



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	91.9
ISIN	DE000US778A6
Currency	USD
Type	Active Equity
Issuer / Rating	Kepler - UBS / S&P A+
Inception Date	01.07.2021
Number of Holdings	28
Liquidity	Daily
Management fees	1.6% (incl. 0.3% UBS)
Performance fees	15% (HWM)

Investment Universe



August Report

- The Aqua certificate fell 1% in August and outperformed the MSCI AC World by 1.9%.
- As commented last month, liquid cooling is increasingly being considered by data center operators to cool down their servers as it provides many advantages, including reduced energy costs and a better environmental footprint (assuming water is reused). That was clearly visible in Vertiv's earnings, that smashed expectations with 24% growth and 860bps margin expansion to 14.5%, with management comments focusing about the liquid cooling opportunity and the significant impact of generative AI on data center cooling needs.
- Turning to desalination, Consolidated Water impressed with 110% growth in Q2 and recent project wins north

of \$350 million, including the company's first contract to design, build and operate a desalination plant in the US (Hawaii), suggest that momentum should remain robust going forward. Meanwhile, Energy Recovery posted underwhelming growth of 2% in Q2 as some revenue slipped to Q3. But it's important to keep in mind that quarterly revenue can be lumpy at Energy Recovery as the company's sales of pressure exchangers are highly dependent on the timing of mega desalination projects.

- Finally, water testing was another source of strength as illustrated by Montrose's 14% growth in the quarter, with increasing regulations about PFAS (forever chemicals) emerging as a new growth driver.



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%	-0.7%
Jun		-6.6%	9.1%
Jul	0.6%	13.2%	2.2%
Aug	2.4%	-4.5%	-1%
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%	12.6%

Top Contributors

Consolidated Water (CWCO US)
Vertiv Holdings (VRT US)
Asia Vital Components (3017 TT)

Worst Contributors

Energy Recovery (ERII US)
Landis+Gyr Group (LAND SW)
Xylem (XYL US)

Risk

Beta vs. MSCI AC World	1.03
Correlation vs. MSCI AC World	0.9
Realized Volatility (Annualized)	21%
Cash Allocation	0%

Portfolio Structure

Top Holdings

Badger Meter (BMI US)
Ecolab (ECL US)
Ferguson (FERG US)

Top 5 Currencies

USD	76%
EUR	12%
CHF	7%
TWD	3%
NOK	2%

Market Cap Breakdown [USD]

Mega (> 200bn)	0%
Large (10bn to 200bn)	43%
Medium (2bn to 10bn)	43%
Small (300mln to 2bn)	14%
Micro (50mln to 300mln)	0%

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