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

#### AT A GLANCE

#### **Investment Objective**

The investment objective of the Sub-fund is to generate capital growth over rolling 5-year periods and to pursue a sustainable objective by investing in companies which provide solutions to the global water and/or waste related challenges. At all times, the Sub-fund will invest at least 70% of its assets in the shares of companies quoted and/or traded on regulated markets worldwide that operate in the water and/or waste related sectors and provide solutions to global water and waste challenges (the "Thematic Assets").

Inception Date	13 September	
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapsh	
	ot/snapshot.aspx?id=F00001CQO4	

Management		
Manager Name	Start Date	
Bertrand Lecourt	13 September 2021	
Saurabh Sharma	13 September 2021	

#### **FUND PERFORMANCE**

Performance from 13<sup>th</sup> September 2021 to 31<sup>st</sup> January 2022:

	2021	2022
Regnan Sustainable Water and Waste Fund	6.70%	-10.59%
MSCI ACWI NR	5.12%	-4.00%

#### Performance since launch:

	Since launch
Regnan Sustainable Water and Waste Fund	-4.60%
MSCI ACWI NR	0.91%

You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style	
-	-	-	-	-	-	-	Blend Mid	/

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Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

Investment Style Details		
Giant	0.00%	
Large	20.47%	
Medium	57.74%	
Small	17.06%	
Micro	1.65%	

Top 5 Holdings – 46 Equity Holdings			
Veolia Environnement SA	Industrials	3.67%	
Advanced Drainage Systems Inc	Industrials	3.40%	
A.O. Smith Corp	Industrials	3.35%	
Waste Management Inc	Industrials	3.31%	
Evoqua Water Technologies Corp	Industrials	3.25%	

Top 5 Sectors		
Industrials	59.89%	
Utilities	18.88%	
Consumer Cyclical	10.68%	
Basic Materials	3.27%	
Healthcare	3.01%	

Top 5 Regions		
United States	64.70%	
Eurozone	8.97%	
Asia – Emerging	5.68%	
United Kingdom	5.39%	
Japan	4.69%	

### UPDATE....

The fund was launched on 13 September and up to the end of the year had outperformed the index. The start to 2022 has been harder. The team behind the strategy ran a successful fund at Fidelity before leaving and setting up at their new home.

The story focuses around 5 drivers – urbanization, consumption, infrastructure pressure, regulations and health and resource and scarcity. They believe that looking for good companies it is about understanding what makes the world work. In their view water and waste is the story of civilisation.

They are style agnostic and the fund will tilt to where they see the best opportunities. The main characteristics of companies they invest in are quality with good earnings and the ability to compound earnings over time. This naturally leads to companies with strong balance sheets.

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By the nature of where they are investing, this is tilted towards industrials and utilities, so companies like A O Smith, Advanced Drainage and Evoqua have done well for them.

The benchmark is the world index and therefore not holding the likes of Apple, Microsoft, Tesla and Nividia has been negative for them, but these are stocks they would never hold, so to some extent the benchmark doesn't work for this strategy.

Some of the new holdings include Organo (Japan), China Water and Core & Main (US). They don't have a large exposure to the darling stocks although they have seen some of their holdings being dragged down by the general market downturn. This has opened opportunities.

In summary, this strategy is an impact fund looking to focus on water and waste as two components of making the world work. It is very early days, and therefore any performance is difficult to judge. This will look and feel very different to other global funds and has positive tailwinds which means it has the potential to deliver differently going forward. This is a strategy on our watchlist.

The source of information in this note has been provided by Regnan and is correct as of February 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.