



## Investment Rationale

- By 2030, water demand could exceed supply by 40% thanks to population growth, urbanization and climate change, plunging half of the world into critical water stress.
- There's consequently an urgent need to bring in new techniques to rein in water usage (notably smart irrigation in agriculture) and to upgrade an ageing infrastructure to prevent leaks. The US alone announced close to \$100bn in water infrastructure investments.
- Longer term, as supply issues persist, water recycling and desalination should become major alternative supply sources.
- Water and ocean preservation is also core in the environment discussion, with plastic pollution starting to be addressed and the shipping industry on track to make its electric transition.

## Certificate Details

NAV	79.2
ISIN	DE000US778A6
Currency	USD
Type	Active Equity
Issuer / Rating	Kepler - UBS / S&P A+
Inception Date	01.07.2021
Number of Holdings	29
Liquidity	Daily
Management fees	1.6% (incl. 0.3% UBS)
Performance fees	15% (HWM)

## Investment Universe



## August Report

- The Aqua certificate fell 4.5% in August and underperformed the MSCI World by 0.3%.
- If California has been a driving force behind the rise of clean energies and adoption of electric vehicles, it could soon take on the same role in the blue revolution. Governor Gavin Newsom recently released a plan aimed at improving water supply amid historic droughts and based on water recycling, desalination, and storage.
- Water recycling will see the largest volume increase. From an additional capacity of 0.8M acre-feet by 2030, another million acre-feet capacity will be added by 2040, to 1.8M acre-feet. California's water strategy then highlights a recycling investment opportunity that is massive on a global scale as, today, only 1% of used water is recycled worldwide.
- Desalination technology is also a key pillar of Governor Newsom's water plan. Over 2030-2040, desalination capacity should rise threefold from 28 000 to 84 000 acre-feet and benefit from a much softer permitting framework for desalination facilities.
- Funding of the plan has not been detailed yet, but a spending package in the tens of billions is probably on the horizon in California. Importantly, this California water plan could give rise to similar initiatives from other US states and could also help accelerate the private sector's shift towards net water positivity with large companies pledging recently to contribute more water to the ecosystem than they consume.



## Performance



	2021	2022	2023
Jan		-15.3%	
Feb		-2.3%	
Mar		2.9%	
Apr		-10.4%	
May		-1.1%	
Jun		-6.6%	
Jul	0.6%	13.2%	
Aug	2.4%	-4.5%	
Sep	-6.8%		
Oct	6.5%		
Nov	-2.6%		
Dec	4.5%		
<b>Annual</b>	<b>4.0%</b>	<b>-23.9%</b>	

### Top Contributors

Advanced Drainage (WMS US)  
Energy Recovery (ERII US)  
Lindsay Corporation (LNN US)

### Worst Contributors

PerkinElmer (PKI US)  
Waters Corporation (WAT US)  
Tetra Tech (TTEK US)

### Risk

Beta vs. MSCI AC World	1.2
Correlation vs. MSCI AC World	0.9
Realized Volatility (Annualized)	21.4
Cash Allocation	0%

## Portfolio Structure

### Top Holdings

Energy Recovery (ERII US)  
Badger Meter (BMI US)  
Evoqua Water (AQUA US)

### Top 5 Currencies

USD	85%
NOK	7%
GBP	3%
EUR	3%
CHF	2%

### Market Cap Breakdown [USD]

Mega (> 200bn)	4%
Large (10bn to 200bn)	49%
Medium (2bn to 10bn)	36%
Small (300mln to 2bn)	11%
Micro (50mln to 300mln)	0%

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