



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	83.8
ISIN	DE000US778A6
Currency	USD
Type	Active Equity
Issuer / Rating	Kepler - UBS / S&P A+
Inception Date	01.07.2021
Number of Holdings	32
Liquidity	Daily
Management fees	1.6% (incl. 0.3% UBS)
Performance fees	15% (HWM)

Investment Universe



April Report

- The Aqua certificate fell 0.8% in April and underperformed the MSCI World by 2.4%.
- As in the previous quarter, initial earnings from water technology companies are showing secular growth with little macro sensitivity. Badger Meter notably, that supplies devices that monitor water volumes and quality, delivered a strong 20% growth, mainly driven by volumes, as it benefits from resilient demand in its largest end markets, utilities and industrial customers.
- Pricing power remains an additional tailwind with price increases more than offsetting inflation and leading operating margins to expand 150bps in the quarter.
- If water scarcity is a major theme going forward, other themes are emerging. Notably the US Environmental

Protection Agency proposed new requirements that would set strict limits for PFAS, also called forever chemicals, in drinking water. As many water treatment facilities don't have the necessary equipment to remove PFAS (reverse osmosis filtration or carbon, which is an absorbent material), they will have to upgrade their treatment systems and the federal government is already setting aside funds to help them in this upgrade.

- Sign of the times, innovative water companies keep coming to the equity market with Air Water, whose technology condenses airborne moisture to produce drinking water, being the latest candidate.



Performance



	2021	2022	2023
Jan		-15.3%	4.8%
Feb		-2.3%	-1.4%
Mar		2.9%	0.2%
Apr		-10.4%	-0.8%
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%	2.7%

Top Contributors

Badger Meter (BMI US)
Bolloré SE (BOL FP)
Landis+Gyr (LAND SW)

Worst Contributors

Kurita Water (6370 JP)
Montrose Env. (MEG US)
Valmont (VMI US)

Risk

Beta vs. MSCI AC World	1.05
Correlation vs. MSCI AC World	0.9
Realized Volatility (Annualized)	22%
Cash Allocation	0%

Portfolio Structure

Top Holdings

Badger Meter (BMI US)
Ecolab (ECL US)
Mueller Industries (MLI US)

Top 5 Currencies

USD	75.4%
EUR	6.4%
CHF	6.2%
GBP	5.3%
NOK	3.7%

Market Cap Breakdown [USD]

Mega (> 200bn)	0%
Large (10bn to 200bn)	41%
Medium (2bn to 10bn)	50%
Small (300mln to 2bn)	9%
Micro (50mln to 300mln)	0%

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