

Q4 2023 GBP

KBI Global Investors

KBIGI Global Resource Solutions Strategy



Summary Details

Assets under Mgmt.	£940.3m
Inception Date	01 Mar 2015
Benchmark	S&P Global Natural Resources NR Index
Number of Stocks	95
Revenue Alignment SDG Score	79.1%

Risk Characteristics

Beta (5 Yrs)	0.69
Information Ratio (5 Yrs)	0.49
Tracking Error (5 Yrs)	12.15

Portfolio Statistics	Strategy	Index
Current Dividend Yield	2.4%	4.0%
Price to Earnings (forward)	16.3x	10.6x
Price to Book	2.1x	1.6x
Weighted Avg Market Cap.	\$26.5bn	\$77.3bn

Source: KBI Global Investors as of 31/12/23. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of the composite over a 5 year period relative to the Index as at the 31/12/23. 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 excluding Assets under Advisement 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 09/30/2023 (quarterly).

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)	8.6	5.0	5.0	11.8	17.0
Benchmark	-1.0	-2.4	-2.4	14.8	10.4

Source: KBI Global Investors, Datastream, MSCI as of 31/12/23. 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 Global Resource Solutions Strategy (GRS) 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 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 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	39.9
Water	37.5
Agri	22.6

Geographical Breakdown

Region	%
North America	54.0
Europe	35.9
Emerging Markets	8.6
Japan	1.5

Top 10 Holdings

Stock	Country	%
Veolia Environnement SA	France	2.9
Xylem Inc	US	2.8
United Utilities Group Plc	UK	2.4
Vestas Wind Systems A/S	Denmark	2.1
NXP Semiconductors NV	US	2.1
Essential Utilities Inc	US	2.0
RWE AG	Germany	1.9
Nutrien Limited	Canada	1.8
First Solar Inc	US	1.8
Halma PLC	UK	1.7

Source of all data: KBI Global Investors. Data as of 31/12/23

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	Industry Experience
Noel O'Halloran	Lead Portfolio Manager	36yrs
Treasa Ni Chonghaile	Co Portfolio Manager	25yrs
Matt Sheldon	Co Portfolio Manager	22yrs
Investment Team	Title	Investment Experience
Andros Florides	Senior Portfolio Manager	28yrs
Martin Conroy	Senior Portfolio Manager	20yrs
Catherine Cahill	Senior Portfolio Manager	23yrs
Colm O'Connor	Head of Portfolio Management NR Team	21yrs
Eoin Fahy	Head of Responsible Investing	35yrs
Ben Cooke	Investment Analyst	7yrs
Jeanne Chow Collins	ESG & Engagement Analyst	23yrs
Robert Fullam	Investment Analyst	9yrs

Overview

GRS invests in the key resources of water, food and clean energy. These resources are critical to how we live and there are no substitutes. 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 are key to the growth in renewable energy. Adoption of wind and solar have been spurred by falling costs such that they are often cheaper than fossil fuel alternatives.

The increasing drive by countries to work towards net zero emissions by 2050 is hugely supportive, policy support came centre stage globally in light of the COVID-19-related recession, highlighting the economic and societal benefits of these moves.

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. Disruptive technologies such as electric vehicles and the electrification of vehicles are leading to change. Charging infrastructure for these vehicles needs to be rolled out to further enhancing adoption. Along with a fall in battery prices for electric vehicles, we see their adoption rising sharply in the years ahead.

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

Disclaimer

KBI Global Investors Ltd is regulated by the Central Bank of Ireland. Please note that, as of 1 January 2023, KBI Global Investors Ltd. has withdrawn from the UK's Temporary Permissions Regime (the "TPR") on the basis that the firm is availing of an exclusion available for overseas persons. 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).