

# Q1 2024 CAD

KBI Global Investors

## KBIGI Global Energy Transition Strategy



### Summary Details

Assets under Mgmt.	C\$2.2bn
Strategy Inception Date	01 Mar 2006
Benchmark	Wilderhill New Energy Global Innovation Index
Number of Stocks	48
Revenue Alignment SDG Score	80.2%
Risk Characteristics	
Beta (10 Yrs)	0.67
Information Ratio (10 Yrs)	0.58

Source: KBI Global Investors as of 03/31/24. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of the composite over a 10 year period relative to the Index as at the 03/31/24. The AUM listed above is Energy 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 12/31/2023 (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 (C\$)

	3Mths	YTD	1Yr	5Yrs	10Yrs
Fund (Gross)	-3.2	-3.2	-7.8	17.3	11.4
Benchmark	-8.7	-8.7	-26.2	5.7	4.6

Source: KBI Global Investors, Datastream as of 03/31/24.

KBI calculate both composite returns and benchmark returns. Returns are gross of fees in CAD. 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 strategy invests in an internationally diversified selection of shares in companies active in the clean energy sector. These companies are active in both producing, manufacturing, providing equipment or supplying power from renewable sources and those active in energy efficiency end markets. Renewable sources include technologies such as wind power, solar energy, hydro-power, biomass and geothermal. Energy efficiency end markets covers a wide range of end markets including the automotive sector (through the use of fuel-efficient parts and electric vehicles), LED lighting and building insulation products for construction end markets, and software and hardware devices for industrial and utility end markets. The portfolio contains circa 30-60 publicly traded stocks. The rapid ascendance of decarbonisation and the increased demand for both clean energy and energy efficient products is directly linked to five key drivers; increasing global energy demand to meet growing population and industrialization, limited supply of oil and natural gas, climate change, growing political and regulatory support for decarbonisation, and falling costs of renewable energy through technological advancement. The investment team evaluates and integrates ESG into the analysis conducted to determine the fundamental value of the companies it invests in. 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 Wilderhill New Energy Global Innovation Index, inclusive of gross income. The benchmark is comprised of companies worldwide whose innovative technologies and services focus on the generation and use of cleaner energy, conservation and efficiency. These companies have a low-carbon approach and provide technologies that help reduce emissions relative to traditional fossil fuel use. Sources of foreign exchange rates may be different between the composite and the benchmark; but not materially so. See disclaimers for further information.

### Portfolio Positioning

#### Segment Breakdown

Sector	%
Energy Efficiency	47.9
Renewable Energy	26.6
Utilities	25.5

#### Geographical Breakdown

Region	%
North America	52.6
Europe	40.2
Emerging Markets	7.2

#### Top 10 Holdings

Stock	Country	%
Samsung Sdi Co Ltd	South Korea	4.9
First Solar Inc	US	4.4
RWE AG	Germany	4.3
Vestas Wind Systems A/S	Denmark	3.6
Nextera Energy Inc	US	3.4
ASML Holding NV	Netherlands	3.4
Hannon Armstrong Sustainable	US	3.1
Eaton Corp Plc	US	3.1
Northland Power Inc	Canada	3.1
Sunrun Inc	US	2.9

Source of all data: KBI Global Investors. Data as of 03/31/24

## Strategy Overview

The KBIGI Global Energy Transition Strategy is a long-only, high-conviction global equity portfolio investing in 30-60 global companies providing low carbon solutions to the world's accelerating demand for energy. The strategy can invest across the full range of renewable sources including wind, solar, biomass, and fuel cells as well as smart technologies that facilitate the integration of renewable energy and/or use energy more efficiently.

KBIGI's Global Energy Transition Strategy provides exposure to a number of dominant and persistent themes:

- Global growth
- Natural resource scarcity
- Infrastructure spending
- Emerging market growth
- Mergers and acquisitions

Energy Solutions 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 to assure exposure to energy solutions and then identifying companies with strong fundamentals, leading products, and attractive valuations.

## Investment Team

Energy Transition Portfolio Management Team	Role	Industry Experience
Colm O'Connor	Lead Portfolio Manager	21yrs
Treasa Ni Chonghaile	Co Portfolio Manager	25yrs
Andros Florides	Co Portfolio Manager	29yrs
Investment Team	Title	Investment Experience
Noel O'Halloran	Chief Investment Officer	36yrs
Catherine Cahill	Senior Portfolio Manager	24yrs
Matt Sheldon	Senior Portfolio Manager	22yrs
Martin Conroy	Senior Portfolio Manager	20yrs
Eoin Fahy	Head of Responsible Investing	36yrs
Ben Cooke	Portfolio Manager	8yrs
Jeanne Chow Collins	ESG & Engagement Analyst	23yrs
Robert Fullam	Investment Analyst	10yrs

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## 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 broad market and passive alternatives**

Investment Universe Definition
● Precisely defined opportunity set for investment to ensure exposure to drivers of resource scarcity
● Companies for inclusion: Pure Plays and Market Leaders
Weighting Sector
● Focus on bottom up fundamentals and valuation with an overlay of top down influences
Stock Selection
● Focus on stocks with exposure to key themes driving earnings growth, strong fundamentals, competitive advantages, strong management and attractive valuation

## Overview

While uncertainty regarding the macro-economic environment remains elevated, we remain very constructive on the energy solutions theme due to the significant policy tailwinds driving secular growth regardless of the macro environment. Many of those tailwinds have yet to play out including stimulus flows from the Infrastructure and Jobs Act for strengthening the grid and clarity around IRA tax credits which have delayed some renewable energy projects.

We are very constructive on the electrical infrastructure end market due to the strong secular growth drivers of digitisation and electrification. In the electric vehicle market, commentary around declining growth in this space is overdone in our view. We still see healthy growth in EV penetration in Europe, and China.

Within Renewables, wind turbine manufacturers are showing positive signs of order momentum picking up, which along with stronger pricing is leading to margin expansion. Across the solar sector, we believe the volatility in residential solar end markets and derating of valuation multiples of installers has been over-done.

We continue to be constructive on the utilities segment. We believe clean energy utilities remain supported by long-term structural demand; rising demand for electricity as a result of greater demand from transport (EVs), heating (heat pumps) and cloud computing.

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Please see link to the website for the five year composite returns: <https://www.kbiglobalinvestors.com/wp-content/uploads/2024/04/NR-Composite-Annual-returns-USD.pdf>