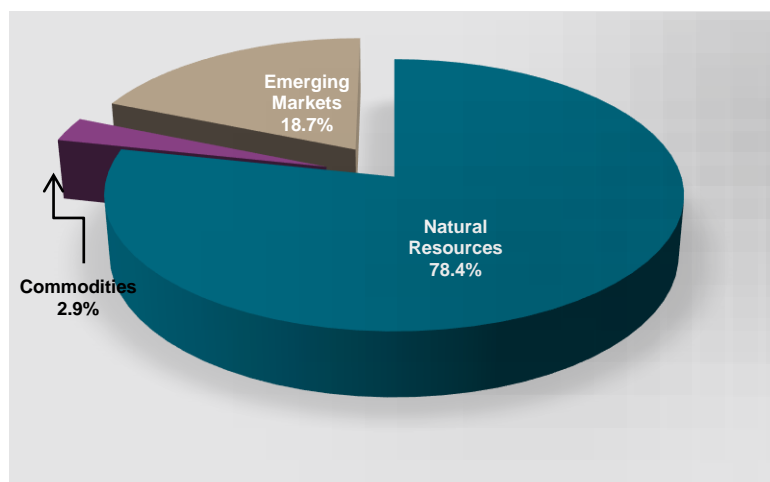


## KBIGI INNOVATOR FUND

<b>Inception Date</b>	October 2006
<b>Benchmark</b>	MSCI World Net Return Index
<b>Innovator Fund Assets Under Management</b>	€47.2m
<b>Objective</b>	> 3% p.a. on rolling 3 Years v MSCI World Index
<b>Annual management fee</b>	0.59%

## ASSET DISTRIBUTION



## 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

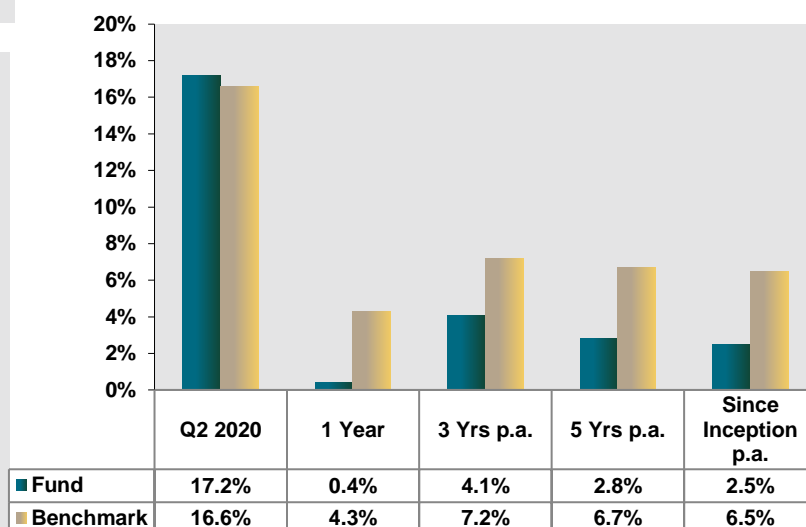
## Core Long Term Holdings (Max 100% &amp; Min 50%)

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**

## PERFORMANCE



Source: KBIGI/Datastream/Bloomberg/MSCI. Benchmark: MSCI World Net Return Index. Returns are gross of fees in euro to 30/06/2020. See Disclaimers for further information.

## PERFORMANCE OF COMPONENTS Q2 2020

<b>Natural Resources</b>	Water	15.98%
	Energy Solutions	27.13%
	Global Sustainable Infrastructure	12.49%
<b>Emerging Markets</b>	KBIGI Emerging Markets	14.11%

Source: KBI Global Investors. Data as of 30/06/2020 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 outsourcing 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 recovered over the second quarter as European countries saw a fall in daily new Covid-19 infections, and governments and central banks provided a large amount of stimuli in order to reopen economies. The MSCI World Index rose by 16.6% and all regions and sectors ended the quarter with positive returns, while emerging markets slightly underperformed developed markets. All sectors in the broad market ended the quarter in positive territory, with particular strength in the IT, Consumer Discretionary and Materials sectors, while Consumer Staples and Utilities lagged.

The KBI Innovator Fund rose by 17.2% over the quarter, outperforming the MSCI World, while underperforming the blended benchmark. The MSCI Emerging Markets index rose by 15.4% over the quarter, the FTSE ET50 Index rose by 29.4% and the Bloomberg Commodity Index rise by 2.7%. (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 rose by 26.6%, Water gained 17.7% and Agribusiness rose by 14.5%. The rebound in broader market returns was most notably reflected across the more cyclical segments of Energy Efficiency and Water Infrastructure. Renewable Energy was also a top performing segment largely due to the announcement of several stimulus packages, most notably across Europe and the US. Agribusiness lagged among the three resources but still performed well, reflecting the links between energy prices and grains, fertilisers and crop chemical prices, as well as continued uncertainties over US-China trade. The more defensive Energy and Water Utilities segments also lagged in the strong market recovery.

The Global Sustainable Infrastructure segment also made good gains although underperformed the broad market. Infrastructure capex stocks outperformed while the more defensive utilities generated more modest returns as European utilities performed better than Asian and UK utility names. European strength was driven by both improving economic activity levels and optimism surrounding the €750bn stimulus package proposed by the European commission. The emerging markets component underperformed the respective MSCI index, while commodities made small gains as the oil price climbed back up to US\$41, and gold and copper made positive gains.

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