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 13th September 2021 to 31st August 2022:

	2021	2022
Regnan Sustainable Water and Waste Fund	7.00%	-5.23%
MSCI ACWI NR	5.12%	-4.26%

Performance since launch:

	Since launch
Regnan Sustainable Water and Waste Fund	1.40%
MSCI ACWI NR	0.64%

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	
-	-	-	-	-	-	1	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	18.32%	
Medium	55.86%	
Small	21.41%	
Micro	1.40%	

Top 5 Holdings – 46 Equity Holdings		
Republic Services Inc	Industrials	3.97%
Waste Management Inc	Industrials	3.96%
Clean Harbors Inc	Industrials	3.70%
Waste Connections Inc	Industrials	3.69%
American Water Works Co Inc	Utilities	3.45%

Top 5 Sectors		
Industrials	66.92%	
Utilities	18.47%	
Consumer Cyclical	10.08%	
Healthcare	3.09%	
Basic Materials	1.44%	

Top 5 Regions		
United States	65.14%	
Asia – Emerging	6.09%	
Eurozone	6.07%	
United Kingdom	5.30%	
Japan	4.81%	

UPDATE....

The fund passes its 12-month anniversary on 13th September. The fund was established by a team who previously worked at Fidelity and follows the same process and style. Before Fidelity they ran the strategy at Polar Capital and Aquilys.

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

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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The fund is more about the story. Water is used in everything we do, and everything becomes waste. As the "middle classes" increase, especially in the emerging markets, so consumption increases, and a natural by-product is waste. The fund is therefore looking to capitalise on companies which operate in the water and waste space. There are around 350 companies which they can focus on. They want the very best companies.

Because there are few players it means that many of these companies have high barriers to entry and persistent earnings growth. Price is important as although they want to gain as much as possible on the upside, they still need to protect on the downside.

With the downturn in markets this has opened value in the holdings they have, and they believe this is positive for returns when markets turn. They also feel that this offers something different to other global strategies and so is a good diversifier within portfolios. It has also held up well against the index since it was launched.

In summary, one of our concerns would be the focus on one segment of the market. The team have been doing this for many years and delivered strong returns. We are happy to add this to our watchlist but would want to follow performance for a longer period.

The source of information in this note has been provided by Regnan and is correct as of September 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 decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.