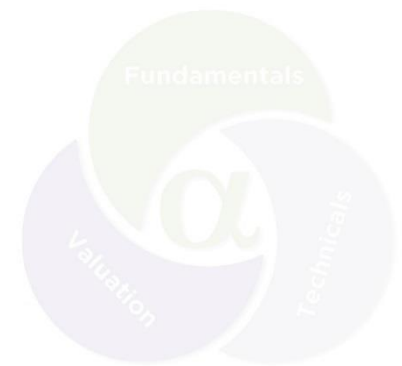


# Kames Global Sustainable Equity Fund

## 3 years and 3 dimensions of sustainability

Jonathan Parsons – Investment Manager

June 2019



# WHAT HAS SUSTAINABILITY EVER DONE FOR US?



<b>Launch</b>	21 April 2016
<b>Benchmark</b>	MSCI AC World Index
<b>Differentiated</b>	<ul style="list-style-type: none"> <li>▪ Concentrated 35-45 stock portfolio with &gt;95% active share</li> <li>▪ Global mid-cap growth investment style</li> <li>▪ Identify sustainability leaders <u>and</u> improvers</li> </ul>
<b>Sustainable</b>	<ul style="list-style-type: none"> <li>▪ Sustainability integrated with proven Kames stock-picking process</li> <li>▪ Collegiate, team-based approach leveraging ESG research</li> <li>▪ Three dimensions of sustainability – product, practices <u>and</u> improvement</li> </ul>
<b>Alpha</b>	<ul style="list-style-type: none"> <li>▪ Bottom-up stock picking drives performance</li> <li>▪ Sustainability analysis as part of stocking picking process determines conviction</li> <li>▪ Track positive and negative sustainability change to capture alpha</li> </ul>



**Craig Bonthron**  
Investment Manager,  
Global Equities  
18 years' experience



**Neil Goddin**  
Head of Equity  
Quantitative Analysis  
20 years' experience

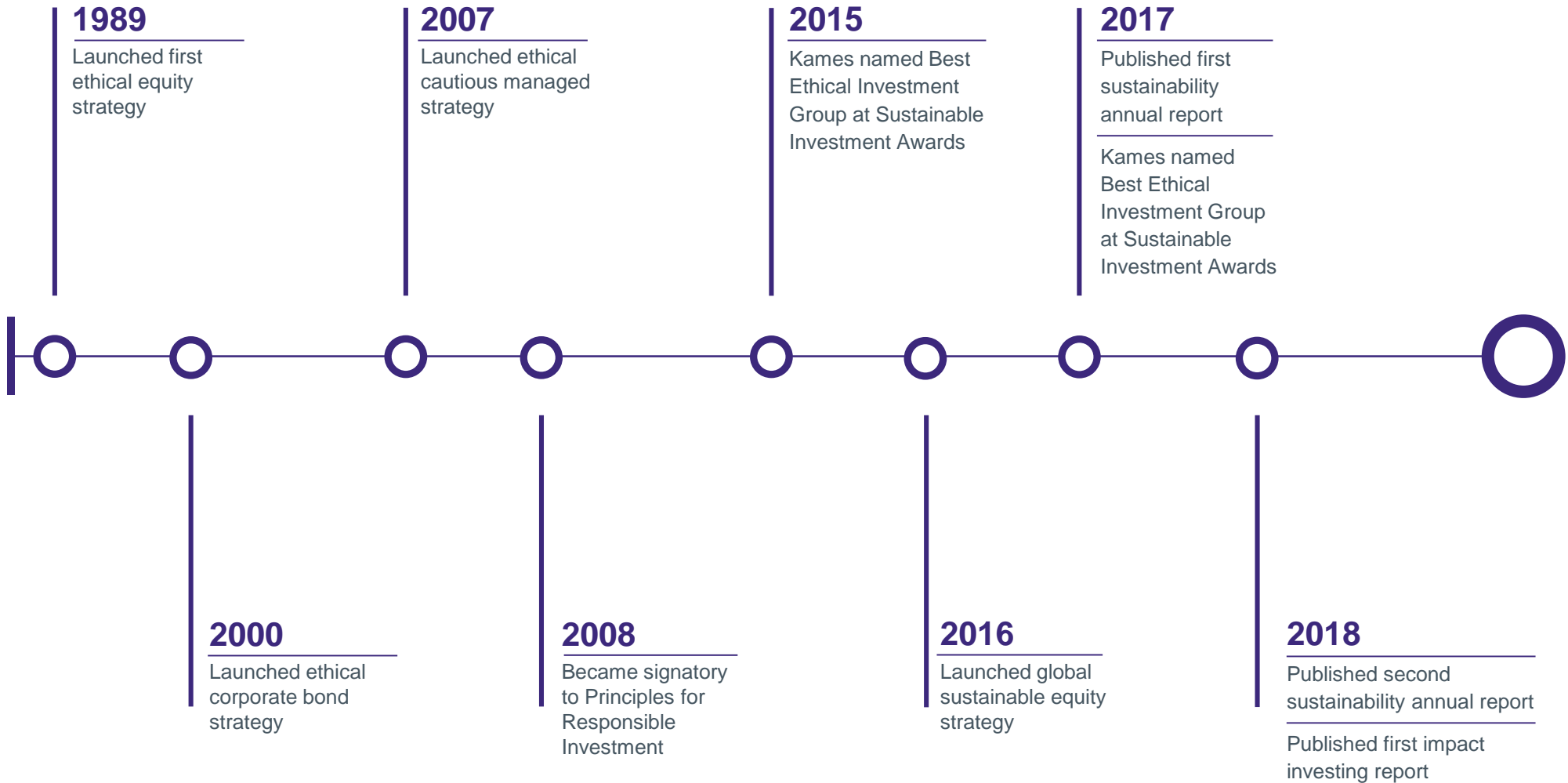


**Jonathan Parsons**  
Investment Manager,  
Global Equities  
23 years' experience



**Ryan Smith**  
Head of ESG Research  
18 years' experience

# Kames Capital's responsible investment history



# We are committed to generating alpha sustainably

- ▶ Sharing knowledge
- ▶ Challenging preconceptions
- ▶ Identifying disruptive trends

Register to receive our regular  
Soapbox email

[www.kamescapital.com/soapbox](http://www.kamescapital.com/soapbox)

KAMES CAPITAL

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**Sustainability SOAP BOX** | Passionate and insightful views on sustainable investing

We will put forth an unashamedly positive case for sustainable thinking and sustainable investing.  
We believe it works and we aim to prove it.

**Latest download**  
Global Sustainable Equity Fund:  
Impact investing report

**Latest video**  
Stock Story:  
Craig Bonthron discusses Everbridge

**TakingStock**  
The ideas, debate and opinions  
behind our global equity portfolios

**How to talk sustainable investing to sceptics**  
by Craig Bonthron | Mar 22, 2019  
A November 2018 Monmouth poll found that 78% of Americans now believe climate change is real, up from 70% three years ago. For the first time, a majority of Republicans (64%) accept it vs 49% in 2015. Moving in the right direction but still low percentages. Climate...

**The Forward Thinkers**  
by Ryan Smith | Mar 15, 2019  
As Kames approaches 30 years of ethical investing, one of the questions we're being asked the most is essentially 'what's changed in that time and why?' The answer to this is multi-faceted. For many industries, sustainability has become a commercial imperative (see...

**Superfast sustainability survey**  
Take a minute to tell us your opinions  
▶ Click here to complete

**Sign-up for our Soapbox email**

First Name Last Name

Company

Business Email Address

Submit

**What does sustainability mean to us?**

We care about the sustainability of products







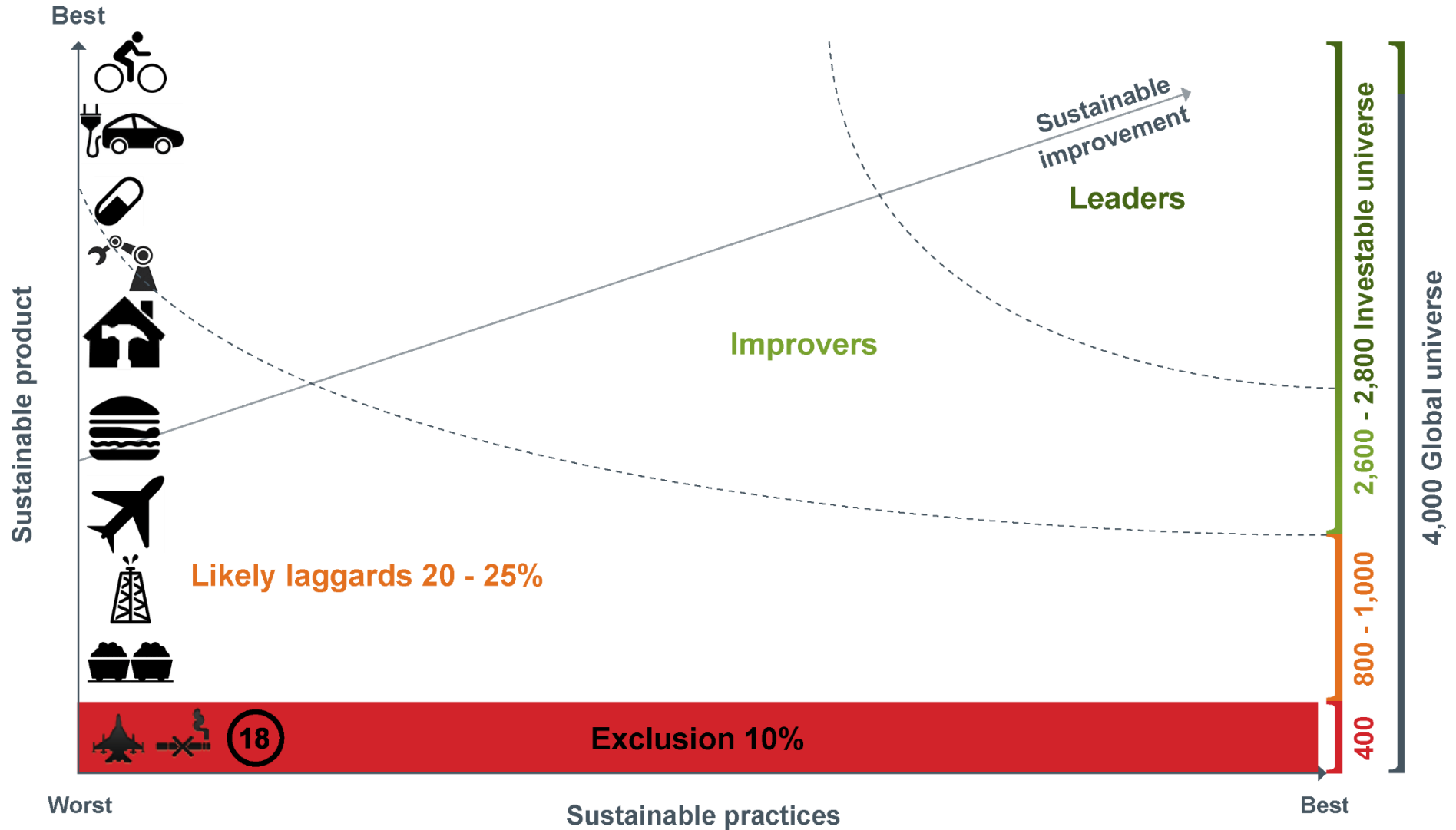


We care about sustainable improvement

KAMES  
CAPITAL



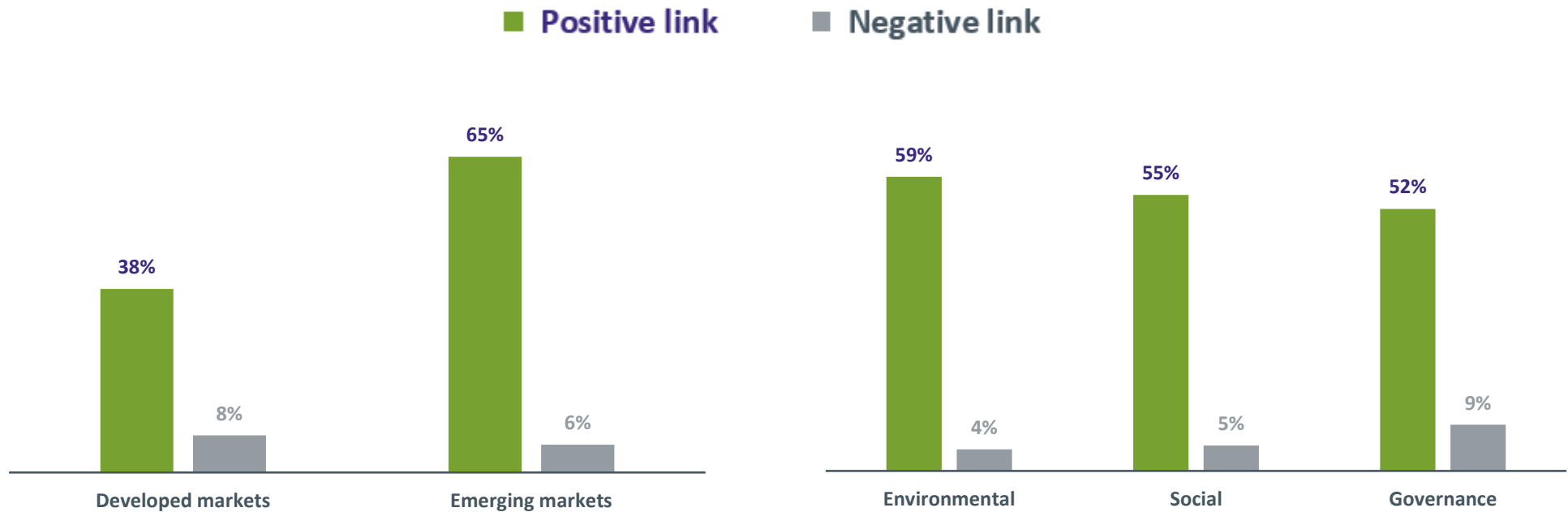
# An exciting world of sustainable investment opportunities



# Why invest sustainably?

# Research strongly suggests performance cost is a fallacy

Research shows positive associations between ESG factors and corporate financial performance<sup>1</sup>



***No compromise is necessary. We can achieve profits with principles***

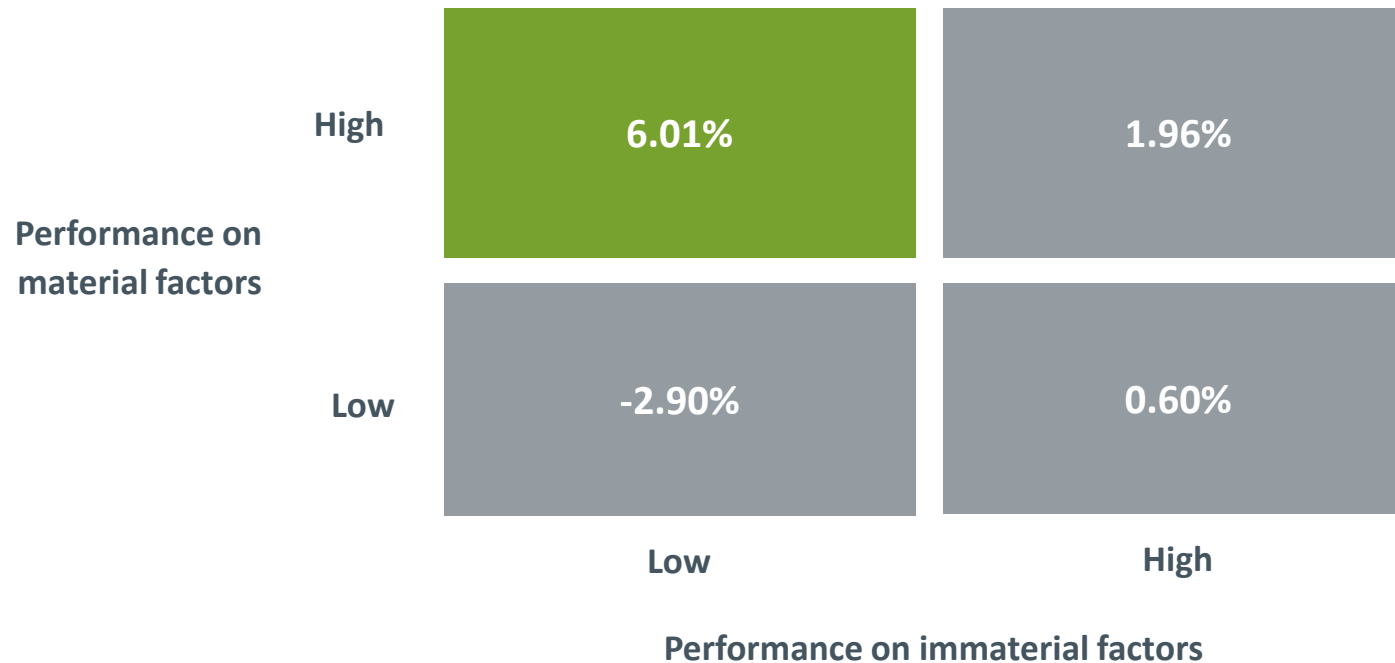
<sup>1</sup> Friede, Busch, Bassen (ESG & Corporate Financial Performance: Mapping the global landscape). September 2016

## ESG: Absolute ('Tilt') and Improvement ('Momentum') Strategies Active Performance vs. MSCI World Index



*We invest in sustainable leaders and improvers*

Annualised excess returns to select ESG Rating portfolios 1993 through 2014 (US stocks)<sup>2</sup>

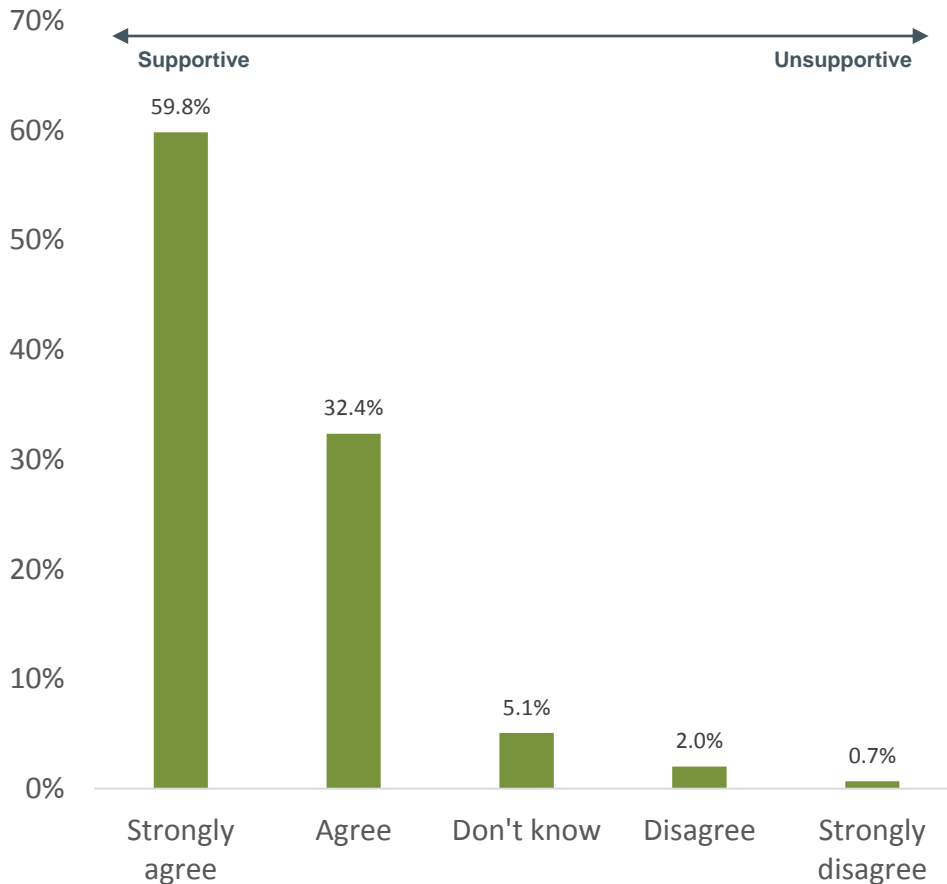


***Focussing on the unimportant creates a performance drag***

<sup>2</sup> Khan, M., Serafeim, G., and Aaron Yoon, 2015. 'Corporate Sustainability: First evidence on materiality.' Harvard Business School

# The is strong support for the idea of sustainable investing

All else being equal, would you invest in a sustainable or ethical investment fund rather than a 'traditional' fund if it exhibited the same risk / reward characteristics?



- ▶ When the concept of performance cost is removed >92% of respondents would invest sustainably or ethically
- ▶ It is perhaps surprising that the 'strongly agree' component is not higher given the free option offered
- ▶ 2.7% of respondents are opposed to the concept of sustainable or ethical investing, even if we hypothetically guarantee no downside

*But some will never be convinced*



# Sustainable stock picking

# Business as usual is not an option



*So we don't invest in the usual businesses*

# What type of companies do we seek to invest in?

## Everbridge



*Sustainable disruptive growth companies with emerging strategic power*

1 Idea

2 Kames screen

Rank 1

3 Fundamentals

Insight checklist – Sense Check – Deep Dive including sustainability analysis

5 Valuation

Consideration of current and potential relative power (reverse DCF and vs. peers)

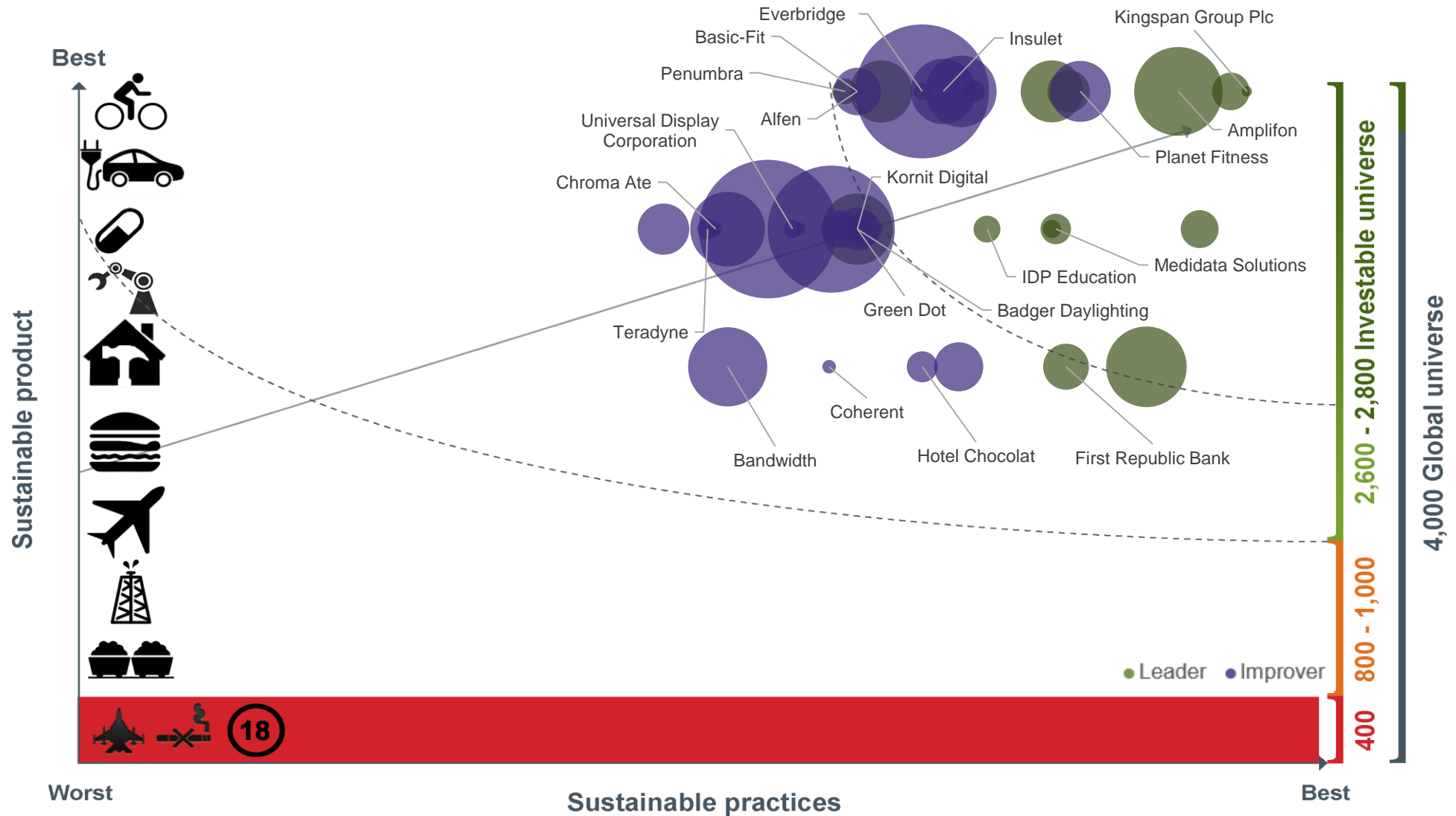
6 Technicals

Share price trend and ownership structure

# Sustainable outcome

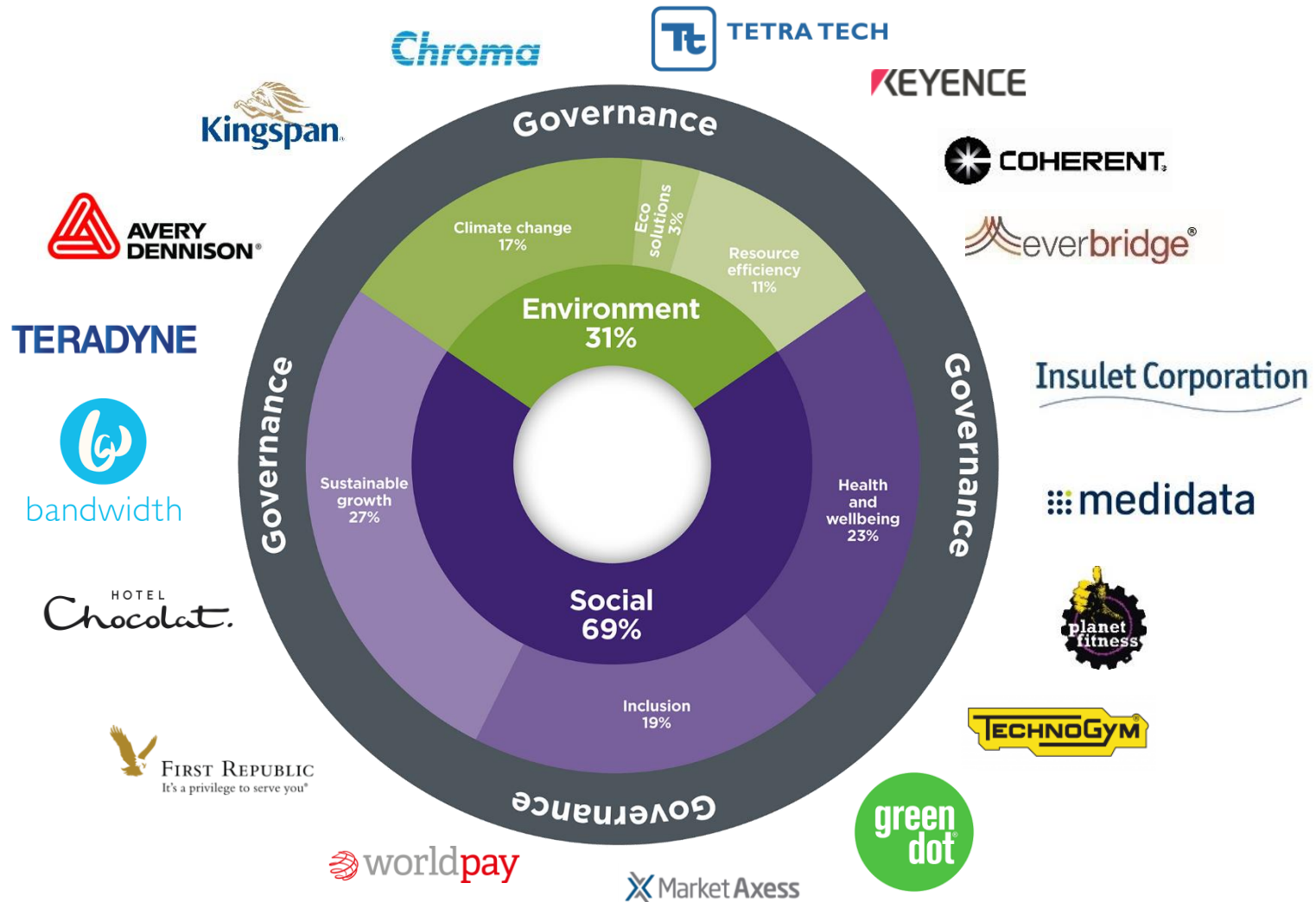
# Kames Global Sustainable Equity Fund

## We measure impact on three dimensions of sustainability



As at 31 March 2019. **N.B – Bubble size represents to portfolio position size.** Sustainable product exclusions: Tobacco, Weapons, Nuclear power, Gambling, Mistreatment of animals, Adult entertainment, Genetic modification

# We assess the impact of our investments



As at 31 March 2019. Each company in the portfolio is assessed against Kames' nine sustainability pillars and assigned to the appropriate pillar based on our analysis of their products, practices and rate of improvement. The above pie chart depicts what percentage of the portfolio in our strategy is in each pillar



# What drives our sustainable investment performance?

- ▶ Bottom up stock picking
- ▶ Disciplined portfolio construction
- ▶ Concentrated growth investment style



Signatory of:

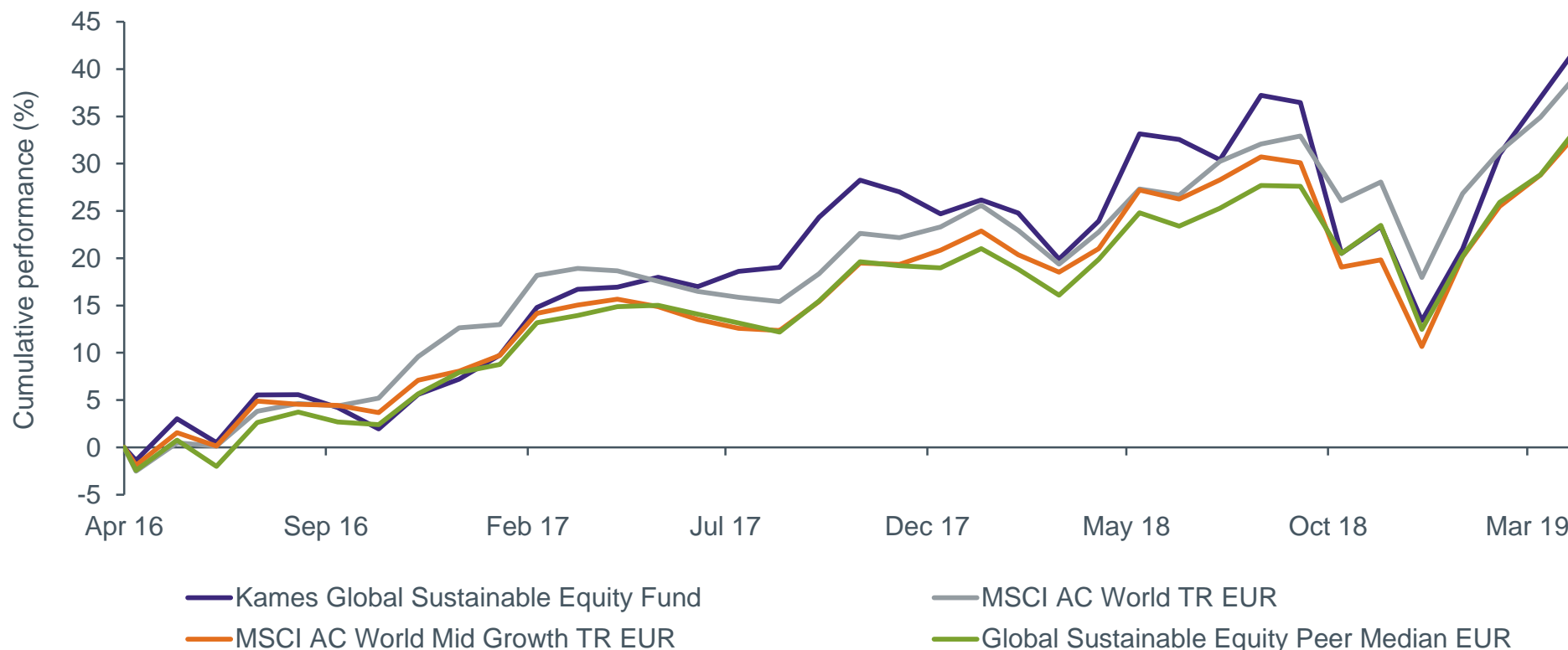


*Picking the right stocks*



# Kames Global Sustainable Equity Fund

## Performance since launch



Cumulative performance (%)	1 month	YTD	1 year	2 years	Since launch
Kames Global Sustainable EUR	4.2	25.9	15.2	22.1	42.7
MSCI AC World TR EUR	3.6	18.5	13.9	17.8	39.8

Source: Lipper, NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges as at 30 April 2019. Benchmark source: Lipper. Benchmark is MSCI All Countries World Index (Euro). Note: peer group benchmark has noon prices and index benchmarks have close of day prices. MSCI AC World Mid Cap Growth TR is used for illustrative purposes only. Fund: Kames Global Sustainable Equity Fund B (Acc) EUR. Fund inception: 21 April 2016. Proprietary peer group compiled of Kames Global Sustainable Equity B EUR Acc and 32 comparable, sustainably focused, global equity mutual funds registered in Europe; full list available on request.

# Is there a magic green button?



*We believe hard work is the answer*

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Please note that not all sub-funds and shareclasses may be available in each jurisdiction. This document is marketing and does not constitute an offer or solicitation to buy any fund(s) mentioned. No promotion or offer is intended other than where the fund(s) is/are authorised for distribution.

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# Kames Global Sustainable Equity Fund

A sub fund of Kames Capital Investment Company (Ireland) plc

**B EUR Acc**

**KAMES**  
CAPITAL

Factsheet as at 31 May 2019

## Fund managers



Craig Bonthron



Neil Goddin

## Key facts

Fund launch	21 April 2016
Share class launch	21 April 2016
Sector	Lipper Global Equity Global
Reference index 1	MSCI AC World TR EUR
Initial charge	0.00%
Annual charge	0.75%
Ongoing charge	0.92%
Minimum initial lump sum investment	EUR 500,000
Fund structure	Ireland domiciled OEIC
Investment manager	Kames Capital plc
SEDOL	BYZHYQ7
ISIN	IE00BYZHYQ76
WKN	A2AHG6
Valuation point	12 noon GMT (1300 CET)
Fund base currency	EUR
Fund size	EUR 94 million
Number of holdings	41
Active share	96.4%

Source: Kames Capital.

Ongoing charge based on actual expenses for the year ending 30/04/2019.

Number of holdings represents physical holdings only.

## Fund objective

The investment objective is to maximise total return (income plus capital) by investing directly in a diversified portfolio of global equity securities which meet the fund's predefined sustainability criteria.

The fund is not constrained by any index weightings and will not concentrate on any particular sector. There are no currency or geographical limitations on the fund's investments.

## Performance

The fund aims to outperform the MSCI AC World Index by 2.25% per annum net-of-fees (AMC of 0.75% per annum) over rolling 36-month periods.

Performance for the individual share class is shown against the reference index as detailed in the key facts table.

### Performance (to 31 May 2019)

	1 month	3 months	6 months	Year to date	Since launch
Shareclass (%)	-0.64	8.26	14.96	25.04	41.82
Index 1 (%)	-5.31	0.82	3.36	12.21	32.37

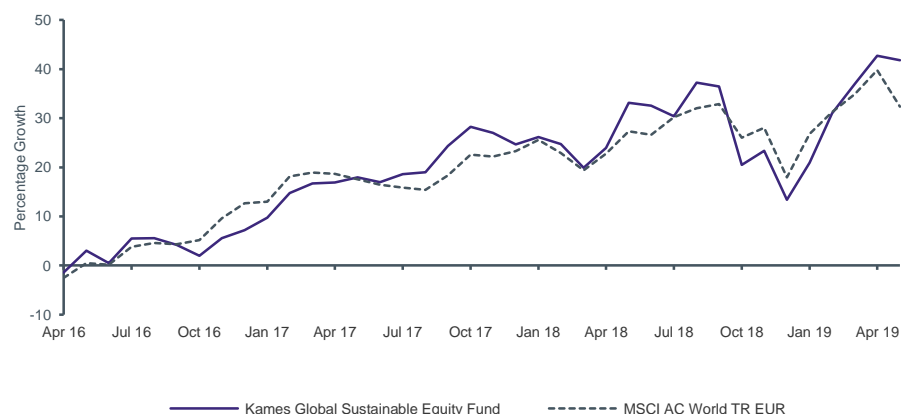
### Cumulative performance (to 31 May 2019)

	1 year	2 years	3 years	4 years	5 years
Shareclass (%)	6.51	20.21	37.64	n/a	n/a
Index 1 (%)	3.96	12.59	31.73	n/a	n/a

### Discrete year performance

	31/05/2019	31/05/2018	31/05/2017	31/05/2016	31/05/2015
Shareclass (%)	6.51	12.86	14.50	n/a	n/a
Index 1 (%)	3.96	8.30	16.99	n/a	n/a

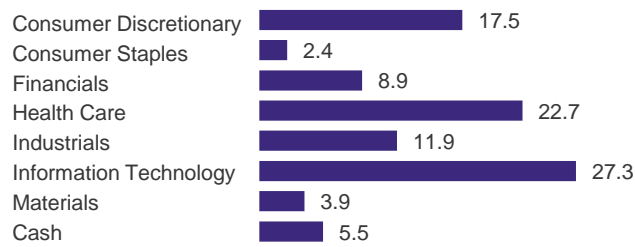
### Cumulative since inception performance



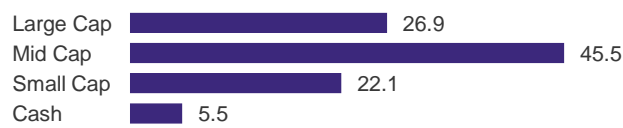
Source: Kames Capital. NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges.

Any past performance shown prior to the launch of the share class is simulated using an existing share class. Neither simulated nor past performance is a guide to future returns.

## Sector allocation (%)



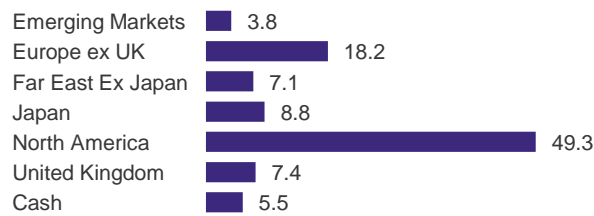
## Market capitalisation breakdown (%)



## Top 10 holdings (%)

EVERBRIDGE INC	5.3
AMPLIFON SPA	4.6
KEYENCE CORP	4.2
BADGER DAYLIGHTING LTD	3.8
BANDWIDTH INC-CLASS A	3.7
WORLDPAY INC	3.6
INSULET CORP	3.6
ICON PLC	3.4
PLANET FITNESS INC - CL A	3.3
SHIMANO INC	3.1
<b>Total</b>	<b>38.6</b>

## Regional allocation (%)



## Dealing

You can deal in shares from 08:30 to 17:30 hours GMT (09:30 to 18:30 CET) on any dealing day (except for, unless the Board of Directors decides otherwise, the last working day before Christmas Day, UK and Irish bank holidays and other days at the Board of Directors discretion). The fund is valued at 12 noon GMT (13:00 CET) (the valuation point) on each business day. Orders received before 11:00 GMT (12:00 CET) will be based on the price calculated at that day's valuation point. Orders received after 11:00 GMT (12:00 CET) will be based on the price calculated at the next valuation point.



Dealing desk enquiries: + 353 1 622 4493

To access the latest fund prices:  
[www.kamescapital.com/fundpricing.aspx](http://www.kamescapital.com/fundpricing.aspx)

For further information on the fund, including legal documents and details of all available share classes:  
[www.kamescapital.com/globalstableequity](http://www.kamescapital.com/globalstableequity)

## Contacts

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## Risk factors

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This fund is a medium to long-term investment and your capital is at risk. Any investment objective, performance benchmark and yield information should not be considered as an assurance or guarantee of the performance of the fund or any part of it. An initial charge reduces the amount available for investment. Investors should be aware that funds denominated in a currency other than investors' home state currency are subject to currency fluctuations which may decrease returns. Please be aware that each fund presents its own risk profile. Material risks for this fund are: Liquidity and Other Markets. Please read the KIID for an explanation and refer to the prospectus for information about all relevant risks.

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