

## Regnan Global Equity Impact Solutions Fund

Quarterly Portfolio Review | October 2021  
Data as at 30 September 2021



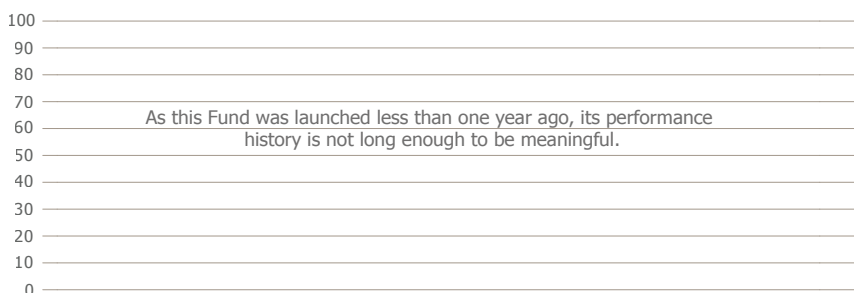
A EUR Class

### Fund overview

- Aims to generate long-term outperformance by investing in mission-driven companies that create value for investors by providing solutions for the growing unmet sustainability needs of society and the environment, using the United Nations Sustainable Development Goals (SDGs) as an investment lens.
- Underpinned by the Regnan SDG taxonomy – the team has built a comprehensive proprietary framework to identify companies that provide solutions to the environmental and societal challenges facing the world.
- A high conviction, diversified, global multi-cap portfolio with very low portfolio turnover and a strong emphasis on driving impact through engagement.

### Performance highlights

#### Return since launch (%)



#### Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A Acc EUR	-	-	-	-	-	-	-	-
Benchmark	-	-	-	-	-	-	-	-
Quartile**	-	-	-	-	-	-	-	-

#### Discrete 12 month performance to

	30.09.2021	30.09.2020	30.09.2019	30.09.2018	30.09.2017
A Acc EUR	-	-	-	-	-

#### Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Investing in companies in emerging markets involves higher risk than investing in established economies or securities markets. Emerging Markets may have less stable legal and political systems, which could affect the safe-keeping or value of assets. The Fund's investment include shares in small-cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile. Information on how JOHCM handles personal data which it receives can be found in the JOHCM Privacy Statement on our website: [www.johcm.com](http://www.johcm.com). NAV of Share Class A in EUR, net income reinvested, net of fees. The A EUR Class was launched on 19 January 2021. Performance of other share classes may vary and is available on request.

\*Annualised since launch. \*\*Sector quartile ranking: IA Global, and Lipper Global Equity Global domiciled in the UK, offshore Ireland, or offshore Luxembourg.

### Fund details

Fund size	EUR 135.44m
Strategy size	EUR 347.18m
Launch date	19 January 2021
Benchmark	MSCI ACWI Investable Market Index (12pm adjusted)
No. of holdings	34
Domicile	Ireland
Fund structure	UCITS
Tax status	UK reporting status
Denominations	EUR, GBP, USD
Valuation point	12pm Dublin time

Total strategy assets updated quarterly and shown as at 30 September 2021.

### Team



**Tim Crockford**  
Senior Fund Manager  
Tim has managed the Fund since launch. He joined JOHCM in 2020 and has 14 years of industry experience.



**Mohsin Ahmad, CFA**  
Fund Manager  
Mohsin has worked on the Fund since launch. He joined JOHCM in 2020 and has 13 years of industry experience.



**Maxime Le Floch, CFA**  
Analyst  
Maxime has worked on the Fund since launch. He joined JOHCM in 2020 and has 10 years of industry experience.



**Maxine Wille, CFA**  
Analyst  
Maxine has worked on the Fund since launch. She joined JOHCM in 2020 and has 6 years of industry experience.

## Top 10 holdings

Stock	Impact Solution	Absolute
Evoqua	Water pollution was estimated to represent 1.8m deaths in 2015, according to the Lancet. The solution is to implement high purity water treatment solutions and increase water re-used within industrial processes so as to reduce water withdrawals and discharges. Evoqua is the leader in sophisticated water treatment solutions and is providing service-based solutions for companies to implement better water treatment in their operations.	5.0
Befesa	Secondary steel and aluminium production have a significantly lower CO2 footprint than primary production and use fewer natural resources. However, both secondary steel and aluminium production produce hazardous wastes, which are often landfilled, risking groundwater and sewage system contamination. Befesa's best-in-class recycling technology offers an alternative to landfills and its technology is able to extract and re-use the valuable metals contained within these hazardous wastes.	4.5
Novo Nordisk	Today 26m of the 425m diabetic patient globally are treated with Novo Nordisk's products across the treatment cascade. As prevalence increases above 10% today (from 8% a decade prior), the diabetes patient population is expected to grow 50% to 700m by 2045. The cost of diabetes is expected to reach US\$2.5th by 2030. Novo Nordisk is also one of the few companies with obesity medicine.	4.4
Lenzing	Fashion represents up to 10% global CO2 emission, 20% of waste water and 6% of global pesticide use. This is compounded by the fact that a new garment is used only about 60x, down from 120x 10 years ago, and 87% of garments are incinerated or landfilled. Wood-based cellulosic fibres from Lenzing use 10x less water than cotton, have a neutral carbon footprint (not taking into account carbon sequestration from forests), are highly biodegradable, and almost exclusively use chemicals that are recycled in a loop process. Lenzing is also developing a technology that can include 30-50% recycled cotton together with Lyocell.	4.3
Lonza Group	Biologic, large-molecule drugs, currently grow twice as fast as their small-molecule counterparts, owing to their exceptional efficacy ability to address previously untreatable conditions, such as cancers and autoimmune diseases. However, the manufacturing of biologics is complex, expensive and resource-intensive. As the world's leading contract manufacturing and development company, Lonza allows biotech companies to outsource that process manufacturing process, thereby helping them to develop more potent, complex medicines at lower cost and increased speed-to-market.	4.2
Valeo	Valeo is one of the leaders in EV and AV parts and software, with a particular focus on making those technologies affordable and is thus a key enabler of the transition to cleaner, safer cars.	4.2
Horiba	Horiba has an 80% market share in emission measurement systems. Its automotive test division (c. 40% of sales) is expected to be a significant beneficiary of the introduction of the worldwide harmonized light vehicle test procedure and real driving emissions. Horiba also provides instruments and systems for applications outside of autos, including process and environmental monitoring, in-vitro medical diagnostics, semiconductor manufacturing and metrology.	4.2
PTC	Productivity growth across OECD countries was lower in the decade leading up to 2016 than it was in any other decade from 1950 (UN). While technological progress and innovation has continued, the adoption of Industry 4.0 solutions with potential to deliver significant productivity improvements remains low, particularly from small and medium sized enterprises where the costs of upgrading can be prohibitive. PTC's solutions drive digital transformation, which reduces waste and scrap in the products they design, creates efficiencies in their manufacturing processes, and optimizes the operations of their customers' processes. PTC provides global leading software solutions across the life cycle of products through computer aided design, product life cycle management, industrial IoT and augmented reality. PTC solutions increase productivity and efficiency of R&D by reducing design time by up to 30%, make manufacturing more efficient and less wasteful with up to 30% reduction in prototypes, thereby reducing costs and raw material use, and reduce the time to market by up to 57%. PTC is also improving access to Industry 4.0 solutions for smaller enterprises through the recent addition of multi-tenant SaaS based CAD (Onshape) and PLM (Arena).	4.1
Sartorius	As a leader in providing single-use (SU) equipment, Stedim is significantly driving down the cost of and improve the speed of bioprocessing, helping manufacturers make biologic drugs more affordable and help to bring new, innovative therapies to market. Its products provide an enhanced safety profile, lowering the risk of cross-contamination, as well as a significantly lower environmental footprint than their stainless steel alternatives.	4.1
Duerr	Duerr provides solutions to automotive and other industrial customers to improve resource efficiency in production, thereby contributing towards a circular system. It has innovated to significantly reduce the environmental impact of paint shops over the past decade. Duerr also supports EV production and helps reduce the amount of materials wasted by its customers. Its technology is also helping reduce waste in the wood industry.	4.1
<b>Total</b>		<b>43.1</b>

## Portfolio analysis (%)

Data as at 30 September 2021

## Significant portfolio changes

Stock	Buy/Sell	Impact Solution
Home REIT	Buy	Home REIT is the first real estate investment trust dedicated to fighting homelessness in the UK. Since its IPO in October 2020, HOME has acquired over 3,000 beds throughout the UK for individuals and families that were homeless or threatened with homelessness. The accommodation that HOME provides is cost-effective in absolute terms and is materially cheaper than other forms of accommodation available to local authorities, such as bed & breakfasts (B&Bs) and hotels. All of the properties are recently refurbished to a high standard and provide individuals, as well as families, well-being support and a place to rebuild their lives and reintegrate back into society.
Ilika	Buy	Ilika is developing large format solid state batteries for use in electric vehicles with the potential for 6x faster charging, 4x longer charge retention and 2x increased energy density, with a better safety profile and easier recycling versus conventional lithium ion batteries. Ilika has also developed micro solid state batteries which have a class leading compact footprint, can operate at higher temperatures (up to 150°C) and with 40% higher energy density to alternative solutions. Ilika microbatteries are being tested in implantable medical devices to reduce the size of implants and extend device life, reducing the need for more frequent medical interventions. Other applications include Industrial IOT where Ilika batteries can safely operate at high temperatures enabling improved visibility and automation of industrial processes through integration in sensors.

## Portfolio analysis (%)

Data as at 30 September 2021

## Theme breakdown

	Absolute	
Health & Wellbeing	24.7	Note: Thematic exposure attribution to eight impact themes based on estimates of company revenues or other relevant metrics. Neutral impact is estimated where revenues not directly tied to any theme. Negative impact estimated where revenues may be detrimental to SDG targets.
Circular Economy	21.2	
Energy Transition	13.0	
Water	9.1	
Future Mobility	6.3	
Education	5.9	
Financial Inclusion	3.2	
Food Security	1.7	
Positive Impact	85.1	
Cash	0.5	
Neutral Impact	12.2	
Negative Impact	2.3	

## Active bets

Top 5	Relative
Evoqua	5.0
Befesa	4.5
Lenzing	4.3
Valeo	4.2
Novo Nordisk	4.2

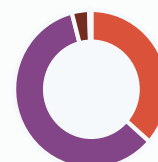
Bottom 5	Relative
Apple	-3.1
Microsoft	-2.7
Alphabet	-2.1
Amazon	-2.0
Facebook	-1.1

## Sector breakdown

	Absolute	Relative	
Industrials	28.3	17.6	
Health Care	25.4	13.8	
Materials	9.4	4.3	
Utilities	2.9	0.3	
Consumer Discretionary	11.4	-1.2	
Real Estate	0.3	-3.1	
Energy	0.0	-3.5	
Financials	9.6	-4.6	
Consumer Staples	0.0	-6.5	
Communication Services	0.0	-8.5	
Information Technology	12.2	-9.0	
Cash	0.5	0.5	

## Market cap breakdown

	Absolute
Large (>USD 15bn)	36.5
Mid (USD 1 - 15bn)	59.4
Small (<USD 1bn)	3.6
Cash	0.5



## Attribution &amp; contribution (%)

## Stock attribution

Top contributors	Relative return
Horiba	0.10
Apple	0.09
Valeo	0.09
Alphabet	0.09
Alfen	0.08
Top detractors	
Ørsted	-0.42
Duerr	-0.37
TOMRA	-0.33
Lonza Group	-0.29
Hannon Armstrong	-0.28

## Sector attribution\*

	Relative return	
Communication Services	0.14	
Information Technology	0.11	
Real Estate	0.04	
Consumer Staples	-0.02	
Materials	-0.27	
Consumer Discretionary	-0.33	
Utilities	-0.37	
Energy	-0.42	
Financials	-0.70	
Health Care	-0.86	
Industrials	-1.22	

\*Excludes cash

## Fund manager's commentary

Data as at 30 September 2021

Equity markets broadly finished the third quarter in positive territory with the declines in September unable to erase August's gains. Emerging markets underperformed amid a significant sell-off in Chinese equities. This was initially triggered by Beijing's regulatory clampdown on the technology and education sectors whilst fears over the deepening Evergrande crisis and how this will impact short-term growth in China did little to improve sentiment. Power outages and rationing brought about by the shortage of coal and gas only added to the woes. European equities, where the portfolio has an overweight position, finished the quarter modestly higher, although September was the first down month since January and volatility was higher. Inflation remained a hot topic over the quarter with supply chain bottlenecks and rising energy prices weighing on investors' minds.

The rotation towards the end of the quarter saw early cyclical once again in favour with banks and commodities outperforming. This environment represents a headwind for the strategy given our underweight in these areas. The fund's overweight to mid- and small-cap names proved positive, however overweights to volatility and consumer discretionary detracted as did the underweight to value stocks given the portfolio's bias towards businesses with strong growth profiles.

Stock selection was broadly positive over the quarter with healthcare and industrial names the leading performers. Consumer discretionary names YDUQS and Afya were detractors, as was the underweight to financials. The fund was negatively impacted (by 77bps) by an underweight to the US dollar and an overweight position in the Brazilian real which directly affected the return to investors from our Brazilian education names.

Key contributors for the quarter came from the healthcare and industrial areas where we have overweight exposures. Performances of note came from Sartorius, which bought a controlling stake in CellGenix, a gene therapy company, and also raised revenue and margin guidance; and Novo Nordisk within healthcare. Industrial names Duerr, which beat expectations and raised guidance, and EV charging business, Alfen, were both strong, as was the portfolio's largest holding - Evoqua Water.

Key detractors for the quarter were Brazilian education providers YDUQS and Afya which were impacted by a combination of Brazilian inflation and deteriorating emerging market sentiment on the back of tightening Chinese regulatory controls. Our view remains that both these businesses are well-positioned to benefit by addressing the structural supply/demand imbalance in education services in Brazil and current valuations look attractive and have provided a solid entry point for investors with a five to ten year investment horizon. We will continue to look for opportunities to add to our position on weakness.

Elsewhere PTC, which makes digital software, detracted owing to the perceived slowdown in the US which came on the back of lackluster PMI data. We feel PTC is well positioned given its solutions drive digital transformation, which reduces waste and scrap in the products they design, creates efficiencies in manufacturing processes, and optimizes the operations of their customers' processes, a service that is even more valuable to their clients in times of rampant input cost inflation.

We remain focused on investing in businesses where the impact from their solutions can drive out performance over the next five to ten years, rather than the next five to ten months. We believe we will look back on this period of extreme volatility as being a great opportunity to add new, exciting names at more attractive valuations than we otherwise would have been able to achieve in a trending market.

Performance over 1 month	%
Fund - A Acc EUR	-
Benchmark	-

## Share class details (Further details on additional share classes are available on request)

	ISIN	SEDOL	Bloomberg	Initial charge	Annual charge	Ongoing charge	Minimum investment
A Acc EUR	IE00BN2BD919	BN2BD91	RGEIIAE ID	Up to 5%	0.75%	1.57%	£ 1,000
A Acc EUR Hedged	IE00BN2BDB33	BN2BDB3	RGEIIAH ID	Up to 5%	0.75%	1.58%	£ 1,000
B Acc EUR	IE00BN2BDF70	BN2BDF7	RGEIIBE ID	Up to 5%	1.50%	2.33%	£ 1,000
B Acc EUR Hedged	IE00BN2BDG87	BN2BDG8	RGEIIBH ID	Up to 5%	1.50%	2.33%	£ 1,000

## Country registration

	A EUR	A EUR Hedged	B EUR	B EUR Hedged
Germany	✓	✓	✓	✓
Ireland	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓
UK	✓	✓	✓	✓

### Regulatory documents

English language KIIDs can be found on our website at [www.johcm.com](http://www.johcm.com)

Foreign language versions are available on request by calling +44 (0) 20 7747 5646

## Important information

**Professional investors only.** This is a marketing communication. Please refer to the fund prospectus and to the KIID before making any final investment decisions. These documents are available in English at [www.johcm.com](http://www.johcm.com), and available from JOHCM, or (for UK investors) JOHCM-ML, at the addresses set out below.

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Regnan is a standalone responsible investment business division of Pandal Group Limited (Pandal). Pandal is an Australian-listed investment manager and owner of the J O Hambro Capital Management Group. Regnan's focus is on delivering innovative solutions for sustainable and impact investment, leaning on over 20 years of experience at the frontier of responsible investment. "Regnan" is a registered trademark of Pandal.

The Regnan business consists of two distinct business

lines. The investment management business is based in the United Kingdom and sits within J O Hambro Capital Management Limited, which is authorised and regulated by the Financial Conduct Authority and is registered as an investment adviser with the SEC. "Regnan" is a registered as a trading name of J O Hambro Capital Management Limited. The investment team manages the Regnan Global Equity Impact Solutions (RGEIS) strategy which aims to generate market-beating long-term returns by investing in solutions to the world's environmental and societal problems. The RGEIS strategy is distributed in Australia by Pandal Fund Services Limited.

Alongside the investment team is the Regnan Insight and Advisory Centre of Pandal Institutional Limited in Australia, which has a long history of providing engagement and advisory services on environmental, social and governance issues. While the investment management team will often draw on services from and collaborate with the Regnan Insight and Advisory Centre, they remain independent of the Regnan Insight and Advisory Centre and are solely responsible for the investment management of the RGEIS strategy.

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