

KBIGI Global Sustainable Infrastructure Strategy

Summary Details

Assets under Mgmt.	€30.0m	
Inception Date	01 Oct 2017	
Benchmark	S&P Global Infrastructure Index	
Number of Stocks	47	
Portfolio Statistics	Strategy	Index
Current Dividend Yield	4.7%	5.3%
Price to Earnings	12.8x	15.5x
Price to Book	2.0x	1.7x
Weighted Avg Market Cap.	\$13.0bn	\$33.2bn

Source: KBI Global Investors as of 31/03/20. Portfolio Statistics are of a representative account and are calculated relative to the Index. The AUM listed above is Infrastructure Strategy AUM. Weighted Avg. Mkt. Cap figures are in US Dollars.

Investment Thesis

There are compelling investment opportunities in infrastructure 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 KBI Global Sustainable Infrastructure Strategy is a global portfolio of 35-50 sustainable publicly traded infrastructure companies. The composition of our portfolio is demonstrative of where we believe we have a core competency, but more importantly where we believe a significant proportion of future infrastructure will occur, and where we believe investors lack exposure. Many commentators continue to highlight the vast amounts of money required to be spent on water infrastructure, clean energy infrastructure and the infrastructure necessary for the storage and transportation of food as a direct result of:

- Ageing and depleted assets in dire need of rehabilitation/replacement
- Population growth
- Rapidly expanding cities
- Societal and economic demand

The strategy provides exposure to companies that demonstrate strong infrastructure investment characteristics:

- High regulatory support
- Predictable and stable cash flow
- Long-term contractual businesses
- Low volatility of earnings
- Quality of assets and management

The strategy brings new sources of alpha to the infrastructure asset class seeking to provide exposure to long-term inflation. It is demonstrative of future investment and displays strong ESG credentials as well as providing investors with differentiation and diversification in what is an efficient asset class.

Annualised Performance (€)

	3Mths	YTD	1Yr	2Yrs	Since Incep
Fund (Gross)	-16.9	-16.9	-3.9	6.5	2.5
Fund (Net)	-17.0	-17.0	-4.6	5.7	1.7
Benchmark	-27.7	-27.7	-20.1	-2.7	-5.3

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

Returns are gross of fees in EUR. Net returns assume an annual management charge of 0.75%. 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 Infrastructure strategy invests in sustainable publicly-traded infrastructure companies that deliver strong investment returns within a robust risk framework. The strategy delivers material and diverse exposure to water and clean energy infrastructure, food storage, transportation and farmland. Further, integrating ESG considerations is key to our investment process given our belief that companies with good governance and whose products and services enhance social or environmental goals are likely to have long, durable, sustainable business models. The benchmark is the S&P Global Infrastructure index, net of taxes on dividend income. The index is comprised of listed infrastructure securities from across the world. To create diversified exposure, the index provider includes three distinct infrastructure clusters within the index structure; energy, transportation and utilities. See disclaimers for further information.

Portfolio Positioning

Sector Breakdown

Sector	%
Utilities	46.1
Asset Owners	33.4
Infrastructure Capex	20.5

Geographical Breakdown

Region	%
North America	44.7
Europe	43.1
Emerging Markets	9.0
Japan	3.2

Top 10 Holdings

Stock	Country	%
Greencoat Renewables PLC	Ireland	6.7
National Grid Plc	UK	6.4
Covanta Holding Corporation	US	4.6
Gladstone Land Corporation	US	4.5
International Public Partnerships Ltd	Guernsey	4.4
GCP Infrastructure Investments Ltd	Jersey	4.1
Hydro One Ltd	Canada	4.0
Enel SpA	Italy	3.7
Kurita Water Industries Limited	Japan	3.5
Nextera Energy Inc	US	3.2

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

Investment Team

Key People	Title	Investment Experience
Portfolio Management Team		
Colm O'Connor	Senior Portfolio Manager	17yrs
Noel O'Halloran	Chief Investment Officer	32yrs
Investment Team		
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
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 benchmark.

Identification of sustainable companies as either:

- **Pure plays** (>50% of sales from either Water, Agri or Clean Energy) or
- **Market leaders** (>10% sales and also be a global leader)

Identification of infrastructure companies as either:

- Owners or operators of sustainable infrastructure assets or
- Beneficiaries of sustainable infrastructure investment

Weighting Sector

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

Stock Selection

- Focus on asset-intensive (often monopolistic) businesses with long-duration contracts (often with strong regulatory or government backing) producing stable cash flow generation with inflation protection.
- Emphasis on companies with predictive and stable dividend yields, strong fundamentals, stable management and attractive valuations.

Overview

The Global Sustainable Infrastructure fund invests in a diversified portfolio of owners and operators of infrastructure assets as well as companies exposed to increased infrastructure capex spend. The portfolio invests in long duration assets within Water, Clean Energy and Agri business end markets. Importantly, the bulk of the end markets within the portfolio are not tied to the economic cycle and have minimal commodity price exposure. The strategy looks to invest in long term infrastructure assets which are producing predictable cash flows (often inflation linked). The portfolio is diversified across multiple geographies and exposed to multiple different regulatory environments. When building the portfolio, we aim to provide exposure to stable regulatory environments.

It is widely expected that trillions of dollars will be spent on infrastructure over the coming decades with much of that focused on investment in ageing water infrastructure and the clean energy transition. We expect governments to continue to decouple from fossil fuels over the coming years as worries over climate change and the rapid advances in wind and solar costs will continue to drive growth in capacity. We expect governments to accelerate plans to stimulate global economies via fiscal incentives over the coming months. There is likely to be a significant fall in GDP across the globe in Q2: lower interest rates and quantitative easing will not be enough to stimulate economic growth. Rising unemployment, deteriorating consumer and business sentiment is likely to further weigh on economic growth. We believe governments are aware of the critical role infrastructure investment could play in reigniting economic growth in H2 2020 and 2021. While we now expect global CO2 emissions to decline for the first time in 2020, we do not anticipate government commitment to lowering emissions will wane. We have conducted a deep review of all holdings within the portfolio, analysing solvency/leverage ratios, durability of earnings and durability of dividends. We are encouraged by the fact most companies have reaffirmed dividends, underscoring a high degree of confidence in end market resilience.

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