

Q1 2020 EUR

KBI Global Investors



KBIGI Global Resource Solutions Strategy

Summary Details

Assets under Mgmt.	€202.5m
Inception Date	01 Mar 2015
Benchmark	S&P Global Natural Resources NR Index
Number of Stocks	122

Risk Characteristics

Beta (5 Yrs)	0.68
Information Ratio (5 Yrs)	0.29
Tracking Error (5 Yrs)	10.34

Portfolio Statistics

	Strategy	Index
Current Dividend Yield	3.0%	5.5%
Price to Earnings (forward)	12.1x	12.3x
Price to Book	2.2x	2.2x
Weighted Avg Market Cap.	\$11.2bn	\$33.6bn

Source: KBI Global Investors as of 31/03/20. The risk characteristics are calculated using monthly gross returns over a 5 year period relative to the Index as at the 31/03/20. 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)	-23.1	-23.1	-12.8	-1.5	-0.9
Benchmark	-31.4	-31.4	-28.9	-7.8	-3.7

Source: KBI Global Investors, Datastream, MSCI as of 31/03/20. Returns are gross of fees in Euro. 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 Global Resource Solutions Strategy is a long-only global equity strategy 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. The S&P Global Natural Resources index includes some of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements. The benchmark offers a diversified and investable universe across three primary commodities-related sectors: agribusiness, energy, and metals & mining. The benchmark returns include the reinvestment of dividend income from these constituent companies represented in the index. See disclaimers for further information.

Portfolio Positioning

Resource	%
Energy Solutions	38.5
Water	33.3
Agribusiness	28.2

Geographical Breakdown

Region	%
North America	53.4
Europe	32.2
Emerging Markets	9.5
Japan	3.6
Pacific Basin ex Japan	1.3

Top 10 Holdings

Stock	Country	%
United Utilities Group Plc	UK	2.4
Kurita Water Industries Limited	Japan	2.4
Nutrien Limited	Canada	2.3
Veolia Environnement SA	France	1.9
First Solar Inc	US	1.9
Archer-Daniels-Midland Company	US	1.8
Bunge Limited	US	1.8
Xylem Inc	US	1.7
Pentair PLC	US	1.7
Greencoat Renewables PLC	Ireland	1.7

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		
Colm O'Connor	Senior Portfolio Manager	17yrs
Andros Florides	Senior Portfolio Manager	25yrs
Treasa Ni Chonghaile	Senior Portfolio Manager	21yrs
Catherine Cahill	Senior Portfolio Manager	20yrs
Matt Sheldon	Senior Portfolio Manager	18yrs
Martin Conroy	Portfolio Manager	16yrs
Eoin Fahy	Head of Responsible Investing, Chief Economist	32yrs

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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.

The shock to markets in Q1 has been significant and sudden. However, we steadfastly believe that the GRS strategy is well positioned to come out the other side given the above noted drivers.

A key part of our company research always involves a financial and liquidity analysis that is used to determine a company's ability to finance its growth ambitions and meet its ongoing liquidity requirements. Given the extraordinary circumstances witnessed over the period, we completed a thorough deep dive into all our companies across the strategy to once again stress-test this analysis. The outcome has reinforced our conviction level in the companies and the strategy as the world comes to terms with COVID-19.

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