

KBIGI Energy Solutions Strategy

Summary Details

Assets under Mgmt.	£58.7m
Strategy Inception Date	28 Feb 2006
Benchmark	Wilderhill New Energy Gbl Innovation Index
Number of Stocks	52
Risk Characteristics	
Beta (10 Yrs)	0.80
Information Ratio (10 Yrs)	0.04

Source: KBI Global Investors as of 31/03/20. The risk characteristics are calculated using monthly gross returns over a 10 year period relative to the Index as at the 31/03/20. The AUM listed above is Energy Solutions 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 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
Fund (Gross)	-17.9	-17.9	-2.0	5.3	5.3	1.8
Benchmark	-12.7	-12.7	4.5	3.9	4.0	1.4

Source: KBI Global Investors, Datastream as of 31/03/20.

Returns are gross of fees in GBP. Our firm claims GIPS compliance and is annually verified by an independent verification firm to be so. The verification report from our verifier and our GIPS composite presentation are available upon request. The performance record disclosed here is that of the firm's composite for this strategy. The strategy invests in an internationally diversified selection of shares in companies active in the clean energy sector. These companies are active in both producing, manufacturing, providing equipment or supplying power from renewable sources and those active in energy efficiency end markets. Renewable sources include technologies such as wind power, solar energy, hydro-power, biomass and geothermal. Energy efficiency end markets covers a wide range of end markets including the automotive sector (through the use of fuel efficient parts and electric vehicles), LED lighting and building insulation products for construction end markets, software and hardware devices for industrial and utility end markets. The portfolio contains circa 40-60 publicly traded stocks. The rapid ascendance of decarbonisation and the increased demand for both clean energy and energy efficient products is directly linked to five key drivers; increasing global energy demand to meet growing population and industrialization, limited supply of oil and natural gas, climate change – growing political and regulatory support for decarbonisation, falling costs of renewable energy through technological advancement and security of fuel supply is enhanced by local sources of energy. The benchmark is the Wilderhill New Energy Global Innovation Index, inclusive of gross income. The benchmark is comprised of companies worldwide whose innovative technologies and services focus on the generation and use of cleaner energy, conservation and efficiency. These companies have a low-carbon approach and provide technologies that help reduce emissions relative to traditional fossil fuel use. Sources of foreign exchange rates may be different between the composite and the benchmark; but not materially so. See disclaimers for further information.

Portfolio Positioning

Segment Breakdown

Sector	%
Energy Efficiency	44.1
Renewable Energy	35.0
Utilities	20.9

Geographical Breakdown

Region	%
North America	53.1
Europe	39.0
Emerging Markets	7.9

Top 10 Holdings

Stock	Country	%
First Solar Inc	US	5.2
Greencoat Renewables PLC	Ireland	4.6
National Grid Plc	UK	3.9
Vestas Wind Systems A/S	Denmark	3.8
Quanta Services Inc	US	3.3
Owens Corning	US	3.1
ASML Holding NV	Netherlands	3.1
ABB Limited - CHF	Switzerland	3.0
Samsung SDI Co Ltd	South Korea	2.9
Itron Inc	US	2.9

Source of all data: KBI Global Investors. Data as of 31/03/20

Investment Team

Key People	Title	Investment Experience
CIO		
Noel O'Halloran	Chief Investment Officer	32yrs
Portfolio Management Team		
Andros Florides	Senior Portfolio Manager	25yrs
Treasa Ni Chonghaile	Senior Portfolio Manager	21yrs
Colm O'Connor	Senior Portfolio Manager	17yrs
Eoin Fahy	Head of Responsible Investing, Chief Economist	32yrs
Trading		
Ultan O'Kane	Trader	14yrs

Contact Details

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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

Overview

We remain constructive on the prospects for the Renewable Energy segment. While the global pandemic may cause short-term demand disruptions as installations may be impeded, we believe the long-term nature of clean energy demand will overcome this. The falling wind and solar unit costs as well as supportive policies will continue to support medium and long-term demand. We favour the high quality, cash rich, technology leaders who can withstand near-term volatility. These include companies such as Vestas, the largest wind turbine manufacturer globally as well as the US solar utility scale developer First Solar.

Our Utilities and Renewable Energy infrastructure holdings remain a core defensive pillar of the strategy. We are encouraged by the resilience of these business models due to the majority of their cashflows being supported by long-term fixed power purchase agreements. The Energy efficiency segment is the most exposed to cyclical end markets. We are more cautious on those companies with direct consumer exposure as the macro environment worsens. However, we believe this strategy's focus on several secular growth trends including building technologies, smart grid, auto electrification, and disruptive technology such as energy storage, means it can do well even in a lower growth environment and bounce back the most as economies recover.

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