

KBIGI Global Resource Solutions Strategy

Summary Details

Assets under Mgmt.	£229.0m
Inception Date	01 Mar 2015
Benchmark	S&P Global Natural Resources NR Index
Number of Stocks	122

Risk Characteristics

Beta (5 Yrs)	0.62
Information Ratio (5 Yrs)	0.43
Tracking Error (5 Yrs)	10.64

Portfolio Statistics	Strategy	Index
Current Dividend Yield	2.1%	4.4%
Price to Earnings (forward)	17.3x	15.2x
Price to Book	3.0x	2.3x
Weighted Avg Market Cap.	\$15.0bn	\$39.4bn

Source: KBI Global Investors as of 30/09/20. The risk characteristics are calculated using monthly gross returns over a 5 year period relative to the Index as at the 30/09/20. Portfolio Statistics are of a representative account and are calculated relative to the Index. The AUM listed above is Global Resource Solutions 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 KBIGI Global Resource Solutions Strategy (GRS) is a long-only natural resources portfolio investing in securities across a broad range of companies providing value-added solutions to the increasingly challenging provision of vital natural resources. The opportunities are dominated by increasing investment in infrastructure and technological advancement across water, agribusiness and energy.

Our proprietary investment universe for the GRS strategy includes more than 500 stocks, worldwide, ranging across Water, Energy Solutions and Agribusiness. These stocks cover a far greater number of sectors than is typical for a natural resources strategy. GRS's differentiated equity holdings deliver the diversification that investors seek from a natural resource allocation.

GRS 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 and then identifying companies with strong fundamentals and attractive valuations.

Annualised Performance (£)

	3Mths	YTD	1Yr	3Yrs	5Yrs
Fund (Gross)	9.9	8.7	10.1	8.8	14.4
Benchmark	-2.6	-15.9	-14.4	-2.2	9.4

Source: KBI Global Investors, Datastream, MSCI as of 30/09/20.

Returns are gross of fees in GBP. 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 Global Resource Solutions Strategy is a long-only global equity strategy investing in securities across a broad range of companies providing value-added solutions to the increasingly challenging provision of vital natural resources. The opportunities are dominated by increasing investment in infrastructure and technological advancement across water, agribusiness and energy. The S&P Global Natural Resources index includes some of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements. The benchmark offers a diversified and investable universe across three primary commodities-related sectors: agribusiness, energy, and metals & mining. The benchmark returns include the reinvestment of dividend income from these constituent companies represented in the index. See disclaimers for further information.

Portfolio Positioning

Resource	%
Water	39.3
Energy Solutions	36.2
Agribusiness	24.5

Geographical Breakdown

Region	%
North America	53.8
Europe	30.6
Emerging Markets	11.9
Japan	2.5
Pacific Basin ex Japan	1.2

Top 10 Holdings

Stock	Country	%
United Utilities Group Plc	UK	2.6
Veolia Environnement SA	France	2.5
Pentair PLC	US	2.3
Kurita Water Industries Limited	Japan	2.0
Essential Utilities Inc	US	1.9
Nutrien Limited	Canada	1.9
First Solar Inc	US	1.9
Valmont Industries Inc	US	1.8
Xylem Inc	US	1.6
Coway Co Limited	South Korea	1.5

Source of all data: KBI Global Investors. Data as of 30/09/20

Investment Team

GRS Portfolio Management Team	Role	Investment Experience
Noel O'Halloran	Lead Portfolio Manager	33yrs
Andros Florides	Co Portfolio Manager	25yrs
Colm O'Connor	Co Portfolio Manager	18yrs
Investment Team	Title	Investment Experience
Treasa Ni Chonghaile	Senior Portfolio Manager	21yrs
Martin Conroy	Portfolio Manager	17yrs
Catherine Cahill	Senior Portfolio Manager	20yrs
Matt Sheldon	Senior Portfolio Manager	18yrs
Eoin Fahy	Head of Responsible Investing	32yrs
Ultan O'Kane	Trader	15yrs

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Investment Process

We seek to precisely define and qualify the companies in our investment universe to assure that the opportunity set for investment is representative of the unique drivers of each of the Water, Agribusiness and Energy Solutions resources.

In order to qualify for inclusion, companies must meet one of the following revenue criteria:

- Pure Plays – Minimum 50% Revenue from the relevant resource
- Market Leaders – Minimum 10% of revenues from resources and a market leader in their sector/market/niche

We then apply specialist active management to add alpha through an interactive process of stock selection grounded in bottom-up fundamentals while taking into account top-down influences on individual companies and sectors. The objective is to identify securities and create a portfolio with a favourable risk/reward profile.

While we consider ourselves high conviction investors we believe strongly that investors benefit greatly from the diversification offered by the Global Resource Solutions strategy; not only by accessing the full breadth of our capabilities in the natural resources space, but also by the variety and balance of individual portfolio exposures within each underlying strategy.

Overview

GRS invests in the key resources of water, food and energy. These resources are critical to how we live and there are no substitutes. GRS invests in companies that provide solutions to the problem of growing supply-demand imbalances across these scarce and essential resources, which are driven by a combination of demographic changes and significant supply constraints.

Regulation and government policies increasingly support the drivers underlying GRS. Sustainable energy policies and energy independence is key to the growth in renewable energy. Adoption of wind and solar have been spurred by falling costs such that they are cheaper than fossil fuel alternatives in a growing number of countries. The increasing drive by countries to work towards net zero emissions by 2050 is hugely supportive. For example, the introduction and evolution of the European Green Deal is notable. Indeed, policy support has in fact come centre stage globally in light of the COVID-19 related recession, highlighting the economic (as costs have fallen sharply) and societal benefits of these moves.

Ageing and insufficient infrastructure across these essential resources needs addressing. Infrastructure in developed markets is generally aged and needs adaptation. Electricity grids in developed markets need to adapt to the growing share of intermittent renewable technologies. The building of 'smart' grids is essential for matching supply and demand of energy in this new world. Water leakage rates due to ageing infrastructure can be at unacceptable levels. Investment in agriculture infrastructure is needed to reduce the large wastage that occurs between production and consumption.

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