

SHINING A LIGHT ON THE..... Regnan Sustainable Water and Waste Fund

AT A GLANCE

Investment Objective	
A global equity strategy focused on investing in companies involved in, or connected with, water and waste management	
Inception Date	13 September
Fund Factsheet Link	-
Management	
Manager Name	Start Date
Bertrand Lecourt	
Saurabh Sharma	

UPDATE....

This is a brand-new fund launch from Regnan, and their first thematic fund. The team ran a successful strategy at Fidelity before leaving and setting up at their new home. The fund is due to be launched on 13 September.

It will look to hold between 35 and 50 stocks and allocate roughly 60% in water and 40% in waste. The strategy they ran at Fidelity was launched in 2018 and was one of the fastest ever impact raising strategies in Europe. Over time the direction the team wanted to go differed from Fidelity, and Regnan seemed the best bit for them.

They see this as a global fund but with no real benchmark. The storey focuses around 5 drivers – urbanization, consumption, infrastructure pressure, regulations and health and resource and scarcity. They believe that in looking for good companies it is about understanding what makes the world work. In their view water and waste is the story of civilisation.

In 2011 more than 50% of the world lived in cities. This is expected to increase to 70% by 2050. This increases consumption and places pressure on infrastructure. As an example, London is building a super sewer to reflect increased demand. In terms of waste, 50% of this is dumped and this needs to change.

If we consider water as a free commodity then we need to understand that transporting and cleaning water is not. Without water everything stops. To produce 1 cotton shirt requires 2,494 litres of water, and a pair of jeans 7,979 litres!

With waste, this will change over the next decade. India currently has no infrastructure; China is refusing to accept any more waste and as people get more wealthy there will be more waste. We already have waste management everywhere and this will just increase over time. A plastic cup takes 50 years to disappear and a battery 100 years. A sanitary pad between 500 and 800 years!!

LWM Consultants Ltd

The fund looks to invest in quality companies, and mixes between those companies they can hold for a long period of time and those short-term opportunities (i.e., 18 to 24 months). They tend to invest in small and mid-cap names.

Some examples of holdings would include American Water Works, Waste Management and Covanta Holdings.

As an overview, they see this as a well-diversified global strategy as they can invest in all companies involved in the water value chain and related services and industries, and all companies involved in the waste management solutions, cleaning, and recycling management services.

This strategy has a social impact through investing in areas which drive everything we do. Whether it is this strategy or another impact strategy, the big question for investors is what is going to drive markets over the next decade and more. It is clear that climate change plays a massive part in this. Water and waste are integral to making the world better. Therefore, this might act as a counterbalance to other global funds as it is likely to have holdings which are not found in other strategies.

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