

# Q2 2020 USD

KBI Global Investors



## KBIGI Global Sustainable Infrastructure Strategy

### Summary Details

Assets under Mgmt.	\$43.2m	
Inception Date	01 Oct 2017	
Benchmark	S&P Global Infrastructure Index	
Number of Stocks	48	
Portfolio Statistics	Strategy	Index
Current Dividend Yield	3.7%	4.1%
Price to Earnings	15.5x	17.7x
Price to Book	2.2x	1.8x
Weighted Avg Market Cap.	\$15.6bn	\$33.5bn

Source: KBI Global Investors as of 06/30/20. Portfolio Statistics are of a representative account and are calculated relative to the Index. The AUM listed above is Infrastructure Strategy AUM. This is the combined AUM of KBI Global Investors Ltd and KBI Global Investors (North America) Ltd. 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 30-60 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	Since Incep
Strategy (Gross)	15.1	-6.4	3.1	4.8
Strategy (Net)	14.9	-6.8	2.2	3.9
Benchmark	13.6	-19.7	-15.4	-3.0

Source: KBI Global Investors, Datastream, MSCI as of 06/30/20.

Returns are gross of fees in USD. 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	47.3
Asset Owners	32.5
Infrastructure Capex	20.2

#### Geographical Breakdown

Region	%
North America	46.5
Europe	42.8
Emerging Markets	8.1
Japan	2.6

#### Top 10 Holdings

Stock	Country	%
National Grid Plc	UK	6.7
Greencoat Renewables PLC	Ireland	5.7
Covanta Holding Corporation	US	5.0
Nextera Energy Inc	US	4.4
Hydro One Ltd	Canada	4.2
GCP Infrastructure Investments Ltd	Jersey	4.1
Enel SpA	Italy	3.4
International Public Partnerships Ltd	Guernsey	3.4
Iberdrola SA	Spain	3.1
Gladstone Land Corporation	US	3.1

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 06/30/20 based on the aggregate USD value. Each quarter KBI Global Investors uses this same objective, non-performance based criteria to select the ten largest holdings. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the strategy, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.

## Investment Team

Infrastructure Portfolio Management Team	Role	Investment Experience
Colm O'Connor	Lead Portfolio Manager	17yrs
Noel O'Halloran	Co Portfolio Manger	32yrs
Martin Conroy	Co Portfolio Manager	16yrs
Investment Team	Title	Investment Experience
Treasa Ni Chonghaile	Senior Portfolio Manager	21yrs
Catherine Cahill	Senior Portfolio Manager	20yrs
Matt Sheldon	Senior Portfolio Manager	18yrs
Andros Florides	Senior Portfolio Manager	25yrs
Eoin Fahy	Head of Responsible Investing	32yrs
Ultan O'Kane	Trader	14yrs

## Contact Details

**Address:** KBI Global Investors (North America) Ltd.  
One Boston Place, 201 Washington Street Boston, MA  
02108

**Phone:** +1 617-621-7141

**Email:** [info@kbigi.com](mailto:info@kbigi.com)

**Web:** [www.kbiglobalinvestors.com](http://www.kbiglobalinvestors.com)

## 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 strategy 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.

GSIS invests in the key resource areas of water, food and energy. Significant demographic changes (such as population growth, emerging market middle class growth and urbanization etc) are set to raise demand for each of these resources sharply over coming decades. However, there are significant supply constraints across each of these essential resources. Increased regulations and environmental concerns are also playing an ever-increasing role in the adoption of sustainable and cleaner supply of these resources.

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.

## Disclaimer

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The firm definition has been re-defined on two occasions over recent years; on 30 September 2010 to reflect the firm's sale to RHJI by our previous parent firm KBC Asset Management NV, and on 1 October 2016 to reflect the firm's sale to Amundi Asset Management. No change in investment process arose as a result of these sales. To receive a copy of the compliant presentation and/or a list of composite descriptions, please contact sales@kbigi.com. Gross results shown do not show the deduction of Adviser's fees. A client's actual return will be reduced by the advisory fees and any other expenses which may be incurred in the management of an investment advisory account. See Part 2 of Adviser's Form ADV for a complete description of the investment advisory fees customarily charged by Adviser. 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