

KBIGI Global Sustainable Infrastructure Strategy

Summary Details

Assets under Mgmt.	£1.5bn
Inception Date	01 Oct 2017
Benchmark	S&P Global Infrastructure Index
Number of Stocks	50
Revenue Alignment SDG Score	75.6%

Risk Characteristics

Beta (3 Yrs)	0.64
Information Ratio (3 Yrs)	0.92
Tracking Error (3 Yrs)	9.44

Portfolio Statistics	Strategy	Index
Current Dividend Yield	3.4%	3.4%
Price to Earnings	16.4x	19.0x
Price to Book	2.0x	2.0x
Weighted Avg Market Cap.	\$30.9bn	\$38.6bn

Source: KBI Global Investors as of 30/06/22. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of the composite over a 3 year period relative to the Index as at the 30/06/22. 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 Sustainable Infrastructure Strategy AUM excluding AUA from Q1 2022. 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 12/31/2021 (annually).

Investment Thesis

There are compelling investment opportunities in infrastructure 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	2Yrs	3Yrs	Since Incep
Fund (Gross)	-4.5	-2.1	8.8	17.2	13.4	11.8
Benchmark	0.1	10.5	19.2	14.1	4.3	5.7

Source: KBI Global Investors, Datastream, MSCI as of 30/06/22.

KBI calculate both composite returns and benchmark returns. 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 Infrastructure strategy invests in sustainable publicly-traded infrastructure companies that deliver strong investment returns within a robust risk framework. The strategy delivers material and diverse exposure to water and clean energy infrastructure, food storage, transportation and farmland. Further, integrating ESG considerations is key to our investment process given our belief that companies with good governance and whose products and services enhance social or environmental goals are likely to have long, durable, sustainable business models. The material risks associated with the composite include market risk and stock-specific event risk. Share prices can decline and there is a risk that the composite may under-perform its benchmark. The benchmark is the S&P Global Infrastructure index, net of taxes on dividend income. The index is comprised of listed infrastructure securities from across the world. To create diversified exposure, the index provider includes three distinct infrastructure clusters within the index structure; energy, transportation and utilities. See disclaimers for further information

Portfolio Positioning

Sector Breakdown

Sector	%
Utilities	49.2
Asset Owners	32.8
Infrastructure Capex	18.0

Geographical Breakdown

Region	%
North America	46.7
Europe	45.7
Emerging Markets	5.8
Japan	1.8

Top 10 Holdings

Stock	Country	%
Nextera Energy Inc	US	6.1
Iberdrola Sa	Spain	5.7
Enel Spa	Italy	4.6
Veolia Environnement Sa	France	4.4
Essential Utilities Inc	US	3.8
Hydro One Ltd	Canada	3.7
Sba Communications Corp	US	3.7
Equinix Inc	US	3.5
Welltower Inc	US	3.4
Greencoat Renewables Plc	Ireland	3.4

Source of all data: KBI Global Investors. Data as of 30/06/22

Strategy Overview

The KBI Global Sustainable Infrastructure Strategy is a global portfolio of 30-60 sustainable publicly traded infrastructure companies. The composition of our portfolio is demonstrative of where we believe we have a core competency, but more importantly where we believe a significant proportion of future infrastructure will occur, and where we believe investors lack exposure. Many commentators continue to highlight the vast amounts of money required to be spent on water infrastructure, clean energy infrastructure and the infrastructure necessary for the storage and transportation of food as a direct result of:

- Ageing and depleted assets in dire need of rehabilitation/replacement
- Population growth
- Rapidly expanding cities
- Societal and economic demand

The strategy provides exposure to companies that demonstrate strong infrastructure investment characteristics:

- High regulatory support
- Predictable and stable cash flow
- Long-term contractual businesses
- Low volatility of earnings
- Quality of assets and management

The strategy offers new sources of alpha to investors in the infrastructure asset class, and seeks to provide protection from long-term inflation. It is demonstrative of future investment and displays strong ESG credentials as well as providing investors with differentiation and diversification in what is an efficient asset class.

Investment Process

Our investment process is designed to use our specialist skills to precisely define each theme, construct a proprietary investment universe and then build a concentrated, high conviction portfolio designed to outperform the benchmark.

Identification of sustainable companies as either:

- **Pure plays** (>50% of sales from either Water, Agri or Clean Energy) or
- **Market leaders** (>10% sales and also be a global leader)

Identification of infrastructure companies as either:

- Owners or operators of sustainable infrastructure assets or
- Beneficiaries of sustainable infrastructure investment

Weighting Sector

- Focus on bottom up fundamentals and valuation with an overlay of top down influences

Stock Selection

- Focus on asset-intensive (often monopolistic) businesses with long-duration contracts (often with strong regulatory or government backing) producing stable cash flow generation with inflation protection.
- Emphasis on companies with predictive and stable dividend yields, strong fundamentals, stable management and attractive valuations.

Investment Team

Infrastructure Portfolio Management Team	Role	Investment Experience
Colm O'Connor	Lead Portfolio Manager	19yrs
Noel O'Halloran	Co Portfolio Manger	34yrs
Martin Conroy	Co Portfolio Manager	18yrs
Investment Team	Title	Investment Experience
Treasa Ni Chonghaile	Senior Portfolio Manager	23yrs
Catherine Cahill	Senior Portfolio Manager	22yrs
Matt Sheldon	Senior Portfolio Manager	20yrs
Andros Florides	Senior Portfolio Manager	27yrs
Eoin Fahy	Head of Responsible Investing	34yrs
Ben Cooke	Investment Analyst	6Yrs
Ultan O'Kane	Trader	16yrs

Contact Details

Address: KBI Global Investors Ltd.
 3rd Floor, 2 Harbourmaster Place
 IFSC
 Dublin 1
 Ireland

Phone: +353 1 438 4400 Email: info@kbigi.com
 Web: www.kbiglobalinvestors.com

Overview

The strategy invests in companies which own and operate long duration assets within Water, Clean Energy and Agri business end markets. The strategy looks to invest in long term infrastructure assets which are producing predictable cash flows (often inflation linked). When building the portfolio, we aim to provide exposure to stable regulatory environments.

There is an urgent need to upgrade our ageing infrastructure in developed markets; much of the water supply and wastewater systems for instance was designed when cities were less congested and are now in major need of overhaul. Government pledges to achieve net zero emissions by 2050 will result in a transformation of our energy infrastructure assets. Decarbonisation and digitisation of the electric grid will drive huge investment spend in clean energy infrastructure over the coming years. Investment in agri infrastructure will be more focused on emerging markets where increased use of storage equipment and grain handling assets, will be needed to reduce the large wastage that occurs between production and consumption. Following several years of under investment, governments are increasingly recognising the need to invest in ageing infrastructure both as a way of stimulating the global economy and as a way of providing a social benefit to taxpayers.

We believe the strategy is well positioned for the second half of 2022, despite worries over rising inflation and higher bond yields. While a higher cost of debt will be headwind for the more leveraged stocks within the Utilities sector the majority of asset owners benefit from rising inflation due to their strong pricing power where inflation is typically passed through to end customers. Furthermore we anticipate investors will favour more defensive sectors such as listed infrastructure in a slowing market environment. We anticipate a slowdown in economic activity in H2 and investors in our view will favour more predictable business models with less short cycle exposure. The recent move in long term interest rates will not in our view lead to a deterioration in demand for infrastructure assets. investment is seen as a useful tool to stimulate economic activity as the "multiplier" for infrastructure investment is higher than other fiscal stimulus. We expect governments to remain committed to infrastructure programs and to CO2 reduction targets.

Disclaimer

KBI Global Investors Ltd is regulated by the Central Bank of Ireland and deemed authorised and regulated by the Financial Conduct Authority. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. KBI Global Investors claims compliance with the Global Investment Performance Standards (GIPS®). Gross results shown do not show the deduction of investment management fees. A client's actual return will be reduced by the management fees and any other expenses which may be incurred in the management of an investment account. For example, a £1,000,000 investment with an assumed annual return of 5% with a management fee of 0.85% would accumulate £8,925 in fees during the first year, £48,444 in fees over five years and £107,690 in fees over ten years. Under MiFID II this is deemed marketing material and should not be regarded as investment research. The firm is defined as the institutional business of KBI Global Investors Ltd., and its subsidiary, KBI Global Investors (North America). The term 'institutional business' shall have the meaning of all pensions, charity and corporate asset management strategies of the firm as they pertain to client funds. Unitholders are specifically excluded from composite assignment given that their underlying unit holdings are already assigned to composites and such strategies are therefore accounted for in composite values and returns. The firm definition has been re-defined on two occasions over recent years; on 30 September 2010 to reflect the firm's sale to RHJI by our previous parent firm KBC Asset Management NV, and on 1 October 2016 to reflect the firm's sale to Amundi Asset Management. No change in investment process arose as a result of these sales. To receive a copy of the compliant presentation and/or a list of composite descriptions, please contact sales@kbigi.com. **IMPORTANT RISK DISCLOSURE STATEMENT:** This material is provided for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase any security, product or service including any group trust or fund managed by KBI Global Investors Ltd, or any of its affiliates (collectively, "KBI Global Investors"). The information contained herein does not set forth all of the risks associated with this strategy, and is qualified in its entirety by, and subject to, the information contained in other applicable disclosure documents relating to such a strategy. KBI Global Investors Ltd's investment products, like all investments, involve the risk of loss and may not be suitable for all investors, especially those who are unable to sustain a loss of their investment. The views expressed in this document are expressions of opinion only and should not be construed as investment advice. Past performance may not be a reliable guide to future performance and the value of investments may fall as well as rise. Investments denominated in foreign currencies are subject to changes in exchange rates that may have an adverse effect on the value, price or income of the product. Income generated from an investment may fluctuate in accordance with market conditions and taxation arrangements. Performance for periods of more than 1 year is annualized. All MSCI data is provided "as is". In no event shall MSCI, its affiliates, or any MSCI data provider have any liability of any kind in connection with the MSCI data. No further distribution or dissemination of the MSCI data is permitted without MSCI's prior express written consent. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The products mentioned in this Document may not be eligible for sale in some states or countries, nor suitable for all types of investors. In some tables and charts, due to rounding, the sum of the individual components may not appear to be equal to the stated total(s).