

KBIGI Energy Solutions Strategy

Summary Details

Assets under Mgmt.	\$41.1m
Strategy Inception Date	31 Oct 2000
Benchmark	Wilderhill New Energy Gbl Innovation Index
Number of Stocks	54
Risk Characteristics	
Beta (10 Yrs)	0.87
Information Ratio (10 Yrs)	-0.05

Source: KBI Global Investors as of 09/30/18. The risk characteristics are calculated using monthly gross returns over a 10 year period relative to the Index as at the 09/30/18. The AUM listed above is Energy Solutions AUM. This is the combined AUM of KBI Global Investors Ltd and KBI Global Investors (North America) Ltd. Weighted Avg. Mkt. Cap figures are in US Dollars.

Investment Thesis

There are compelling investment opportunities in companies providing solutions to resource scarcity across water, food and energy driven by five long term trends.

- Inadequate supply of water, cleaner energy and arable land for farming
- Increasing demand for resources, driven by population growth, industrialisation and urbanisation
- Increasing regulation and government support
- Increasing investment in infrastructure to address urgent global requirements
- Increasing investment in technology to create solutions and facilitate the more efficient use of resources

Strategy Overview

The KBIGI Energy Solutions Strategy is a long-only, high-conviction global equity portfolio investing in 40-60 global companies providing low carbon solutions to the world's accelerating demand for energy. The strategy can invest across the full range of renewable sources including wind, solar, biomass, and fuel cells as well as smart technologies that facilitate the integration of renewable energy and/or use energy more efficiently.

KBIGI's Energy Solutions Strategy provides exposure to a number of dominant and persistent themes:

- Global growth
- Natural resource scarcity
- Infrastructure spending
- Emerging market growth
- Mergers and acquisitions

Energy Solutions brings new sources of alpha to a global equity allocation. Specialist active management is the best way to capture this alpha, carefully qualifying a universe of stocks to assure exposure to energy solutions and then identifying companies with strong fundamentals, leading products, and attractive valuations.

Annualised Performance (\$)

	3Mths	YTD	1Yr	3Yrs	5Yrs	10Yrs
Strategy (Gross)	0.4	-1.0	3.2	9.9	2.8	-3.1
Strategy (Net)	0.2	-1.7	2.3	9.1	1.9	-3.9
Benchmark	1.4	-8.3	-4.6	6.3	2.8	-2.7

Source: KBI Global Investors, Datastream as of 09/30/18.

Returns are gross of fees in USD. Returns up to 04/30/08 are based on a Belgian Fund which followed the Energy Solutions Strategy and was managed by KBI Global Investors. Returns from 05/01/08 are based on the KBIGI Energy Solutions Strategy. Gross results shown do not show the deduction of Adviser's fees. A client's actual return will be reduced by the advisory fees and any other expenses which may be incurred in the management of an investment advisory account. See Part 2 of Adviser's Form ADV for a complete description of the investment advisory fees customarily charged by Adviser. For example, a \$1,000,000 investment with an assumed annual return of 5% with an advisory fee of 0.85% would accumulate \$8,925 in fees during the first year, \$48,444 in fees over five years and \$107,690 in fees over ten years. The performance results are that of a representative strategy which has been managed on a discretionary basis since its inception. Performance returns for individual investors may differ due to the timing of investments, subsequent subscriptions/redemptions, share classes, fees and expenses. Performance for periods of more than 1 year is annualized. Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategy's holdings may differ substantially from the securities that comprise the indices shown. Investments denominated in foreign currencies are subject to changes in exchange rates that may have an adverse effect on the value, price and income of the product. Income generated from an investment may fluctuate in accordance with market conditions and taxation arrangement. PAST PERFORMANCE IS NOT A RELIABLE GUIDE TO FUTURE PERFORMANCE AND THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. A composite presentation is available upon request. Net results shown are net of all fees and expenses and include the reinvestment of all dividends and capital gains. In order to present meaningful performance results, the performance results reflected above were calculated by adjusting the gross performance by the fee structure that is available to U.S. clients. See disclaimers for description of index information.

Investment Process

Our investment process is designed to use our specialist skills to precisely define each theme, construct a proprietary investment universe and then build a concentrated, high conviction portfolio designed to outperform the broad market and passive alternatives

Investment Universe Definition

- Precisely defined opportunity set for investment to ensure exposure to drivers of resource scarcity
- Companies for inclusion: Pure Plays and Market Leaders

Weighting Sector

- Focus on bottom up fundamentals and valuation with an overlay of top down influences

Stock Selection

- Focus on stocks with exposure to key themes driving earnings growth, strong fundamentals, competitive advantages, strong management and attractive valuation

Investment Team

Key People	Title	Investment Experience
CIO		
Noel O'Halloran	Chief Investment Officer	31yrs
Portfolio Management Team		
Andros Florides	Senior Portfolio Manager	23yrs
Treasa Ni Chonghaile	Senior Portfolio Manager	19yrs
Colm O'Connor	Senior Portfolio Manager	16yrs
Eoin Fahy	Investment Strategist	30yrs
Trading		
Ultan O'Kane	Trader	13yrs

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Portfolio Positioning

Segment Breakdown

Sector	%
Energy Efficiency	44.3
Renewable Energy	37.4
Utilities	18.3

Geographical Breakdown

Region	%
North America	56.0
Europe	35.2
Emerging Markets	8.8

Top 10 Holdings

Stock	Country	%
First Solar Inc	US	5.2
Vestas Wind Systems A/S	Denmark	4.6
Johnson Controls International PLC	US	4.2
Siemens Gamesa Renewable Energy SA	Spain	3.8
Pattern Energy Group Inc	US	3.7
Quanta Services Inc	US	3.6
NXP Semiconductors NV	Netherlands	3.1
Owens Corning	US	3.1
Greencoat Renewables PLC	Ireland	2.9
ABB Limited - CHF	Switzerland	2.9

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 09/30/18 based on the aggregate USD value. Each quarter KBI Global Investors uses this same objective, non-performance based criteria to select the ten largest holdings. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the strategy, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.

Overview

We are positive on the prospects of the Energy Solutions strategy as the push towards cleaner energy sources and more efficient use of energy will provide a supportive backdrop for our investible universe.

While a buoyant global economy will dictate the overall demand for energy we believe companies in our sector can achieve above market earnings growth due to the structural growth areas they focus on.

The push for increased infrastructure spending will help our companies focusing on strengthening electricity grids and networks, either through installation of smart meters/software or more efficient hardware.

Construction markets are building ahead of efficiency standards be it in residential, industrial or commercial driving need for efficient lighting, HVAC, and insulation. The auto sector's transition towards a more efficient and more electric future will also be a driver of the strategy. The pace of adoption of electric vehicles has picked up significantly and we expect the falling costs of batteries as well as product launches to continue to drive it forward.

We now have the reality of renewable energy sources being a cost competitive source of electricity in many regions. We believe this can improve and will continue to drive installation growth globally. However, there will be some turbulence for both the wind and solar sectors specifically as the resolution of various trade cases, potential subsidy cuts, availability of tax equity and pricing pressure are some of the issues that remain on the horizon.

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The S&P Global Infrastructure Index is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index provider includes three distinct infrastructure clusters: energy, transportation and utilities.