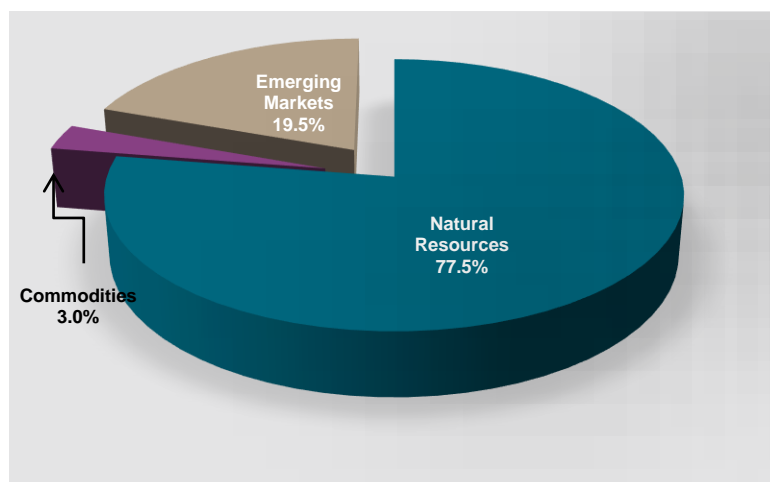


## KBIGI INNOVATOR FUND

Inception Date	October 2006
Benchmark	MSCI World Net Return Index
Innovator Fund Assets Under Management	€48.6m
Objective	> 3% p.a. on rolling 3 Years v MSCI World Index
Annual management fee	0.59%

## ASSET DISTRIBUTION



## INVESTMENT STRATEGY

The investment objective of the Innovator Fund is to provide investors with exposure to alternative, 'innovative' investment themes to which they would not already have exposure. The Fund seeks to capture the major investment themes and trends of current and future investment markets.

KBI Global Investors has identified the following long-term secular trends which we believe offer attractive investment opportunities for our clients and which underpin the Fund's investment philosophy:

- The spiralling global demand for scarce resources such as food, energy, water, commodities.
- The needs for the global economy to adapt to reduce carbon emissions.
- The impact of population growth, urbanisation and emergence of new consumers in developing economies.

The Fund is designed to generate high alpha and has a relatively high tracking error.

## FUND STRUCTURE

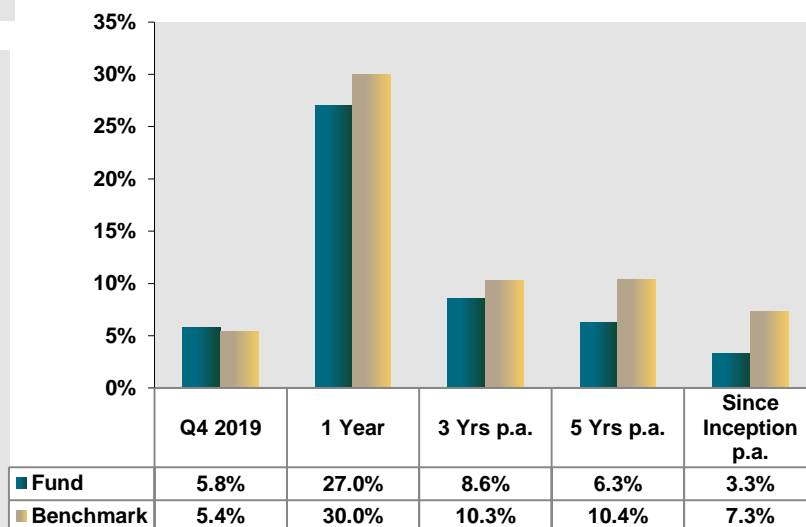
## Core Long Term Holdings (Max 100% &amp; Min 50%)

To provide access to a diversified group of alternative themes which we expect to generate superior returns over an investment horizon of 3-5 years.

The current Long Term Themes are:

- **Natural Resources**
- **Commodities**
- **Emerging Markets**

## PERFORMANCE



Source: KBIGI/Datastream/Bloomberg/MSCI. Benchmark: MSCI World Net Return Index. Returns are gross of fees in euro to 31/12/2019. See Disclaimers for further information.

## PERFORMANCE OF COMPONENTS Q4 2019

Natural Resources	Water	6.1%
	Energy Solutions	6.5%
	Global Sustainable Infrastructure	5.0%
Emerging Markets	KBIGI Emerging Markets	7.3%

Source: KBI Global Investors. Data as of 31/12/19 in euro gross of management fees.

## INVESTMENT THESIS

To provide investors with exposure to the components of economic growth that are largely ignored, i.e. innovation, entrepreneurial businesses, emerging industries and regions.

**Energy Solutions:** Companies active in producing, manufacturing, providing equipment or supplying power from sources such as wind power, solar power, as well as companies involved in the area of energy efficiency. This industry is growing rapidly with demand increasing on the back of the focus on renewable energy (fossil fuels are a limited resource) and climate change.

**Water:** Companies active in the water sector, including water treatment technology, engineering/consulting, environmental control, water/wastewater utility, miscellaneous equipment. The limited supply of water is coming under increasing pressure as global demand for water has more than trebled in the past 50 years.

**Agribusiness:** The investment opportunity exists due primarily to the long term supply/demand imbalance for food globally. We take advantage of this by investing in companies active across the entire food supply chain ('from farm to fork'). Agribusiness companies range from seed producers to agricultural producers (large scale farmers) to agricultural equipment suppliers to agricultural services companies.

**Emerging Markets:** Companies operating in emerging market economies such as Brazil, China, India, Korea, Russia, EU accession states, South Africa, Latin America, etc. The superior economic growth rates in these economies provide the opportunity for better returns. The continued rise of China & India as global manufacturing and servicing centres, the enlargement of the European Union, the outsourcing of cheaper labour, the growth of intra-Asian trade & the emergence of Russia as a major energy supplier are all key long-term trends in this asset class.

**Commodities:** Exposure is provided to a significant amount of commodities, including Crude Oil, Natural Gas, Gold, Silver, Copper, Aluminium, Lead, Zinc, Wheat, Cocoa, Corn, Live Cattle, etc. Commodities are real assets and therefore tend to react to changing economic fundamentals. The asset class is historically seen as a hedge against inflation and geopolitical risks, whilst being an ideal diversification tool in a multi-strategy fund.

## OVERVIEW

Equity markets ended the quarter with strong returns, as the MSCI World Index rose by 5.4%, to end the year with a 30% rise. In developed markets, all regions ended the quarter with positive returns as the UK led the way, with a return of 6.8%, followed by North America, the eurozone and Japan. Emerging Markets outperformed developed markets for the quarter. The more benign news emanating from the US/China trade talks, and the continuing conviction that this period of extraordinarily low interest rates is set to continue, provided a powerful tailwind for global stocks. Most sectors in the broad market ended the quarter in positive territory, with particular strength in IT and healthcare, while consumer staples and utilities were the only sectors to end in negative territory.

The KBI Innovator Fund increased by 5.8% over the quarter, outperforming the MSCI World, but underperforming the blended benchmark. The MSCI Emerging Markets index rose by 8.6% over the quarter, the FTSE ET50 Index rose by 14.8% and the Bloomberg Commodity Index rose by 1.4%. (all data in euros)

Asset allocation contributed to performance as environmental equities strongly outperformed the broad market, while the actively managed component of natural resource equities in the fund underperformed the FTSE ET50 index over the quarter. The Energy Solutions segment rose by 6.6%, Water rose by 6.2% and Agribusiness rose by 0.1%. The 'risk on' bias within broader market returns was reflected across the Water Infrastructure, Renewable Energy and Energy Efficiency segments within the strategy. At the same time, the typically more defensive Utilities segment also performed strongly. This largely reflected strong performance of UK utilities after the general election which largely put to rest market fears over the potential nationalisation of utilities had the Labour party gained power. Agri Inputs was the only sector to show negative returns, reflecting continued weakness in fertiliser prices. The emerging markets component made good gains although underperforming the respective MSCI index, while commodities rose as the oil price gained.

## CONTACT

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