

KBIGI Global Resource Solutions Strategy

Summary Details

Assets under Mgmt.	£211.0m
Inception Date	30 Jun 2008
Benchmark	S&P Global Natural Resources NR Index
Number of Stocks	123

Risk Characteristics

Beta (10 Yrs)	0.69
Information Ratio (10 Yrs)	0.42
Tracking Error (10 Yrs)	8.63

Portfolio Statistics

	Strategy	Index
Current Dividend Yield	2.3%	3.9%
Price to Earnings (forward)	15.2x	12.4x
Price to Book	2.5x	2.4x
Weighted Avg Market Cap.	\$13.0bn	\$55.8bn

Source: KBI Global Investors as of 31/12/19. The risk characteristics are calculated using monthly gross returns over a 10 year period relative to the Index as at the 31/12/19. Portfolio Statistics are of a representative account and are calculated relative to the Index. The AUM listed above is Global Resource Solutions Strategy AUM. 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 Global Resource Solutions Strategy (GRS) is a long-only natural resources portfolio investing in securities across a broad range of companies providing value-added solutions to the increasingly challenging provision of vital natural resources. The opportunities are dominated by increasing investment in infrastructure and technological advancement across water, agribusiness and energy.

Our proprietary investment universe for the GRS strategy includes more than 500 stocks, worldwide, ranging across Water, Energy Solutions and Agribusiness. These stocks cover a far greater number of sectors than is typical for a natural resources strategy. GRS's differentiated equity holdings deliver the diversification that investors seek from a natural resource allocation.

GRS 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 and then identifying companies with strong fundamentals and attractive valuations.

Annualised Performance (£)

	3Mths	YTD	1Yr	3Yrs	5Yrs
Fund (Gross)	1.1	21.7	21.7	8.8	8.9
Benchmark	1.7	11.9	11.9	4.8	7.6

Source: KBI Global Investors, Datastream, MSCI as of 31/12/19. Returns are gross of fees in GBP. Returns since inception to 02/28/2015 are based on a simulated portfolio using the combined return of three representative strategies of KBI Global Investors, i.e. Water, Agribusiness and Energy Solutions, each weighted at 1/3 of the portfolio, rebalanced quarterly. Returns from 03/01/2015 are actual returns from the KBIGI Global Resource Solutions Strategy. Simulated performance is hypothetical and is provided for informational purposes only to indicate historical performance had the strategy been available over the relevant time period. It is not a reliable guide to future performance. Water returns are actual returns from the KBIGI Water Strategy. Agribusiness returns are based on the KBIGI Agri Strategy. Energy Solutions returns are based on the KBIGI Energy Solutions Strategy. See disclaimer for further information..

Portfolio Positioning

Resource	%
Energy Solutions	38.9
Water	33.5
Agribusiness	27.6

Geographical Breakdown

Region	%
North America	53.6
Europe	30.5
Emerging Markets	11.1
Japan	3.2
Pacific Basin ex Japan	1.6

Top 10 Holdings

Stock	Country	%
Nutrien Limited	Canada	2.1
First Solar Inc	US	2.1
Kurita Water Industries Limited	Japan	2.1
Veolia Environnement SA	France	2.0
Xylem Inc	US	1.8
Archer-Daniels-Midland Company	US	1.8
United Utilities Group Plc	UK	1.6
Valmont Industries Inc	US	1.6
Bunge Limited	US	1.6
Pentair PLC	US	1.5

Source of all data: KBI Global Investors. Data as of 31/12/19

Investment Team

Key People	Title	Investment Experience
CIO		
Noel O'Halloran	Chief Investment Officer	32yrs
Portfolio Management Team		
Colm O'Connor	Senior Portfolio Manager	17yrs
Andros Florides	Senior Portfolio Manager	24yrs
Treasa Ni Chonghaile	Senior Portfolio Manager	21yrs
Catherine Cahill	Senior Portfolio Manager	19yrs
Matt Sheldon	Senior Portfolio Manager	18yrs
Martin Conroy	Investment Analyst	16yrs
Eoin Fahy	Head of Responsible Investing, Chief Economist	31yrs

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Investment Process

We seek to precisely define and qualify the companies in our investment universe to assure that the opportunity set for investment is representative of the unique drivers of each of the Water, Agribusiness and Energy Solutions resources.

In order to qualify for inclusion, companies must meet one of the following revenue criteria:

- Pure Plays – Minimum 50% Revenue from the relevant resource
- Market Leaders – Minimum 10% of revenues from resources and a market leader in their sector/market/niche

We then apply specialist active management to add alpha through an interactive process of stock selection grounded in bottom-up fundamentals while taking into account top-down influences on individual companies and sectors. The objective is to identify securities and create a portfolio with a favourable risk/reward profile.

While we consider ourselves high conviction investors we believe strongly that investors benefit greatly from the diversification offered by the Global Resource Solutions strategy; not only by accessing the full breadth of our capabilities in the natural resources space, but also by the variety and balance of individual portfolio exposures within each underlying strategy.

Overview

GRS invests in the key resource areas of water, food and energy. These resources are critical to how we live and there are no substitutes. Significant demographic changes are set to raise demand for each of these resources sharply in coming decades. However, there are significant supply constraints across each of these essential resources.

The GRS strategy invests in companies that provide solutions to the problem of growing supply-demand imbalances across these scarce and essential resources. We believe this is an attractive source of growth that underpins the investment thesis for GRS.

Aging and insufficient infrastructure across these essential resources needs addressing. Infrastructure in developed markets is generally aged and needs adaptation. Electricity grids in developed markets need to take account of the growing share of intermittent renewable technologies. Another example is water infrastructure where leakage rates economies with ageing infrastructure can be at unacceptable levels. Investment in agriculture infrastructure is needed to reduce the large wastage that occurs between production and consumption.

Disruptive technologies such as the move to electric vehicles and the electrification of vehicles that will allow for safer driving are also leading to change. Infrastructure that will allow for the charging of such vehicles needs to be rolled out as a means of further enhancing adoption. Along with a fall in battery prices for electric vehicles, we see adoption of electric vehicles rising sharply in the decade ahead.

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