

## Summary Details

Assets under Mgmt.	€1.1bn
Inception Date	03 Mar 2006
Benchmark	MSCI ACWI Index NR
Number of Stocks	48

## Risk Characteristics

Beta (10 Yrs)	1.07
Information Ratio (10 Yrs)	0.04

## Portfolio Statistics

	Strategy	Index
Current Dividend Yield	2.3%	2.3%
Price to Earnings (forward)	15.4x	19.2x
Price to Book	3.1x	2.1x
Weighted Avg Market Cap.	\$10.2bn	\$216.0bn

Source: KBI Global Investors as of 30/06/20. The risk characteristics are calculated using monthly gross returns over a 10 year period relative to the Index as at the 30/06/20. Portfolio Statistics are of a representative account and are calculated relative to the Index. The AUM listed above is Water 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 KBI Global Investors' Water Strategy is a long-only, high-conviction global equity portfolio investing in 30-60 global companies providing solutions to water scarcity. The strategy has been investing in companies active across all parts of the water cycle including Water and Wastewater Utilities, Water Infrastructure and Water Technology since 2000.

The Water Strategy provides exposure to a number of dominant and persistent themes:

- Global growth
- Natural resource scarcity
- Infrastructure spending
- Emerging market growth
- Mergers and acquisitions

Water 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 ensure exposure to the water theme and then identifying companies with strong fundamentals, leading products, and attractive valuations.

## Annualised Performance (€)

	3Mths	YTD	1Yr	3Yrs	5Yrs	10Yrs
Fund (Gross)	15.7	-11.1	-1.1	3.5	5.4	10.4
Benchmark	16.5	-6.3	3.5	6.7	6.3	10.1

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

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 Water strategy gives investors the opportunity to invest in companies whose revenues are closely linked to the water industry. The strategy invests in circa 40 to 70 internationally diversified companies active across the water cycle - the range of activities needed to provide clean water to the end user (human, industrial, agricultural) and return it to nature. The firm invests across all parts of the cycle including: Water and Wastewater Treatment, Water Testing, Infrastructure, Filtration, Engineering/Consulting Services and Pumps/Valves. The strategy is managed by a dedicated, specialist team of investment professionals in Boston, USA and Dublin, Ireland. The benchmark is the MSCI AC World Index, inclusive of net income. The benchmark is designed to measure the equity market performance of developed and emerging market countries. The benchmark is market-cap weighted. Sources of foreign exchange rates may be different between the composite and the benchmark; but not materially so. Benchmark returns assume the reinvestment of dividends after the deduction of withholding taxes. See disclaimers for further information

Portfolio Positioning  
Segment Breakdown

Sector	%
Water Infrastructure	39.2
Water/Wastewater Utility	30.6
Water Technology	30.2

## Geographical Breakdown

Region	%
North America	51.2
Europe	29.9
Emerging Markets	12.7
Japan	5.7
Pacific Basin ex Japan	0.5

## Top 10 Holdings

Stock	Country	%
United Utilities Group Plc	UK	6.4
Kurita Water Industries Limited	Japan	5.7
Veolia Environnement SA	France	5.2
Pentair PLC	US	5.0
Valmont Industries Inc	US	4.2
Essential Utilities Inc	US	4.1
Fortune Brands Home & Security Inc	US	4.0
Coway Co Limited	South Korea	3.5
SPX Corporation	US	3.4
Danaher Corporation	US	3.3

Source of all data: KBI Global Investors. Data as of 30/06/20

## Investment Team

Water Portfolio Management Team	Role	Investment Experience
Catherine Cahill	Lead Portfolio Manager	20yrs
Matt Sheldon	Lead Portfolio Manager	18yrs
Martin Conroy	Co Portfolio Manager	16yrs

  

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

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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

The strategy entered 2020 with a balanced and well-diversified portfolio with a bias towards infrastructure spending and utility services, areas expected to be more resilient given the late stage in the economic cycle, and also because of their essential nature. The impact of the coronavirus on the global economy and world financial markets was unforeseen and unprecedented in the speed of this impact and its severity. Equally, the bounce back in recent weeks is unprecedented.

As bottom-up focused, fundamental long-term investors, we have spent a lot of time recently analysing the portfolio at the stock level across a number of different metrics from balance sheet strength to liquidity requirements to sensitivity analysis on end markets and stress testing earnings based on the tougher environment we see coming down the tracks.

We are of the view that it is probable that our initial analysis around the extent of earnings declines in 2020 will actually prove overly pessimistic, with earnings now believed to be better than we originally anticipated for the strategy, and less severe than the declines anticipated for the broader market. We have continued to trim or sell completely out of positions where we feel that fundamentals have changed or earnings power has been impaired. We have also taken advantage of the extreme volatility to add some new names to the portfolio, broadening the breadth of our exposures, upgrading the quality and improving on the upside-asymmetry.

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