Q1 2020

KBIGI Innovator Fund

KBIGI INNOVATOR FUND

Inception Date	**October 2006**
Benchmark	**MSCI World Net Return Index**
Innovator Fund Assets Under Management	**€36.5m**
Objective	**> 3% p.a. on rolling 3 Years v MSCI World Index**
Annual management fee	**0.59%**

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

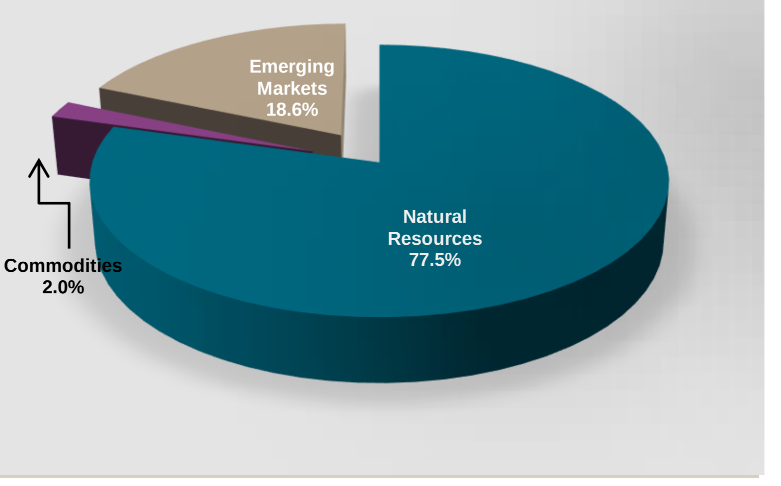
Core Long Term Holdings (Max 100% & Min 50%)

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.

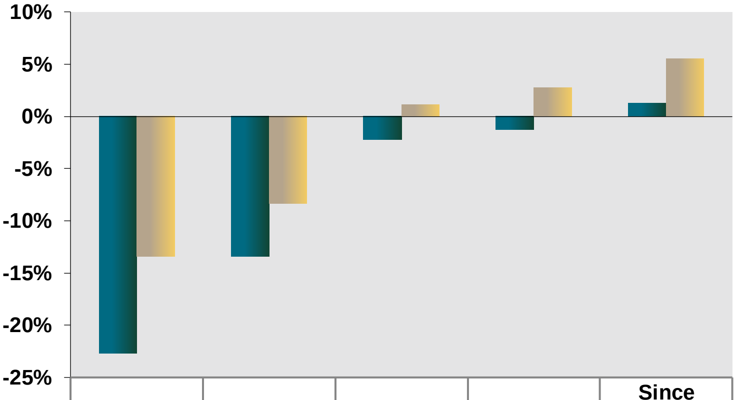
The current Long Term Themes are:

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

ASSET DISTRIBUTION



PERFORMANCE



	Q1 2020	1 Year	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Fund	-22.7%	-13.4%	-2.2%	-1.3%	1.3%
Benchmark	-13.4%	-8.3%	1.1%	2.8%	5.5%

Source: KBIGI/Datastream/Bloomberg/MSCI. Benchmark: MSCI World Net Return Index. Returns are gross of fees in euro to 31/03/2020. See Disclaimers for further information.

PERFORMANCE OF COMPONENTS Q1 2020

Natural Resources	Water Energy Solutions Global Sustainable Infrastructure	-23.31% -21.48% -16.95%
Emerging Markets	KBIGI Emerging Markets	-21.98%

Source: KBI Global Investors. Data as of 31/03/2020 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 out-sourcing 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

Global equity markets fell sharply over the quarter in reaction to the spread of the Covid-19 virus and its impact on economic activity. The MSCI World Index fell by 19.2% as all regions ended the quarter with negative returns. The UK fell by 27.2%, the eurozone by 25.1%, Pacific ex Japan fell by 25.9% and North America declined by 18.3%. Emerging Markets underperformed developed markets for the quarter, falling particularly sharply in March as investors fled for safety, and emerging market currencies were particularly weak. All sectors in the broad market ended the quarter in negative territory, with particular weakness in the energy and financials sectors.

The KBI Innovator Fund declined by 22.7% over the quarter, underperforming the MSCI World, and the blended benchmark. The MSCI Emerging Markets index declined by 21.8% over the quarter, the FTSE ET50 Index fell by 14.7% and the Bloomberg Commodity Index declined by 21.5%. (all data in euros)

Asset allocation contributed to performance as environmental equities 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 fell by 21.5%, Water declined by 23.3% and Agribusiness declined by 27.2%. The collapse in broader market returns was most notably reflected across the more cyclical Water Infrastructure and Energy Efficiency segments. Encouragingly, the Renewable Energy segment weathered the market onslaught on a better relative basis as the space has matured significantly compared to prior downturns with renewable solutions now cost competitive in many jurisdictions. The Agribusiness resource was also notably weak, reflecting the links between energy prices (oil and natural gas prices collapsed) and grains, fertilisers and crop chemical prices. The more defensive Energy and Water Utilities segments also performed relatively strongly as one would expect in such a market environment. The Global Sustainable Infrastructure segment outperformed the broad market as the strategy did not own any traditional energy names or transportation names such as toll roads and airports, while stock selection within asset owners and utilities performed well. The emerging markets component slightly underperformed the respective MSCI index, while commodities declined as the oil price fell sharply.

CONTACT

Mabel Ward
Tel: +353 1 438 4711
E-Mail: mabel.ward@kbigi.com
Web: www.kbiglobalinvestors.com