



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	84.3
ISIN	DE000US778A6
Currency	USD
Type	Active Equity
Issuer / Rating	Kepler - UBS / S&P A+
Inception Date	01.07.2021
Number of Holdings	31
Liquidity	Daily
Management fees	1.6% (incl. 0.3% UBS)
Performance fees	15% (HWM)

Investment Universe

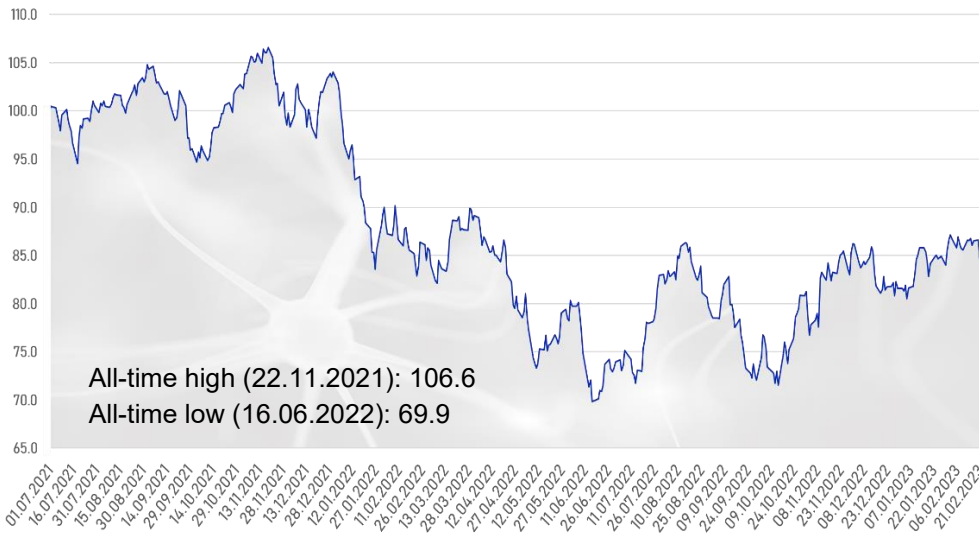


February Report

- The Aqua certificate fell 1.4% in February and outperformed the MSCI AC World by 1.3%.
- Serving as a clear reminder that water is a secular theme with little macro sensitivity, water technology companies' Q4 earnings were largely overwhelming against a difficult macro backdrop. Xylem, Energy Recovery and Ecolab notably recorded strong organic growth in the last quarter of the year (+20%, +26% and +12%, respectively) as they benefited from resilient demand in their largest end markets, particularly utilities, and as they enjoyed a strong pricing power with price increases more than offsetting inflation.
- Accordingly, margin strength was a common feature in earnings reports, with for instance Xylem boasting a 250bps margin gain year-on-year to 18.7%.
- Looking to 2023, many companies highlighted the secular trends in water that will continue to underpin demand in stable end markets. Even if a demand softening from industrial clients cannot be excluded should the macro backdrop deteriorate further, some drivers are well in place, notably the rise of desalination and corporates' willingness to recycle as much water as they can in order to become net water positive and to avoid potential water shortages. As such, we believe that some of the initial guidance for 2023 that point to mid-single digit top line growth (Xylem, Energy Recovery) are overly conservative and leave room for upside surprises.



Performance



	2021	2022	2023
Jan		-15.3%	4.8%
Feb		-2.3%	-1.4%
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%	3.3%

Top Contributors

Mueller Industries (MLI US)
Stantec (STN US)
Badger Meter (BMI US)

Worst Contributors

Montrose (MEG US)
Tetra Tech (TTEK US)
American Water (AWK US)

Risk

Beta vs. MSCI AC World	1.1
Correlation vs. MSCI AC World	0.9
Realized Volatility (Annualized)	22.2
Cash Allocation	0%

Portfolio Structure

Top Holdings

Badger Meter (BMI US)
Mueller Industries (MLI US)
Xylem (XYL US)

Top 5 Currencies

USD	81%
CHF	5%
NOK	5%
JPY	3%
EUR	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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