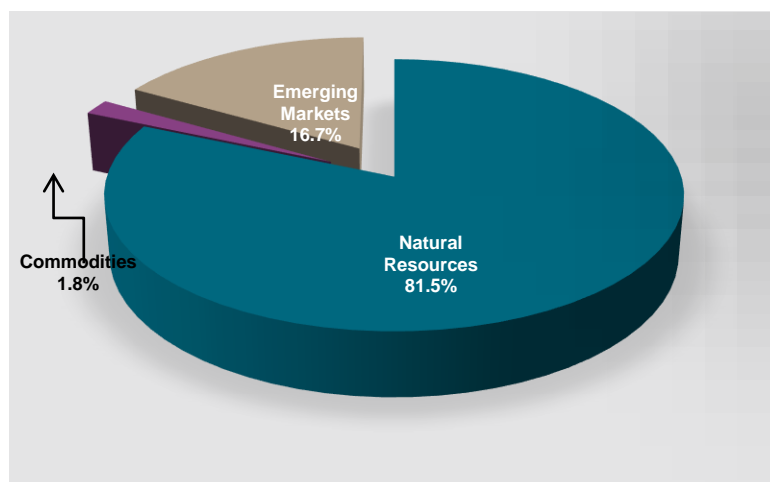


## KBIGI INNOVATOR FUND

Inception Date	October 2006
Benchmark	MSCI World Net Return Index
Innovator Fund Assets Under Management	€57.8m
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

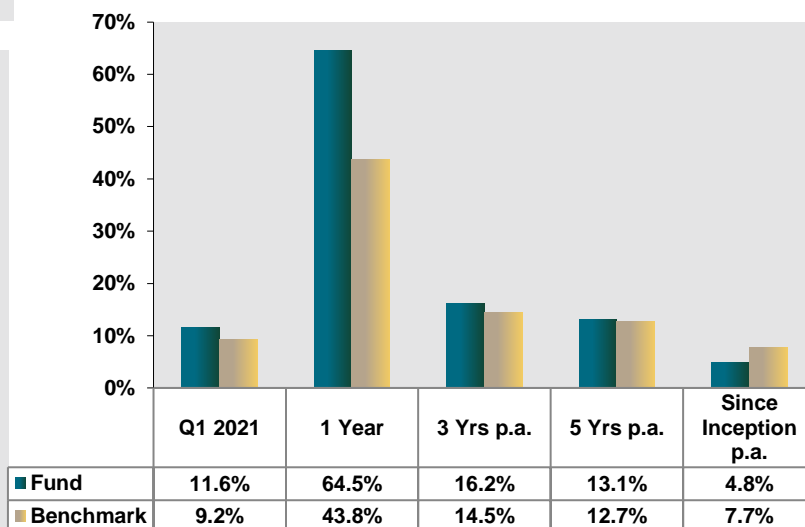
## Core Long Term Holdings (Max 100% &amp; Min 50%)

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 31/03/2021. See Disclaimers for further information.

## PERFORMANCE OF COMPONENTS Q1 2021

Natural Resources	Water	11.70%
	Energy Solutions	11.82%
	Global Sustainable Infrastructure	9.25%
Emerging Markets	KBIGI Emerging Markets	10.43%

Source: KBI Global Investors. Data as of 31/03/2021 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

The quarter saw strong returns in equity markets while bond markets struggled amidst rising bond yields. The MSCI World index rose by 9.2%, with particular strength in the energy and financials sector while consumer staples and healthcare were weak, and value outperformed growth. The eurozone and North America equities both outpaced Japan.

The KBI Innovator Fund rose by 11.7% over the quarter, outperforming the MSCI World, and the blended benchmark. The MSCI Emerging Markets index rose by 6.5% underperforming developed markets, the FTSE ET50 Index rose by 2.5%, the S&P Global Infrastructure index rose by 7% and the Bloomberg Commodity Index rose by 11.3%. (all data in euros)

The actively managed component of natural resource equities in the fund strongly outperformed the FTSE ET50 index over the quarter. The Agribusiness segment rose by 24.2%, Energy Solutions segment rose by 11.8%, and the Water segment gained 11.7%. Performance over the period was led by all 3 Agribusiness segments as fundamentals have improved substantially in recent months and are positive across most of the agribusiness value chain. The more cyclically exposed segments of Water Infrastructure and Energy Efficiency also performed well. Among the top contributors of the Energy Efficiency segment were building efficiency, construction, and cyclical technology stocks (semiconductors) exposed to the auto markets. The Water Infrastructure segment also benefited from the market rotation and top contributors to performance included US residential plumbing and water treatment companies, and also beneficiaries of infrastructure stimulus. Utilities across Energy and Water lagged in the quarter.

The Global Sustainable Infrastructure segment gained 9.3% due to notable outperformance from small cap stocks which benefited the Infrastructure strategy where there is a small to mid-cap bias. Fundamental factors were also supportive as the market began to price in robust earnings in 2021 for a number of the holdings, particularly across the infrastructure capex sector.

Dollar strength towards the end of the quarter put downward pressure on emerging markets as the component of the fund outperformed the respective MSCI index, while commodities rose as oil and copper related commodities made gains.

## CONTACT

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