

BUSINESS REVIEW CONTINUED

FORESIGHT CAPITAL MANAGEMENT

AT A GLANCE

We leverage Foresight's deep knowledge of private markets to provide access to real assets and sustainable investment opportunities in listed markets.

Investment strategies

UK Infrastructure Income

Global Infrastructure

Sustainable Real Estate

Sustainable Future Themes

BUSINESS REVIEW CONTINUED

As a leader and innovator in sustainability-led investment strategies, FCM is well placed to develop and implement actively managed investment strategies to address the evolving investment landscape. Core investment competencies cover renewable energy, the energy transition, infrastructure, real estate and sustainable equity.

£1.3bn

ASSETS UNDER
MANAGEMENT

4

DIFFERENTIATED
INVESTMENT STRATEGIES



7

INVESTMENT VEHICLES

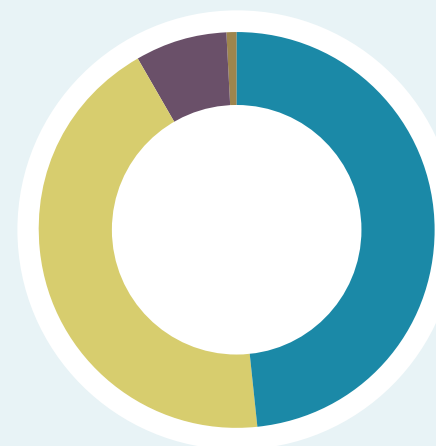
12

DEDICATED
PROFESSIONALS

2

INSTITUTIONAL SUB-ADVISORY
MANDATES

AUM by strategy as at year end



● UK Infrastructure Income **£632.8m**
● Global Infrastructure **£565.0m**

● Sustainable Real Estate **£97.9m**
● Sustainable Future Themes **£10.2m**



BUSINESS REVIEW CONTINUED

MARKET OPPORTUNITY

Globally, there continues to be demand from retail and institutional investors for access to sustainability-orientated investment products that hold listed securities in asset classes such as infrastructure and real estate. Our differentiated approach to this market sets us apart from others, drawing on Foresight Group's experience in investing in private markets through the Infrastructure and Private Equity divisions. This allows us to effectively apply this knowledge and skills base to make compelling investments in public markets.

Continued demand for our open-ended funds

International investors demanding access to sustainable investment strategies, with FCM vehicles now covering the US as well as Europe

Opportunity for us to launch further investment vehicles globally to provide access to our existing strategies

Our FCM platform is scalable and has significant capacity for further growth in AUM

Potential to expand the existing investor base beyond the current focus on IFAs and wealth managers

Overview

Our team of specialist listed securities professionals follows a sustainable, active and bottom-up investment strategy. The team of 12 draws on the wider Group's experience of investing in private markets through the other divisions and applies these skills and knowledge to investing in public markets.

This experience, combined with dedicated internal resource focused on sustainability due diligence and analysis aligned to our sustainable investment policy, creates valuable capabilities and insights that are hard to replicate. By establishing our position as thought leaders, we have also enhanced the sophistication of our approach beyond others in the market.

Our division's UK distribution is primarily through independent financial advisers ("IFAs"), wealth managers and private banks. We work to develop strong relationships with these intermediaries, aiding capital retention. We also act as sub-adviser to two external fund groups: VAM Funds in Europe and Cromwell Funds in the US.

Our investment approach is to target those companies at the leading edge of global sustainable development. We seek to support those businesses that are at the forefront of driving change and making a tangible, sustainable difference. To achieve this, we follow a rigorous process to ensure that we continue to identify those companies in growth markets that can offer ongoing resilience, especially during periods of macroeconomic uncertainty.



BUSINESS REVIEW CONTINUED

Investment strategies and funds

FCM offers four investment strategies, which can be accessed through four UK, one US and two Luxembourg domiciled funds:

Strategy	Funds	Investment focus
UK Infrastructure	FP Foresight UK Infrastructure Income Fund ("FIIF")	Harnesses Foresight's infrastructure investment expertise and taps into the demand for lower-volatility, predictable inflation-linked income. Launched in 2017, the strategy has grown to total net assets of £633 million at 31 March 2023. The portfolio comprises listed companies active across renewable energy and core infrastructure with a UK focus.
Global Infrastructure	FP Foresight Global Real Infrastructure Fund ("GRIF") VAM Global Infrastructure Fund ("VAM") Foresight Global Real Infrastructure (Lux) Fund ("Foresight SICAV") Cromwell Foresight Global Sustainable Infrastructure Fund	Invests in the publicly traded shares of companies located in developed economies, which own or operate real infrastructure or renewable energy assets anywhere in the world. With a growth-focused investment objective, the strategy was launched in June 2019 and has grown its total net assets to £565 million at 31 March 2023.
Sustainable Real Estate	FP Foresight Sustainable Real Estate Securities Fund ("REF")	This strategy was launched in June 2020 to provide investors with exposure to a highly liquid and globally diversified portfolio of Real Estate Investment Trusts. Given the lack of liquid open-ended funds in the UK that address sustainable real estate in a focused manner, REF is a highly differentiated strategy. As at 31 March 2023, the strategy's total net assets were £98 million.
Sustainable Future Themes	FP Foresight Sustainable Future Themes Fund ("SFT")	The Sustainable Future Themes strategy aims to grow capital over a five year period by investing in companies that meet the investment manager's sustainability criteria for positive environmental and/or social impact. The strategy targets attractive risk-adjusted returns by investing in a global portfolio of scalable listed companies that address the core themes of sustainable development and decarbonisation as a key sustainable investment focus. As at 31 March 2023, the strategy's total net assets were £10 million.

BUSINESS REVIEW CONTINUED

Performance

We delivered a resilient performance in FY23, which was characterised by highly volatile and challenging market conditions caused by increased macroeconomic and geopolitical uncertainty.

Persistent inflation and central banks raising interest rates at a fast pace resulted in markets experiencing a reset in valuations. This impacted pricing across risk assets and notably in listed real assets where changes to the discount rate caused repricing based on the long duration nature of cash flows. The market also seemed to under-price the defensive business models and inflation-linked contractual uplifts that the companies in the listed real assets sector benefit from in the prevailing inflationary environment. Geopolitical uncertainty exacerbated the situation, through political instability in the UK and sterling volatility. The Ukraine war was not only a humanitarian crisis but highlighted further weaknesses in global supply chains as commodity prices sharply increased and initially drove the inflation spike. Overall, energy was the best performing sector within equity markets.

Against this challenging backdrop we delivered a robust relative performance, with AUM reduced by 19% to £1.3 billion (FY22: £1.6 billion), reflecting net outflows of £(0.1) billion and market performance of £(0.2) billion. We continued to meet the investment objectives of all our funds in FY23.

The FP Foresight Sustainable Future Themes Fund (“SFT”) launched at the end of FY22 and the strong relative YTD performance of -1.5%, being ahead of the benchmark and comparable peer strategies, provides the foundation for ongoing delivery in FY24.

CROMWELL CASE STUDY

Building on FCM’s capabilities and growing track record as a sub-adviser, on 31 January 2023 we launched the Cromwell Foresight Global Sustainable Infrastructure Fund. Our partnership with Baltimore-based Cromwell Funds enables us to build on our success as a sub-adviser, whilst enhancing our reach into the important US asset management market.

A key element of our strategy is to expand our geographic footprint and our expansion into the US delivers on this and further strengthens the resilience of our diversified business model. This new sub-advisory partnership presents us with a low-cost opportunity to build scale within the Fund, as well as elevate the US profile of the Foresight brand.

The Fund mirrors our existing global real infrastructure strategy, whilst being underpinned by our sustainability-led, active and bottom-up investment approach that draws on the wider Group’s experience in investing in private markets and applying these skills and knowledge to investing in public markets.

The Fund offers US investors an attractive entry into a portfolio that is focused on sustainable energy infrastructure. We are encouraged by the continued focus on global policies on decarbonisation and believe the recent US Inflation Reduction Act will generate further opportunity for us in the market.

The Inflation Reduction Act focuses on addressing the real threat of climate change and driving the global clean energy economy forward. We are well placed through our fund to capitalise on our extensive capabilities and experience alongside the strong and well-established distribution capabilities of Cromwell Funds to maximise the potential for future inflows.

By partnering with Cromwell Funds in this Fund, we are enhancing the Fund’s growth potential, recognising the strong distribution and marketing channels Cromwell Funds has established. We look forward to sharing our successful high-quality investment approach with the Cromwell Funds sales teams and extensive broker and financial adviser network, as we work together to deliver ongoing sustainable investment opportunities and performance.



BUSINESS REVIEW CONTINUED

Performance continued

We are confident that the Fund should benefit from opportunities in sectors that have secular tailwinds, as well as the strong tailwinds supported by legislation, such as the Inflation Reduction Act, REPowerEU and the Green Industrial Plan in the EU, a response to the US that aims to boost European manufacturing of key transition technologies. SFT is our first mainstream equity fund and its success to date has been built on our in-house expertise in sustainable investing.

In Q4 FY23, we expanded the Group's geographic footprint into the US market through our appointment as sub-adviser to the Cromwell Foresight Global Sustainable Infrastructure Fund. This is our first US fund and provides an important route into the US market, which remains the largest asset management market globally. We have been pleased by the performance of the fund to date with initial inflows already achieved. We are focused on diversifying our geographical presence and the successful launch of this fund is a significant step on this journey, allowing us to access differentiated sources of capital and a wider selection of markets to operate within.

Fund	Inception date	12-month TSR	TSR since inception
FP Foresight UK Infrastructure Income Fund	4 December 2017	(11.32)%	25.37%
FP Foresight Global Real Infrastructure Fund¹	3 June 2019	(14.18)%	26.27%
FP Foresight Sustainable Real Estate Securities Fund	15 June 2020	(27.49)%	(8.88)%
FP Foresight Sustainable Future Themes Fund	28 March 2022	(5.70)%	(5.87)%

FCM market outlook

We have navigated the challenging macroeconomic conditions experienced by equity markets in FY23 and remain confident in the underlying fundamentals and earnings quality of our sustainable investments. We will continue to invest in those companies that demonstrate robust approaches to addressing the ongoing challenges being faced in the current economic environment.

In FY24, the division remains well positioned, with underlying sectors such as sustainability, decarbonisation and renewable infrastructure expected to benefit from long-term structural tailwinds. Material legislation passed in recent months, such as the Inflation Reduction Act in the US, should ensure continued flows of investment capital over many decades into core FCM investment themes such as the energy transition.

Our division's expansion into the US market provides a growth opportunity that could exceed that of the current UK business. Additionally, we are actively pursuing further distribution opportunities, with Europe being a key focus in the near term.

A number of our strategies invest into underlying asset classes and sectors that can provide exposure to companies with inflation-linked returns. This element of inflation-linkage should remain valuable to our target investor base and support positive inflows into the funds as IFAs, wealth managers and Discretionary Fund Managers ("DFMs") seek to protect client portfolios from the effects of inflation.

We remain confident in the long-term value of the renewable energy assets within the FCM portfolio. We feel positive about our strategic position and our focus remains on expanding into those adjacent markets that enable us to broaden our current suite of funds, strengthen our offering and differentiate us from others in the market.

1. FP Foresight Global Real Infrastructure Fund strategy has other available access points through funds with various currency classes.

BUSINESS REVIEW CONTINUED

SFT CASE STUDY

To limit global warming to 1.5°C above pre-industrial levels emissions need to fall by 7% year-on-year over the next decade. This is against the backdrop of an increasing global population, expected to be just under 10 billion by 2050, living more carbon-intensive lives. Stopping economies from performing carbon-intensive activities will not be enough to hit global decarbonisation targets; economies must innovate their way towards emissions reductions through the commercialisation of new technologies and processes. To do this, funding and investment must be available to support those helping deliver on this ambition, which aligns with Foresight's investment ethos.

We launched our FP Foresight Sustainable Future Themes Fund ("SFT") in March 2022 to support our drive to invest into securities positioned to both benefit from and positively impact the global agenda to decarbonise and ensure sustainable economic development. FCM believes that the operational footprint and economic activity of a company is integral in the transition to a decarbonised, more climate-resilient economy. The Fund's sustainable investment process analyses a prospective holding's strategy, economic

activity and fundamental purpose; ensures UN Global Compact, UN SDG and revenue alignment; and includes technology assessments to ensure all companies in the fund portfolio reach the sustainable investment threshold required for inclusion. As a result, the Fund's portfolio has a deep grounding in climate science, overlaying a climate-analytical lens on social issues, and fundamentally impacting the real economy through the products and the services of its underlying holdings.

SFT's sustainable investment pillars have been chosen to ensure capital is invested into companies addressing this global challenge.

1. Sustainable energy: There will be substantial energy system changes to reduce emissions over the next 30 years, including reduced fossil fuel consumption, increased production from zero-carbon energy sources, increased electrification, and the use of alternative energy carriers.

2. Sustainable food, land and forestry: Agricultural production and land use must undergo transformations to protect limited natural resources, generate lower carbon emissions, and secure food for the world's growing population.

3. Waste, water and the circular economy: The circular economy contrasts with the current "take/make/waste" linear approach that focuses on the unsustainable use of natural resources to drive economic growth.

4. Health and education: Education is the most powerful lever available for breaking intergenerational poverty.

5. Digital world: The proper development and deployment of digital technology will be necessary for the world to hit its 2030 SDG targets.

The foundation of SFT's sustainable investment approach is based upon the concept of "double materiality". A double materiality approach focuses on a company's operational footprint whilst also assessing the environmental and social impacts of the products and services that company provides. This sets our fund apart from many others, which only assess the internal operational performance of a company, omitting the crucial assessment of the impact of their goods and services. By considering both, we are reassured that we are supporting those companies who ultimately are making the vital tangible and material difference to the decarbonisation of the global economy.