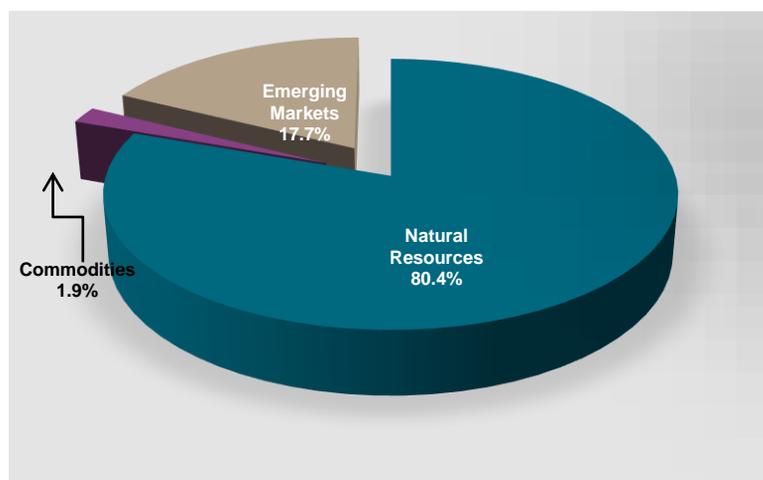


## KBIGI INNOVATOR FUND

Inception Date	October 2006
Benchmark	MSCI World Net Return Index
Innovator Fund Assets Under Management	€44.1m
Objective	> 3% p.a. on rolling 3 Years v MSCI World Index
Annual management fee	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

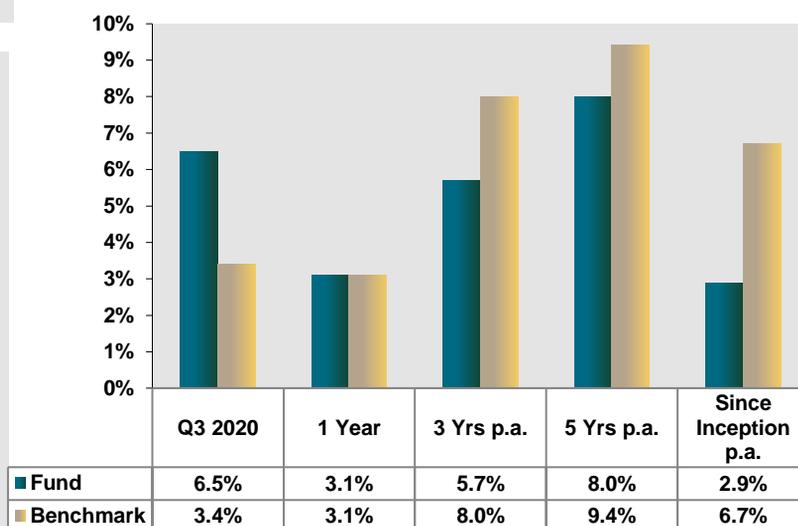
## Core Long Term Holdings (Max 100% &amp; Min 50%)

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 30/09/2020. See Disclaimers for further information.

## PERFORMANCE OF COMPONENTS Q3 2020

Natural Resources	Water	21.82%
	Energy Solutions	46.76%
	Global Sustainable Infrastructure	13.88%
Emerging Markets	KBIGI Emerging Markets	14.69%

Source: KBI Global Investors. Data as of 30/09/2020 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 were largely positive in the third quarter. After the summer, European countries started to see a rise in Covid-19 infections again, and policymakers cushioned the economy by using targeted measures instead of countrywide lockdowns. The MSCI World Index rose by 3.4%, as UK equities declined by 4.4% while eurozone equities rose by 0.2%, Pacific ex Japan declined by 2.3% and North America increased by 4.7%.

The KBI Innovator Fund rose by 6.5% over the quarter, outperforming the MSCI World, while underperforming the blended benchmark. The MSCI Emerging Markets index rose by 4.9% outperforming developed markets, the FTSE ET50 Index rose by 23.6% and the Bloomberg Commodity Index rose by 4.5%. (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 rose by 15.6%, Water gained 5.4% and Agribusiness rose by 8.8%. Performance over the period was led by higher growth segments (Renewable Energy, Energy Efficiency, Water Infrastructure and Water Technology) with more defensive utilities across the energy and water space lagging. Renewable Energy was the standout performer as clean energy became the central theme of various stimulus packages. The EU increased their target to reduce carbon emissions while China set net-zero emissions targets for the first time.

The Global Sustainable Infrastructure segment gained 1.2%. Across the 3 sectors, utilities underperformed as returns from our HK and US water utilities weighed on performance. The standout sector was infrastructure capex with strong returns from clean energy names such as Quanta Services, First Solar and Pinnacle Renewables who all posted better than expected earnings results.

The emerging markets component underperformed the respective MSCI index as growth outperformed value by a significant 9.5% over the quarter. Growth outperformed value in every region, and was particularly strong in Asia. Commodities rose over the quarter, as global demand returned and supply chains began to recover from Covid19 restrictions around the globe.

## CONTACT

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