

KBIGI Global Resource Solutions Strategy

Summary Details

Assets under Mgmt.	€307.6m
Inception Date	01 Mar 2015
Benchmark	S&P Global Natural Resources NR Index
Number of Stocks	118
Revenue Alignment SDG Score	74.7%

Risk Characteristics

Beta (5 Yrs)	0.69
Information Ratio (5 Yrs)	0.37
Tracking Error (5 Yrs)	10.63

Portfolio Statistics	Strategy	Index
Current Dividend Yield	2.0%	3.9%
Price to Earnings (forward)	18.9x	14.6x
Price to Book	3.5x	2.4x
Weighted Avg Market Cap.	\$17.5bn	\$48.1bn

Source: KBI Global Investors as of 31/12/20. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of a representative account managed to the same strategy over a 5 year period relative to the Index as at the 31/12/20. Portfolio and Benchmark Statistics are from a representative account managed to the same strategy and the benchmark respectively. KBI Global Investors independently estimate these statistics for both the portfolio and the benchmark. The AUM listed above is Global Resource Solutions Strategy AUM. Weighted Avg. Mkt. Cap figures are in US Dollars. The Revenue Alignment SDG Score measures the portfolio contribution to the achievement of United Nations Sustainable Development Goals. Calculations are based on KBIGI's own methodology and are not independently verified as at 12/31/2019 (annually).

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

Annualised Performance (€)

	3Mths	YTD	1Yr	3Yrs	5Yrs
Fund (Gross)	19.6	21.3	21.3	12.7	11.7
Benchmark	16.7	-8.3	-8.3	-0.2	7.6

Source: KBI Global Investors, Datastream, MSCI as of 31/12/20.

KBI calculate both NAV returns and benchmark returns. 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 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	%
Clean Energy	38.8
Water	37.3
Agribusiness	23.9

Geographical Breakdown

Region	%
North America	50.8
Europe	33.7
Emerging Markets	11.9
Japan	2.4
Pacific Basin ex Japan	1.2

Top 10 Holdings

Stock	Country	%
United Utilities Group Plc	UK	2.6
Veolia Environnement SA	France	2.6
Valmont Industries Inc	US	1.8
Kurita Water Industries Limited	Japan	1.8
Pentair PLC	US	1.7
Nutrien Limited	Canada	1.7
Essential Utilities Inc	US	1.7
Livent Corp	US	1.6
Samsung SDI Co Ltd	South Korea	1.6
First Solar Inc	US	1.6

Source of all data: KBI Global Investors. Data as of 31/12/20

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.

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.

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	22yrs
Martin Conroy	Portfolio Manager	17yrs
Catherine Cahill	Senior Portfolio Manager	20yrs
Matt Sheldon	Senior Portfolio Manager	19yrs
Eoin Fahy	Head of Responsible Investing	32yrs
Ultan O'Kane	Trader	15yrs

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Overview

The strategy 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 significant demographic changes and significant supply constraints. We believe this is an attractive source of growth that underpins the investment thesis for GRS.

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. Added to this, we have increasingly seen corporates undertake a greening of their energy needs, sourcing energy from renewable sources under long term purchasing power agreements.

Aging 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.

Advances in technology offer the ability to improve supply, curtail demand, increase efficiency and reduce waste across food, energy and water. For example, the evolution of precision agriculture which uses the combination of data and data analysis along with technology and agronomy know how to improve crop yields, at the same enhancing the efficiency of inputs such as fertilisers and water use, thereby reducing costs and the environmental impact. Disruptive technologies such as electric vehicles and the electrification of vehicles are leading to change.

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