

## KBIGI INNOVATOR FUND

Inception Date	October 2006
Benchmark	MSCI World Net Return Index
Innovator Fund Assets Under Management	€51.5m
Objective	> 3% p.a. on rolling 3 Years v MSCI World Index
Annual management fee	0.59%

## 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

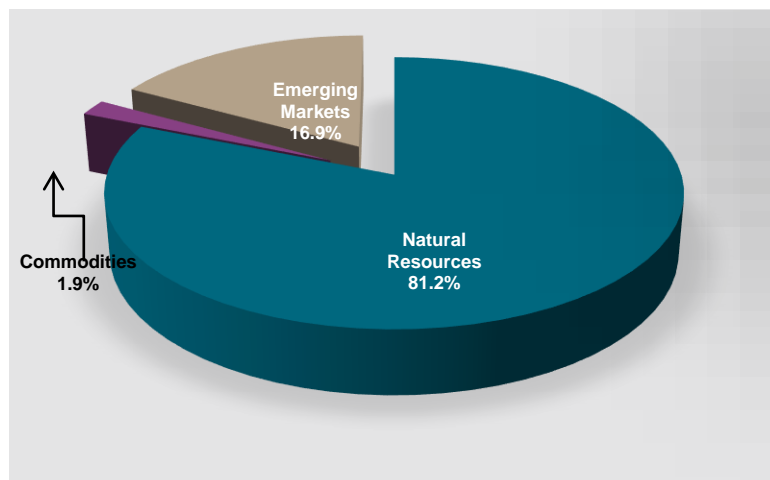
## Core Long Term Holdings (Max 100% &amp; Min 50%)

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.

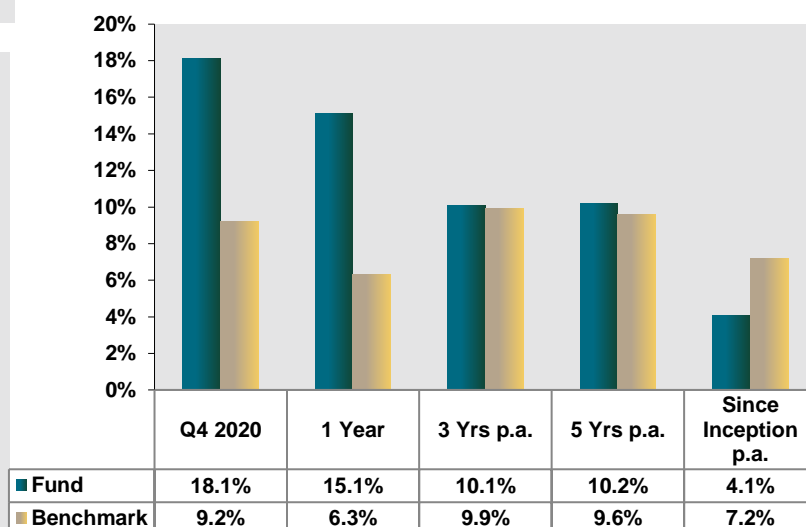
The current Long Term Themes are:

- **Natural Resources**
- **Commodities**
- **Emerging Markets**

## ASSET DISTRIBUTION



## PERFORMANCE



Source: KBIGI/Datastream/Bloomberg/MSCI. Benchmark: MSCI World Net Return Index. Returns are gross of fees in euro to 31/12/2020. See Disclaimers for further information.

## PERFORMANCE OF COMPONENTS Q4 2020

Natural Resources	Water	12.92%
	Energy Solutions	30.63%
	Global Sustainable Infrastructure	13.88%
Emerging Markets	KBIGI Emerging Markets	16.40%

Source: KBI Global Investors. Data as of 31/12/2020 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 out-sourcing 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 positive in the fourth quarter. Entering the winter months, many countries started to see a sharp rise in Covid-19 infections again, but the announcement of three successful vaccines at the end of November, brought welcome relief. The MSCI World Index rose by 9.2%, as UK equities rose by 12.1% while eurozone equities rose by 12.7%, Pacific ex Japan rose by 15.1% and North America increased by 8.3%.

The KBI Innovator Fund rose by 18.2% over the quarter, strongly outperforming the MSCI World, while underperforming the blended benchmark. The MSCI Emerging Markets index rose by 14.7% outperforming developed markets, the FTSE ET50 Index rose by 26.5% and the Bloomberg Commodity Index rose by 5.6%. (all data in euros)

Asset allocation contributed to performance as environmental equities strongly 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 33.8%, Water gained 12.2% and Agribusiness rose by 16.4%. Performance over the period was led by higher growth segments such as Renewable Energy, Energy Efficiency and Water Infrastructure. Renewable Energy rallied in the run-up to and after the US Presidential elections. The sector rallied further late in December due to positive regulatory developments in the US with multi-year extensions of tax credits for solar, onshore wind and offshore wind. Within Energy Efficiency, electric vehicle related names performed strongly, due to strong sales data in Europe and China driven by attractive subsidies and product launches. Water Infrastructure was also a strong performer as some cyclical exposures were in favour in the risk-on market environment, including irrigation and consulting engineers.

The Global Sustainable Infrastructure segment gained 16.4%. All 3 sectors posted strong gains. The standout sector was infrastructure capex with strong returns from US clean energy names due to solar and wind tax grants extended in late December.

Emerging markets outperformed due to the ongoing downward trend in the US dollar, and while the emerging markets component of the fund performed well, it underperformed the respective MSCI index. Commodities rose over the quarter, as energy and metals related commodities made gains

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