

# EXECUTIVE CHAIRMAN'S STATEMENT



We delivered on the promises we made when we listed in February 2021.

**Bernard Fairman**  
Executive Chairman

We aim to be a market leader in both renewable energy infrastructure and regional UK private equity

**337**

INFRASTRUCTURE ASSETS

**131**

PE PORTFOLIO COMPANIES

**43%**

FCM AUM GROWTH

## Introduction

It is rarely the case that any business benefits from all its divisions performing strongly at the same time, with an accommodative policy background, but that is how we are positioned right now. The diversity of Foresight's offering, with over 35 retail and institutional solutions, also provides a high degree of resilience against changing market conditions and positions us well for continued success.

This was our first full year as a public company and I am delighted to report that it was highly successful, as we delivered on the promises we made when we listed in February 2021. Our financial performance was ahead of our expectations, reflecting the quality of our business, and we achieved strong growth in AUM.

We also made excellent progress with implementing our strategic objectives as we launched new funds, further diversified our investor base, successfully deployed significant amounts of capital into both infrastructure and private equity and expanded into new asset classes. Following the year end we also completed our first strategic acquisition post-IPO as described in Post year end events below.

To support our growth, it is important to align our people strategies with our strategic objectives. This year we have strengthened and expanded our executive leadership team by adding Ricardo Piñeiro (Co-Head of Infrastructure), Matt Smith and James Livingston (Co-Heads of Private Equity)<sup>1</sup>.

These promotions reflect the key contributions and impact each of these individuals have made to our success to date and the depth of management strength we have built at Foresight over the past 38 years. Their contribution to the executive leadership team will enrich our business and shape the future of Foresight.

The Group is a key player in two markets that are growing rapidly: worldwide renewable energy infrastructure and UK-based regional private equity. Renewable energy infrastructure is being driven by favourable economics, as well as the heightened focus on energy security, following Russia's invasion of Ukraine.

This benefits both our infrastructure funds and our sustainability-orientated investment products within the Foresight Capital Management division.

1. Subject to FCA approval.



## Growth that powers change

Delivering the opportunity

GREW GROUP AUM BY

# £1.6bn

# 94

NEW EQUITY TRANSACTIONS  
ACROSS INFRASTRUCTURE  
AND PRIVATE EQUITY

In Private Equity, the economic impact of the pandemic has further increased the need for capital to flow to SMEs in the UK regions, and our work here aligns with the government's agenda to reduce regional inequalities and create new jobs. These macro trends will present opportunities for Foresight for many years to come.

### Operational and financial highlights

The Group generated significant organic growth across our international footprint during the year, resulting in an improved competitive position. The substantial AUM growth we delivered during the year, at £1.6 billion, reflect our position as a player of increasing scale that is well positioned to take advantage of growing markets.

AUM rose by c.23% to £8.8 billion (31 March 2021: £7.2 billion), with FUM up 30% to £6.7 billion (31 March 2021: £5.1 billion).

Revenues increased by 25% to £86.1 million (31 March 2021: £69.1 million), largely driven by higher management fees as a result of the growth in FUM. Recurring revenues were 86.9% of the total, within our expected range of 85-90%. Total revenues include performance fees, principally from one of our private equity funds (Foresight Regional Investment Fund) which exceeded its performance hurdles and our expectations.

Core EBITDA pre share-based payments grew 33% to £31.8 million (31 March 2021: £23.9 million), reflecting the revenue increase and the operational gearing inherent in the business. This resulted in an associated margin of 37% (31 March 2021: 34.6%).

More information on our financial and operational performance can be found in the Financial Review and Business Review sections of this report.

### Dividend

The Board targets a total dividend payout of 60% of profit after tax, paying approximately one-third of the total dividend for the year as an interim dividend and approximately two-thirds as a final dividend. In line with this policy, we have declared a final dividend of 9.8 pence per share. Combined with the interim dividend of 4.0 pence per share, this gives a total in respect of the year of 13.8 pence per share. The final dividend will be paid on 14 October 2022 based on an ex-dividend date of 18 August 2022, with a record date of 19 August 2022. Moving forward, the Board's intention is that the interim dividend will represent 30% of the prior year's total dividend.

### People and culture

Foresight is a people business and we continue to build on our people strategies to attract, retain, develop and engage with the talented and ambitious people we employ. As we grow the business, we look to give people increased opportunity to make a sustainable impact, to achieve collective success working for one of the market leaders and create relationships based on integrity. This year, we have invested significant time in developing our employee value proposition, which is covered in more detail on page 16 within the investment case.

As the pandemic abated and allowed us to return to our offices, we were proud to achieve our highest-ever employee engagement score, at 83%. This reflects our focus on creating a sustainable culture, where everyone who joins us is given the opportunity to thrive.

# EXECUTIVE CHAIRMAN'S STATEMENT CONTINUED

We believe that sustainable businesses are better businesses and will deliver superior returns, particularly over the long term.

## Sustainability

Our belief is that sustainability and economics are interlinked which means that first and foremost, the projects and companies we invest in must generate attractive returns for our investors. Only by achieving these returns will we be able to raise further capital and continue to deliver important benefits to society. At the same time, we believe that sustainable businesses are better businesses and will deliver superior returns, particularly over the long term. It is this combination of economics and sustainability that underpins the culture we are so proud of at Foresight.

Our Infrastructure investments are playing a key role in the transition to a low-carbon power system, while in Private Equity we have a rigorous approach to helping investee companies manage their approach to sustainability and ESG. We are also addressing our own environmental performance, having offset our scope 1, 2 and 3 emissions<sup>1</sup> this year and initiated a plan to reach net zero by 2050.

In addition, we agreed an innovative collaboration with the Eden Project in June 2022, which will start with the creation of a nature recovery approach for Foresight. This will define how businesses such as ours can respond to nature recovery, demonstrate tangible positive outcomes for nature through our portfolio of assets and engage with communities and stakeholders to create action.

Further details on this exciting new partnership for the Group can be found in our Sustainability section on pages 48 to 81, which also includes information on our continued support for the UN Global Compact.

## Post year end events

Following the year end we had further significant success in our private equity fundraising activity with the launch of two new UK regional funds and our first non-UK fund in partnership with AIB in Ireland.

We were also able to announce our first strategic acquisition post-IPO with the acquisition of the investment mandates of Downing's ventures businesses. These provide an excellent strategic fit for Foresight, complementing our existing portfolio and adding scale. This transaction represents a significant strategic step and, in conjunction with the new funds, takes our private equity AUM to over £1.2 billion.

## Outlook

We have excellent positions and proven expertise in sustainable infrastructure and UK regional private equity. The UK Government's levelling up agenda, supporting business growth in the regions and the growing demand for sustainable investments and OEIC products are just two examples of the long-term structural trends in our core markets that combine to create a rapidly growing opportunity for Foresight, as evidenced by the recent expansion in our private equity footprint.

In addition, we believe that the energy transition will affect many sectors in addition to energy itself, including industry and transport. We also expect increased appreciation of the importance of natural capital, from more sustainable farming practices to the critical role of forests, soil and oceans in tackling climate change and promoting biodiversity. We will be launching new funds to address these incredibly important markets soon.

While the decarbonisation of energy generation and the shift to a more sustainable society are accelerating, these changes cannot happen instantly and they present multi-year opportunities across our international footprint, which we remain committed to expanding. We are therefore confident that the outlook for the Group in the coming year and beyond continues to be very positive.

## Bernard Fairman

Executive Chairman

11 July 2022

1. Excluding category 15, emissions from investments.