cadmium telluride technology. The solar industry is dominated by silicon-based technologies. Nevertheless, First Solar remains a very competitive player in the industry. It has been very successful at investing in technologies to improve solar panel efficiency and reduce costs from the manufacturing process. It has a long track record of strong execution and good ESG practices.

The US government recently announced a ban on imports from a silicon producer based in Xinjiang in an attempt to crack down on alleged forced labour in the region. A significant portion of the world's polysilicon comes from Xinjiang. This development creates a tremendous growth opportunity for First Solar as its thin-film technology does not require silicon. It also has a strong manufacturing presence in the US.

Q2 REPORT

WHEB Sustainable Impact Fund
Quarterly Datapack

April - June 2021
WHEB Asset Management Quarterly Report

WHEB

WHEB Sustainable Impact Fund: 30 June 2021

Fund size	$84m		
Holdings	46	**Expected number of holdings**	40 – 60
Average holding period[1]	23.44 years[1]	**Expected holding period**	4 – 7 years
Active Share vs Benchmark[2]	97.29%[2]	**Index benchmark**[3]	MSCI World Total Return USD[3]

Strategy Investment Performance[4]:

Comparative Performance (Figures are historic and past performance is not a reliable guide to future performance.)

Cumulative Performance	5 years	3 years	12 months	Year to date	3 months	1 month
WHEB Sustainable Impact Fund (C USD)	NA	NA	NA	8.08%	6.78%	1.30%
MSCI World Total Return USD	99.64%	52.05%	39.04%	13.05%	7.74%	1.49%

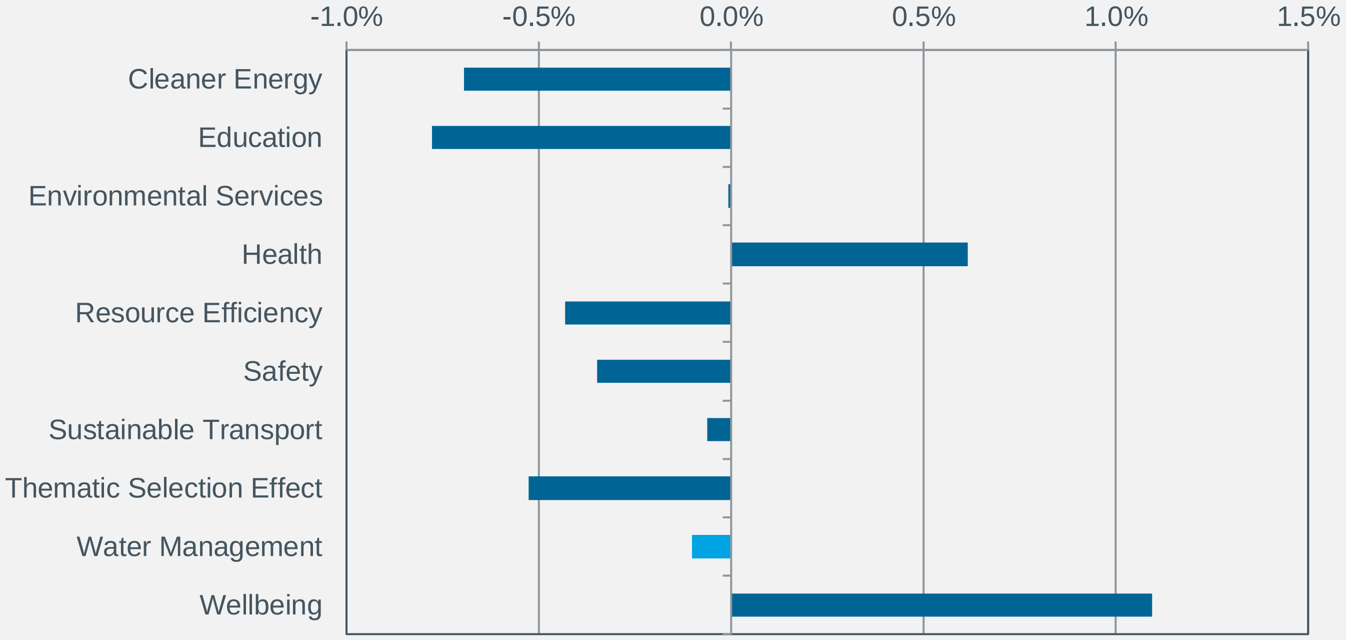
Reference Portfolio Performance[5] (Figures are historic and past performance is not a reliable guide to future performance.)

Cumulative Performance	5 years	3 years	12 months	Year to date	3 months	1 month
Reference Portfolio USD: Net 1.05% OCF	95.99%	45.55%	39.79%	8.42%	6.99%	1.08%
MSCI World Total Return USD	99.64%	52.05%	39.04%	13.05%	7.74%	1.49%

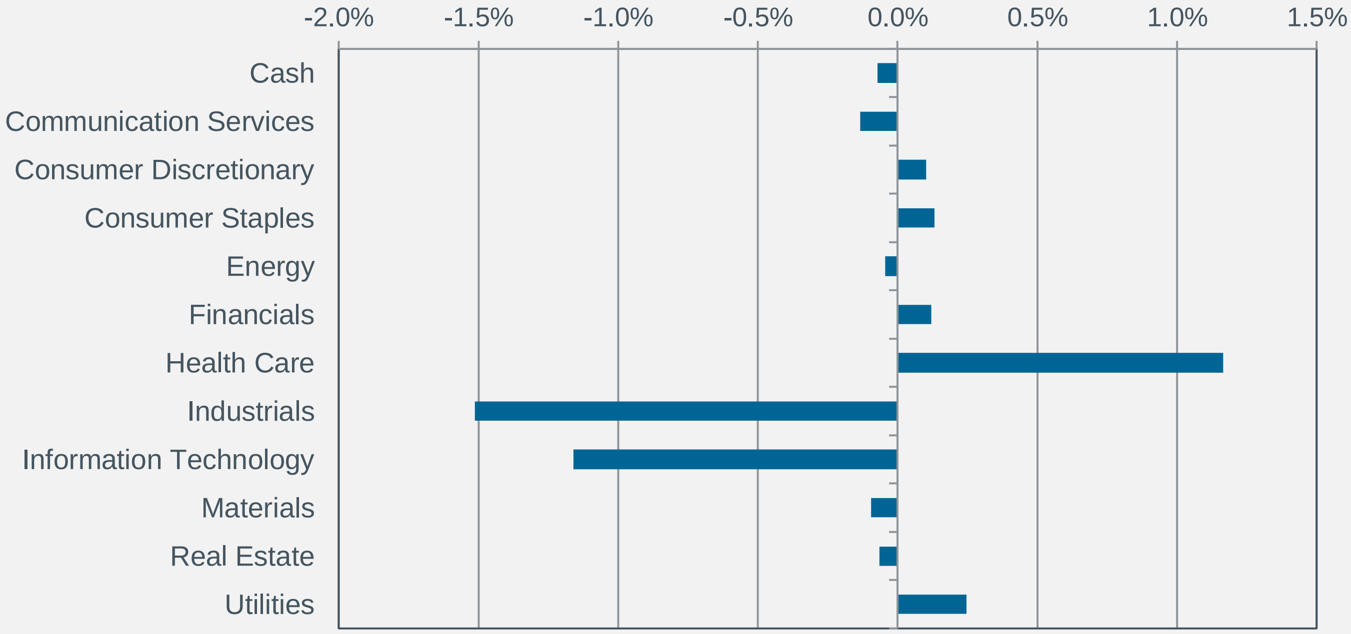
Discrete Performance	Jun 2020 – Jun 2021	Jun 2019 – Jun 2020	Jun 2018 – Jun 2019	Jun 2017 – Jun 2018	Jun 2016 – Jun 2017
Reference Portfolio USD: Net 1.05% OCF	39.79%	2.60%	2.00%	10.66%	21.68%
MSCI World Total Return USD	39.04%	2.84%	6.33%	11.09%	18.20%

Portfolio Performance Attribution – Last 3 months[6]

Attribution by Sustainability Theme[7]

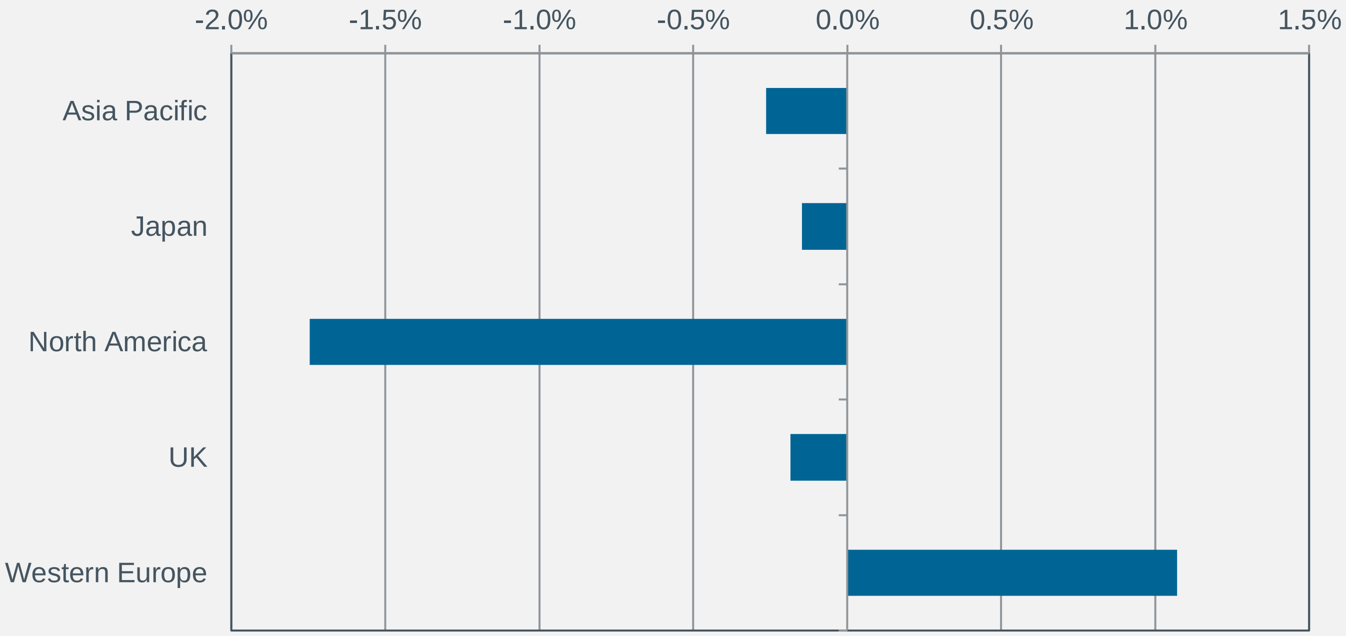


Attribution by Sector

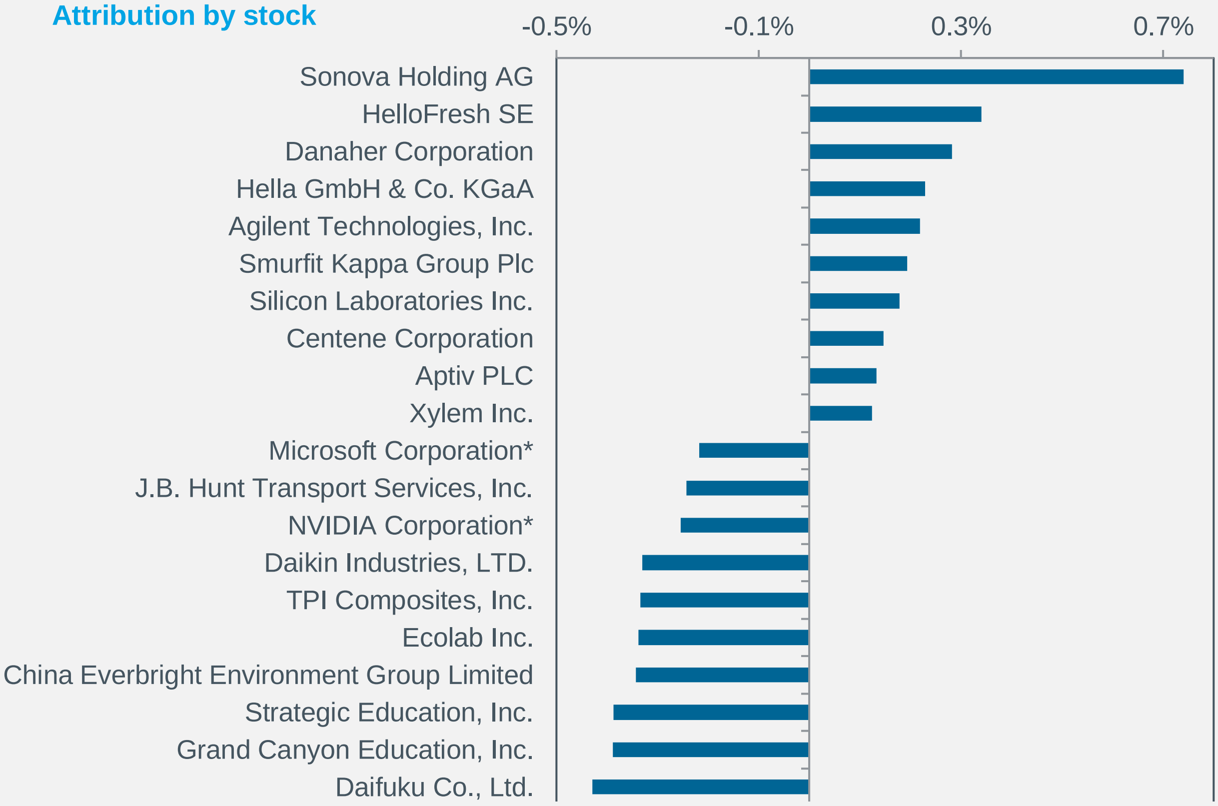


Portfolio Performance Attribution – Last 3 months

Attribution by Geography



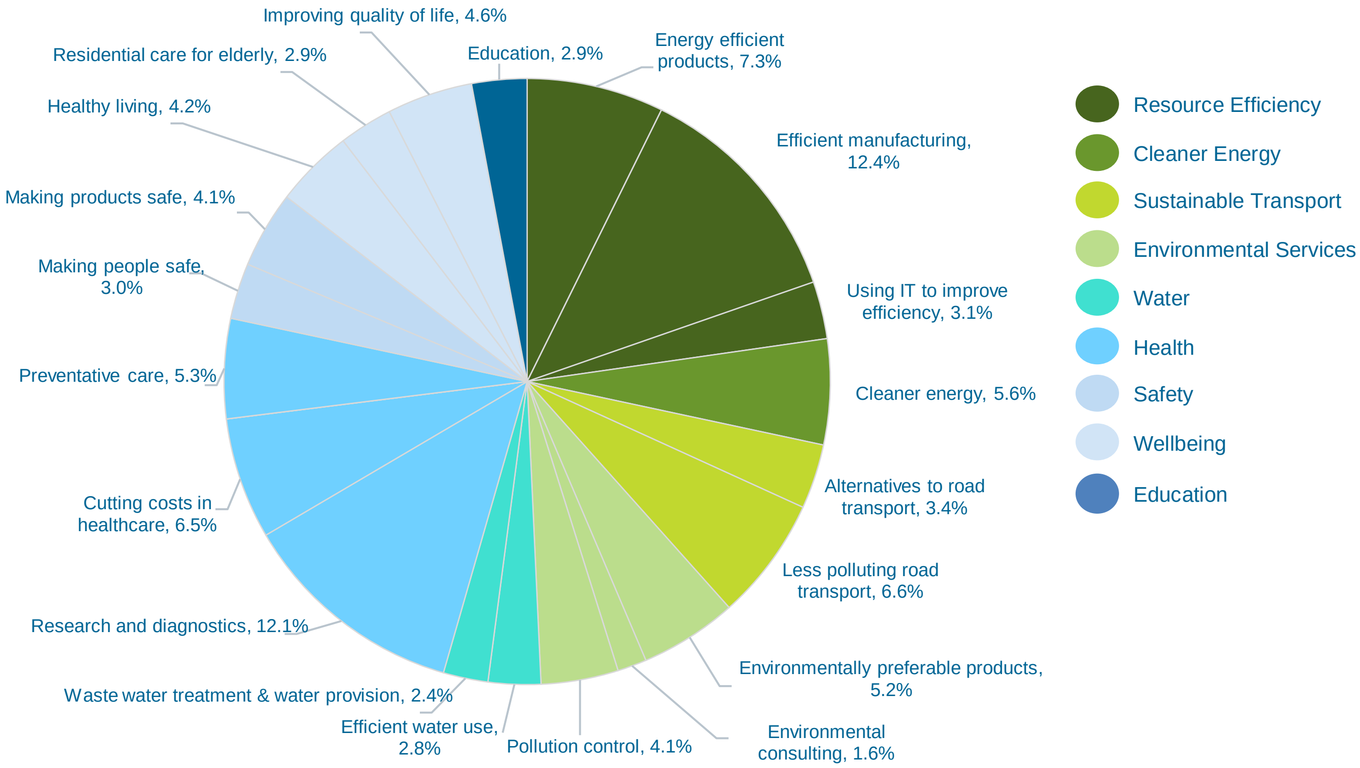
Attribution by stock



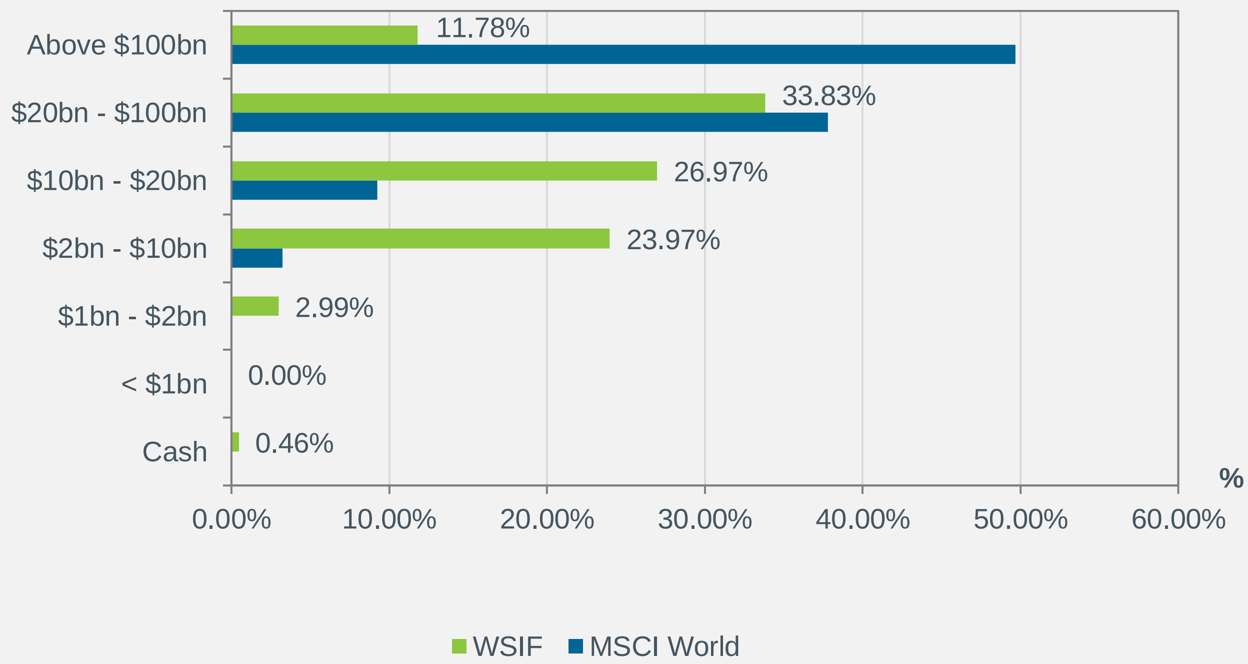
*These stocks were not held in the portfolio during the period. The positive or negative attribution shown results from their contribution to the performance of the index.

Portfolio analysis and positioning:

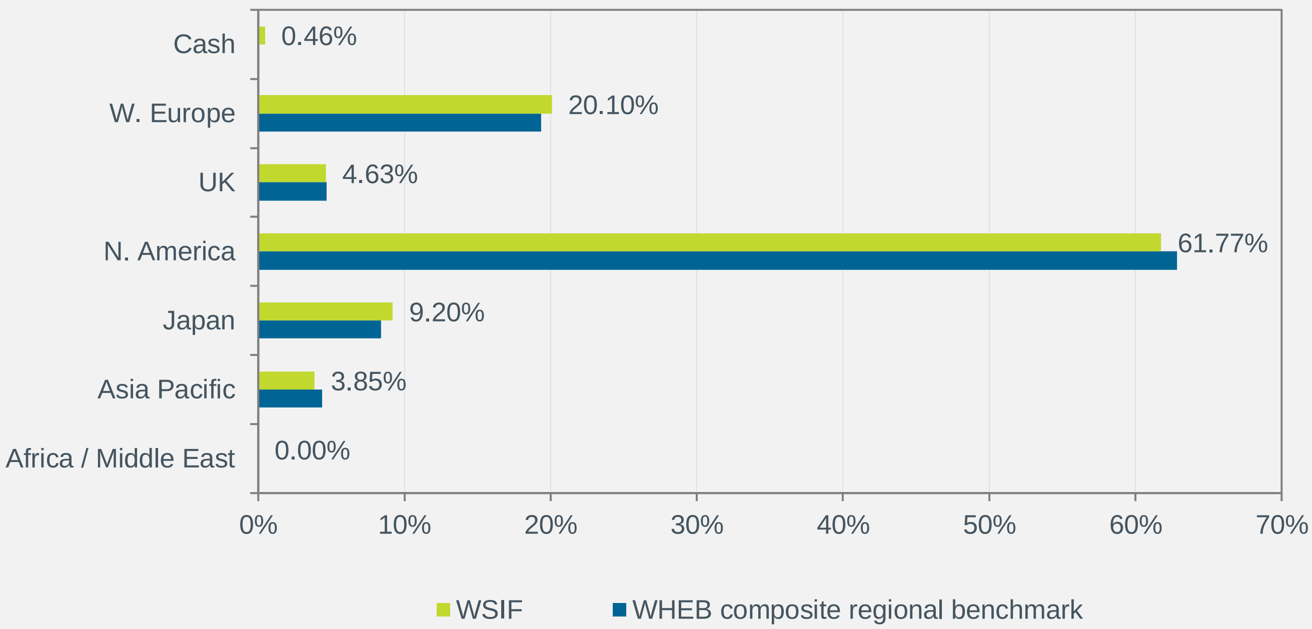
Portfolio Exposures[8]



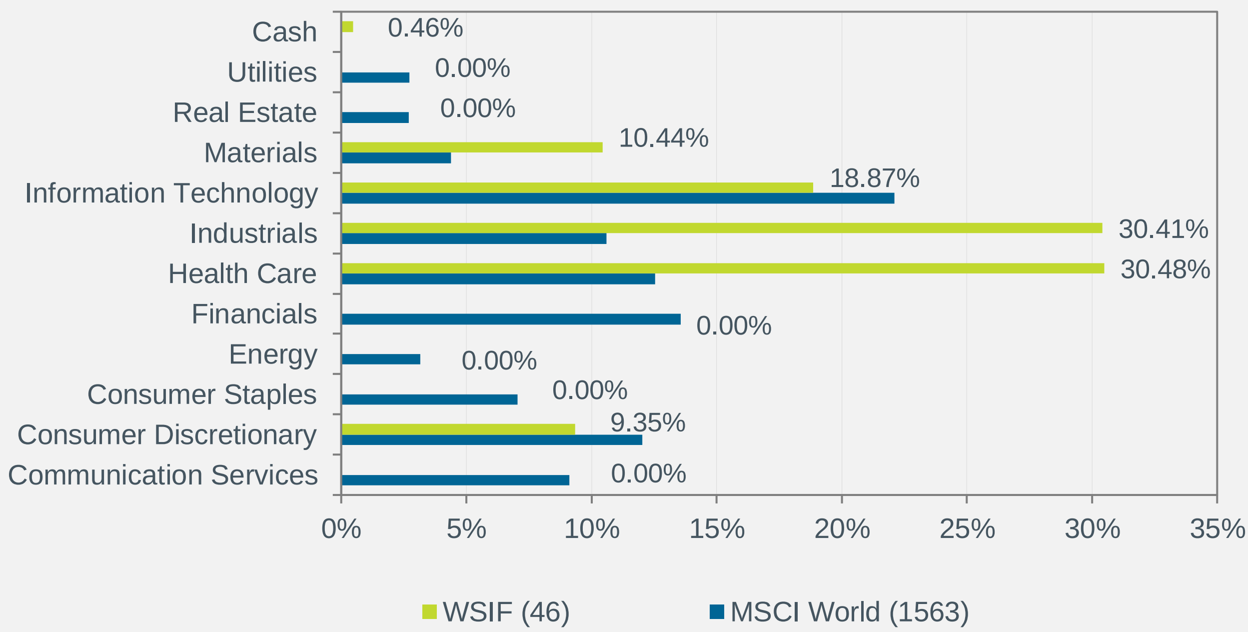
Market Cap Exposure



Regional Exposure[9]



Sector Exposure[10]



Top Ten Holdings as of 30 June 2021

Stock	Theme	Description	Holding
Thermo Fisher Scientific	Health	A leading provider of analytical instruments, equipment, software and services for research and diagnostics in healthcare industries.	3.12%
Danaher	Health	Exposed to several of WHEB's themes. It is categorised in the Health theme because of its design and manufacture of medical products including instrumentation, software and diagnostics for new drugs and critical care.	3.11%
Agilent Technologies	Health	A provider of bio-analytical measurement solutions to the life sciences, chemical analysis and healthcare industries. It also makes pollutant monitoring equipment for food and measures human body contamination.	2.99%
ANSYS	Resource Efficiency	Sells simulation software for product design and optimisation. The software improves quality and safety in products like fuel efficient cars and planes, wind turbines, medical technology and consumer goods.	2.98%
Daifuku	Resource Efficiency	Daifuku makes material handling systems such as storage systems, conveyors and automatic sorters. These products help to reduce energy and resource use in manufacturing and enable warehouse automation.	2.90%
MSA Safet,	Safety	Global provider of safety products including self-contained respirators, gas masks and detectors, helmets and thermal imaging cameras. Markets include fire-fighting, industrial, construction and the consumer sector.	2.90%
Keyence	Resource Efficiency	Keyence manufactures sensors and measuring instruments for factory automation. These components help achieve efficiency, energy savings, reduced wastage and quality management.	2.89%
A. O. Smith	Resource Efficiency	A leading and innovative manufacturer of energy-efficient water heating equipment for residential and commercial use. It also manufacturers water purification products for residential and light commercial applications.	2.88%
CSL	Health	CSL provides human blood plasma-derived products to treat bleeding disorders, infections and autoimmune diseases. CSL also manufactures vaccines and related products including for flu and cervical cancer.	2.87%
Royal DSM	Environmental services	DSM is a science based company that is active in the fields of health, nutrition and materials The company provides innovative solutions to improve the efficiency of global food supply chains and help minimise environmental impacts.	2.80%

Reference Portfolio Characteristics

	WHEB	MSCI World (Total Return – USD)
FY1 Price/Earnings (PE)[11]	27.07x	28.66x
FY2 Earnings Growth[11]	13.21%	14.27%
FY1 PE/FY2 Earnings Growth (PEG)	1.45x	1.78x
3-year Volatility[12]	16.99%	18.21%

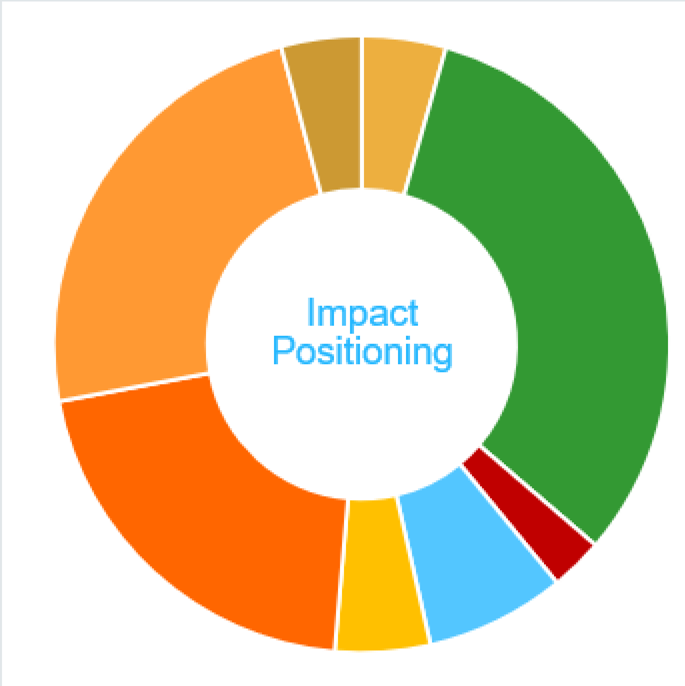
	WHEB
Beta (predicted)	0.96
1-year Tracking Error (predicted)	4.91%
5-year Tracking Error (ex-post)	6.61%

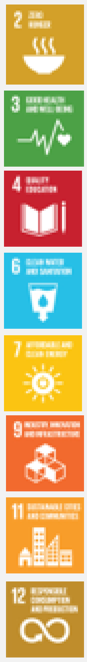
Trading Activity

Significant Portfolio Changes

Stock Name	Purchase or sale	Theme	Brief description or sale rationale
First Solar	Purchase	Cleaner Energy	Differentiated solar manufacturer set to benefit as US seeks to redress Chinese anticompetitive behaviour.

Impact Positioning: Supporting the UN Sustainable Development Goals[13]





4% in agriculture & nutrition

32% in health & well-being

3% in education

7% in clean water & sanitation

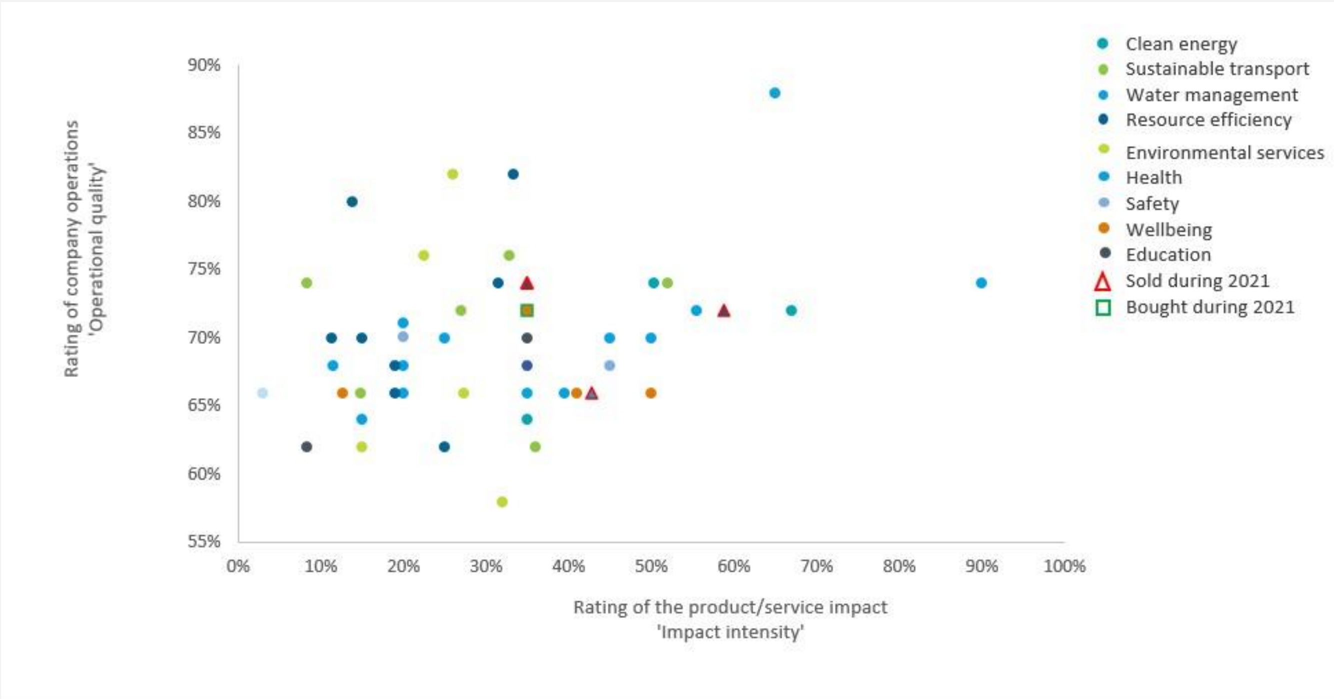
5% in affordable & clean energy

21% in industry, innovation & infrastructure

24% in sustainable cities & communities

4% in responsible consumption & production

Impact map of WHEB Sustainable Impact Fund portfolio following changes in 1Q21[14]



Engagement and voting activity

Voting Record: Q2 2021

The table below summarises the voting record at companies held in WHEB's investment strategy from 1 April – 30 June2021.Full details of how we voted on each of the individual votes are detailed on our website: **http://www.whebgroup.com/investment-strategy/fund-governance/engagement-and-voting-records/**

Meetings	No. of meetings	%
# votable meetings	34	
# meetings at which votes were cast	34	100
# meetings at which we voted against management or abstained	30	88

Resolutions	No. of resolutions	%
# votes cast with management	315	73%
# votes cast against mgmt. or abstained (see list in appendix)	104	24%
# resolutions where votes were withheld	11	7%

Company Engagement Activity

Company	Topic	Engagement method	Detail	Outcome
Ansys	Net zero carbon target / impact reporting / tax	E-meeting	Company is currently setting a carbon emission baseline but will take another year to set a target. Also developing methodology to report impact data associated with products. Company also explained low tax rate.	Partially successful
AO Smith	Combined CEO-Chair / director independence / CEO compensation / Auditor independence	Letter	AGM vote against chair of nominations committee due to combined CEO/Chair, against a director due to lack of independence, against ratification of the CEO's compensation which we view as excessive and against ratification of the auditor who we don't consider sufficiently independent.	Ongoing
	ESG reporting / gender diversity	Email	Company has produced improved disclosure on ESG issues and with new Board appointments is now 30% female.	Successful
Aptiv	CEO compensation / gender diversity / director overboarding / director independence / auditor independence		AGM votes against what we view as excessive CEO compensation, against the chair of the nominations committee due to inadequate board gender diversity, against one director who is overboarded in our view, against three directors with excessive tenures and the auditor with excessive tenure.	Ongoing
Arcadis	Oil and gas exposure / EU Taxonomy	E-meeting	Oil and gas exposure is primarily focused on remediating contaminated land. The company is working on a way of quantifying greenhouse gas reductions associated with its services	Partially successful
Autodesk	Product impact / EU Taxonomy	E-meeting	Company is developing more quantitative measures of the positive impacts delivered by their products.	Partially successful
Cerner	Gender diversity / auditor tenure / CEO compensation	Letter	AGM vote against chair of the Nomination committee due to inadequate board gender diversity and combined Chair/CEO, against ratification of the auditor due to excessive tenure and against what we view as excessive remuneration.	Partially successful
China Everbright Environment	Director independence / carbon targets / gender diversity / equity issuance	Letter	AGM vote against directors with excessive tenures, against remuneration due to lack of carbon reduction targets and poor gender diversity and against equity issuance which we see as excessive.	Ongoing
Cooper companies	ESG disclosure	Email	The company has published its first ESG report covering a range of key areas.	Successful

CSL	Impact data / ESG reporting	E-meeting	Company supplied data on the positive impact of influenza vaccines and has increased the internal priority of ESG reporting but this will take two years to come to fruition.	Partially successful
DSM	Exposure to downstream industries	E-meeting	Company acknowledged some downstream industries are damaging (eg beef production) but their approach is to help minimise this damage. Company confirmed that they have refused to sell product to customers operating irresponsibly.	Partially successful
HelloFresh	Soya and palm oil sourcing policies	Email	The company has a policy to only source palm oil that is sustainably produced and at a minimum certified by RSPO. The company does not source soya directly and is working with suppliers who use soya to develop a policy on sustainability sourcing with them	Partially successful
Hikma	Overboarding / Excessive CEO remuneration	Letter	AGM vote against one director who serves on too many boards in our view and an excessive remuneration structure.	Ongoing
Horiba	Net zero carbon targets Gender diversity	E-meeting	Company has committed to following TCFD reporting and hope to set a carbon reduction target next year. Limited progress on gender within company, no appetite for setting gender diversity targets for Board Directors	Partially successful
JB Hunt	Net zero carbon target	E-meeting	Details of the company's climate action plan including shift to electric and fuel-cell powered road haulage vehicles	Partially successful
Kion	ESG targets in CEO remuneration / Share purchase programme	Letter	AGM vote against the remuneration policy due to insufficiently precise ESG targets criteria and ability of the lack of a cap on special bonuses. We also voted against the share purchase authorisation as an inappropriate use of capital in our view	Partially successful
Lennox International	Auditor independence / Director terms / combined CEO-Chair / CEO compensation	Letter	AGM vote against ratification of auditor appointment and chair of audit committee due to excessive auditor tenure, against chair of nominations committee due to excessive director terms and combined CEO/Chair and against what we view as excessive CEO compensation	Ongoing
Littelfuse	ESG reporting / director independence / gender diversity / CEO Remuneration	Letter	AGM vote against Chair of Nominations and Governance Committee due to inadequate ESG disclosure, against three directors due to excessive tenure, poor Board-level gender diversity and a potentially excessive remuneration plan.	Ongoing
	ESG reporting	E-meeting	Producing first CSR report in Q421 though this will not have a NZC target. Also prioritising gender diversity on the board but no target date.	Partially successful
MSA Safety	Hazardous chemicals	Email / E-Meeting	See commentary in engagement report on page 7 above.	Partially successful
	Combined CEO-Chair / classified board / director independence / remuneration / Board responsibility for ESG	Letter	AGM vote against a director due to excessive tenure and lack of independence and against what we view as excessive CEO compensation.	Ongoing
Orpea	Classified board / CEO compensation	Letter	AGM vote against nomination committee member for excessive director terms and against what we view as excessive CEO remuneration.	Partially successful
	Carbon reduction	Email	Company has published a CSR road-map with carbon reduction commitments	Partially successful
Premier	ESG Reporting / Positive impact of products	E-meeting	Details on positive impact of products (costs saved in healthcare), substantially expanding ESG reporting and integrating into Annual Report next year.	Successful
Silicon Laboratories	ESG Reporting / Positive impact of products	E-meeting	Published first sustainability report and expanded ESG team. Still looking into methodologies for quantifying positive impacts of products	Partially successful
Steris	ESG reporting / toxic chemicals	E-Meeting	On track to reduce use of ethylene oxide (sterilisation agent) by 50% from 2018-2023 and of radioactive isotopes in sterilisation. Committed to improved ESG reporting	Partially successful
Strategic Education	Director independence / gender diversity / overboarding / ESG disclosure / auditor	Letter	AGM vote against board chair and chair of nominations and governance committee due to lack of director independence and diversity and poor ESG disclosure, against a board director due to overboarding, against ratification of the auditor	Ongoing

	independence / CEO compensation		due to excessive tenure and against CEO compensation with we view as excessive and no link with material ESG issues.	
Thermo Fisher Scientific	Response to COVID-19 pandemic	Letter	See commentary in engagement report on page 6 above	Partially successful
Vestas	Wind blade recycling	Email	See commentary in engagement report on page 8 above	Successful
	Overboarding / Auditor independence / Lack of ESG targets in CEO remuneration	Letter	AGM vote against the chairman who we believe is overboarded, against the auditor due to excessive tenure and against the remuneration report for a lack of ESG incentives.	Partially successful
Wabtec	Auditor independence / Director terms and independence / gender diversity / CEO compensation	Letter	AGM vote against chair of audit committee due to excessive auditor tenure, against chair of nominations committee due to lack of director independence and poor gender diversity and against what we view as excessive CEO compensation.	Ongoing
	ESG Reporting	Letter	Supplied input on ESG materiality assessment for the company	Ongoing

Footnotes and important risk warnings

General: This report (“Report”) is issued by WHEB Asset Management LLP (“WHEB Asset Management”). It is intended for information purposes only and does not constitute or form part of any offer or invitation to buy or sell any security including any shares in the WHEB Sustainable Impact Fund, including in the United States. It should not be relied upon to make an investment decision in relation to Shares in the WHEB Sustainable Impact Fund or otherwise; any such investment decision should be made only on the basis of the Fund scheme documents and appropriate professional advice. This Report does not constitute advice of any kind, investment research or a research recommendation, is in summary form and is subject to change without notice. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. WHEB Asset Management has exercised reasonable care in preparing this Report including using reliable sources, however, makes no representation or warranty relating to its accuracy, reliability or completeness or whether any future event may or may not occur. This Report is only made available to recipients who may lawfully receive it in accordance with applicable laws, regulations and rules and binding guidance of regulators. WHEB Asset Management LLP is registered in England and Wales with number OC 341489 and has its registered office at 7 Cavendish Square, London, W1G 0PE. WHEB Asset Management LLP is authorised and regulated by the Financial Conduct Authority with Firm Reference Number 496413. The Manager of the Fund is FundRock Management Company S.A., authorised and regulated by the Luxembourg regulator to act as UCITS management company and has its registered office at 33, rue de Gasperich, L-5826 Hesperange, Grand-Duchy of Luxembourg.

The state of the origin of the Fund is Ireland. The Representative in Switzerland is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, 8024 Zurich. The relevant documents such as the prospectus, the key investor information document (KIIDs), the Articles of Association as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

This is a marketing document.

The Fund is registered for distribution to professional investors in Austria, Denmark, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Singapore, Sweden and the United Kingdom, and is registered for offering to retail investors in Switzerland.

The Fund is also available for professional investors in Belgium and Hong Kong. It is not available to investors domiciled in the United States.

THIS REPORT IS FOR PROFESSIONAL INVESTORS ONLY

Notes to data tables

[1]The average holding period is calculated by the investment manager in accordance with the requirements of the UCITS V directive, and derived from the reference portfolio (see footnote 4 below) turnover over the last 12 months as of the end of the reporting month, less all subscriptions and redemptions. This figure is adjusted so as not to double count buys and sells. It is then inverted so that, for example, 50% turnover would equate to a 2-year average holding period. and derived turnover over the last 12 months. This calculation method can result in significant long holding periods when most of the trading volume is explained by subscriptions and/or redemptions.

[2] Active Share refers to the % overlap between the Fund and MSCI World Index weightings. Data as at 30 June 2021. Source: Factset.

[3] 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). Index data are provided by MSCI Barra via Bloomberg, calculated on an unhedged US dollars.

[4] Chart Source: Bloomberg. Prices are last quoted prices daily in USD i.e. MSCI World quoted after market close in North America; whilst the Reference Portfolio is quoted at midday in UK. The Reference Portfolio is the FP WHEB Sustainability C Acc Primary Share Class (USD) calculated net of fees on a mid to mid basis. The share class was launched in October 2018. Prior to this date, the reference share class is the FP WHEB Sustainability C Acc Primary Share Class (GBP) converted into USD. From 4th December 2020 the performance presented is of the WHEB Sustainable Impact Fund C Share class (USD). **Past performance is not a reliable guide to future performance. Your capital is at risk.**

[5] The Reference Portfolio is the FP WHEB Sustainability C Acc Primary Share Class (USD) calculated net of fees on a mid to mid basis. The share class was launched in October 2018. Prior to this date, the reference share class is the FP WHEB Sustainability C Acc Primary Share Class (GBP) converted into USD.

[6] Performance attribution is calculated with reference to the MSCI World Index and the Fund. Depending on timing differences between midday pricing of the Fund's unit price and the market close, the total attribution may therefore deviate from the quarterly performance quoted in the investment performance section of the report.

[7] The "Thematic Selection Effect" is calculated as the attribution from not having any holding in stocks which are constituents of the MSCI World Index but are not in WHEB's investable universe.

[8] Source: Factset, data as of 30 June 2021. Numbers may not add up to 100% due to rounding.

[9] The WHEB Benchmark for regional exposure is calculated as an average of The MSCI World Index, The MSCI World Mid-Cap Index and The WHEB Universe.

[10] The figures in brackets relate to the number of companies included in the fund or the index.

[11] Earnings growth data source: Factset forecast estimates. FY1 is the forecast estimate for the next year, FY2 is the forecast estimate for the following year.

[12] Volatility data as at 30 June 2021, source: Bloomberg.

[13] For descriptions of impact mapping methodologies please see WHEB's impact reports, available at **https://impact.whebgroup.com/methodology/** The SDG mapping methodology is described in the 2020 Impact Methodology Report, available at **https://impact.whebgroup.com/methodology/**, and the impact positioning graph is described in detail in the 2020 impact report.

[14] ibid.

Fanny Ruighaver
Business Development Director Europe for
WHEB Asset Management

FundRock Management Company S.A.
Distributor of WHEB Asset Management LLP
H2O building, 33, rue de Gasperich
L-5826 Hesperange, Luxembourg

T+352 27 111 **| M** (+31) 6 15851324
fanny.ruighaver@Fundrock.com

LUXEMBOURG | UNITED KINGDOM | IRELAND | SINGAPORE