



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	81.6
ISIN	DE000US778A6
Currency	USD
Type	Active Equity
Issuer / Rating	Kepler - UBS / S&P A+
Inception Date	01.07.2021
Number of Holdings	30
Liquidity	Daily
Management fees	1.6% (incl. 0.3% UBS)
Performance fees	15% (HWM)

Investment Universe

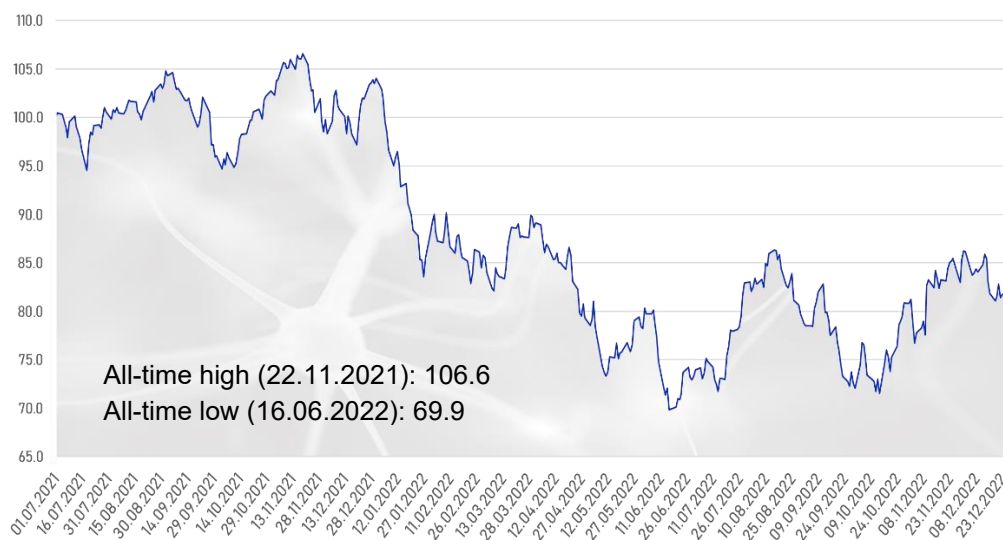


December Report

- The Aqua certificate fell 4.3% in December and underperformed the MSCI World by 0.1%.
- In the last weeks of the year, water remained an important theme for governments across the world following the extreme droughts recorded in 2022.
- Spain notably announced new initiatives (including digitization of the water cycle management) and bringing the total investment planned for 2022-2027 to approximately EUR21 billion as it faces a fragile balance between water supply and demand.
- And Egypt, which faces an annual water deficit of about seven billion cubic meters, will reportedly award in 2023 contracts to build 21 desalination plants, in the first phase of a program worth \$3 billion aimed at boosting the country's water security.
- As we have said many times, desalination appears as one of the key solutions to tackle water scarcity and the technology unsurprisingly attracts a lot of investments and innovation. Several initiatives are notably taking place around wave-powered offshore desalination solutions, which enable the production of freshwater from oceans by harnessing the energy of the waves. The main challenge is to scale the solution to potable drinking water for millions of users.



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%	-9.0%	
Oct	6.5%	12.1%	
Nov	-2.6%	5.6%	
Dec	4.5%	-4.3%	
Annual	4.0%	-21.6%	

Top Contributors

Select Energy Serv. (WTRR US)
Kongsberg (KOG NO)
Landis+Gyr (LAND SW)

Worst Contributors

Mueller Industries (MLI US)
Advanced Drainage (WMS US)
Evoqua Water (AQUA US)

Risk

Beta vs. MSCI AC World	1.2
Correlation vs. MSCI AC World	0.9
Realized Volatility (Annualized)	22.9
Cash Allocation	0%

Portfolio Structure

Top Holdings

Xylem (XYL US)
Badger Meter (BMI US)
Evoqua Water (AQUA US)

Top 5 Currencies

USD	82%
NOK	6%
CHF	4%
EUR	3%
JPY	3%

Market Cap Breakdown [USD]

Mega (> 200bn)	0%
Large (10bn to 200bn)	53%
Medium (2bn to 10bn)	36%
Small (300mln to 2bn)	11%
Micro (50mln to 300mln)	0%

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