



Regnan

Regnan Sustainable Water & Waste Strategy

Brought to you by J O Hambro Capital Management

FOR PROFESSIONAL INVESTORS ONLY

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There is no economy without **water**, no sustainable economy without **waste** management

The Water and Waste story is a tale of civilization and economic progress

Water is essential for life on earth and is a precious, yet underappreciated and undervalued resource. It is used in nearly all forms of economic activity including food production, industrial manufacturing, textiles, energy production and materials extraction – put simply ‘there is no economy without water’ yet ‘there is no sustainable economy without waste management’. This is why we include a ‘waste’ component to our investing – the two segments work together.

Strategy snapshot

Launched in September 2021, the Regnan Sustainable Water and Waste Strategy is a high conviction, diversified, global portfolio with an ESG integrated process enhanced by Regnan’s proprietary ratings and engagement framework.

We aim to generate market-beating long-term investment returns by investing in sustainable companies within the water and waste value chains.



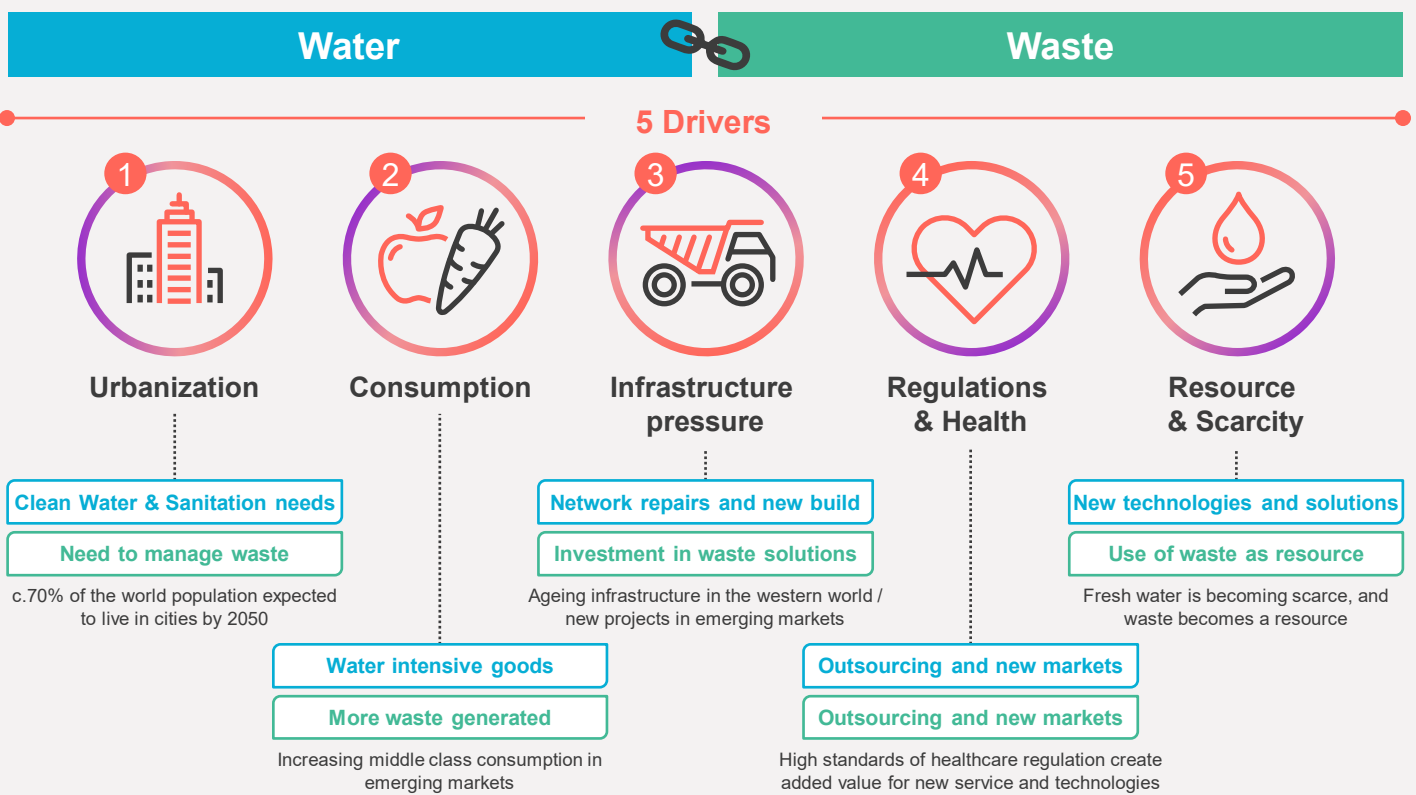
Bertrand Lecourt
Senior Fund Manager



Saurabh Sharma, CFA, CAIA
Fund Manager

5 common long-term growth drivers

The combination of both water and waste themes is a truly differentiated and unique proposition and one that has been pioneered by the investment team. Companies exposed to these two themes share similar long-term fundamental growth drivers:



These long-term growth drivers have existed for thousands of years and will be around for many years to come. They are what makes the water and waste universe such an attractive area for investment.

Many water and waste solutions are interconnected and intrinsically linked. In order to deal with more circular solutions for waste, economies need water (i.e. to clean plastic before recycling, water is used in paper recycling and products are cleaned with water before re-use) but water solutions also need sound waste management systems (i.e. collection, prevention of solid, liquid or gas waste polluting water resources).





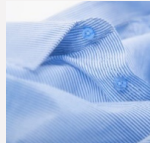







The water and waste nexus is a reflection of a healthy, functioning body integrating water and matter, and sustainably managing used water and waste. Failure to manage these two together efficiently generates unsustainable economies.

Water and waste companies also provide unique diversification characteristics when combined. Companies in these sectors typically operate locally with limited overlap across geographies and sectors providing a low intra-correlation within the portfolio.

Water footprint

We often don't know the amount of water that goes into making our food, drink, and the products we buy, but it can be startlingly high...

How much water does it take to make?



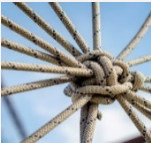









<p>Beer</p>  <p>75 Litres</p>	<p>Mobile Phone</p>  <p>1,000 Litres</p>	<p>Microchip</p>  <p>30 Litres</p>	<p>Jeans</p>  <p>7,979 Litres</p>	<p>Cotton Shirt</p>  <p>2,494 Litres</p>	<p>Shower</p>  <p>264 Litres</p>
<p>Bread</p>  <p>60 Litres</p>	<p>Apple</p>  <p>125 Litres</p>	<p>Coffee</p>  <p>130 Litres</p>	<p>Chocolate bar</p>  <p>1,700 Litres</p>	<p>Leather Tote Bag</p>  <p>17,128 Litres</p>	<p>Beef</p>  <p>15,400 Litres</p>

Source: Regnan; Interactive tools – product gallery – waterfootprint.org, 2021; 'Let's be water-wise' – downtoearth.org, May 2020; Water scarcity. The key challenges in meeting the demand, Credit Suisse, January 2020.

Waste footprint

In a linear economy discarded waste does not disappear overnight...

How long does it take to decompose?

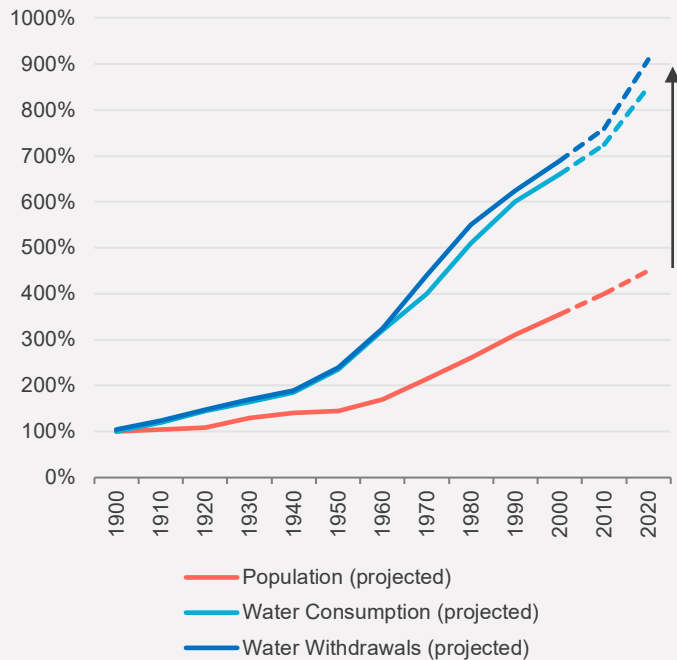
<p>Train ticket</p>  <p>2 Weeks</p>	<p>Cotton Shirt</p>  <p>6 Months</p>	<p>Rope</p>  <p>3-14 Months</p>	<p>Wool Jumper</p>  <p>1-5 Years</p>	<p>Milk Carton</p>  <p>5 Years</p>	<p>Cigarette Butt</p>  <p>10-12 Years</p>
<p>Leather Shoe</p>  <p>25-40 Years</p>	<p>Foam Plastic Cup</p>  <p>50 Years</p>	<p>Tin Can</p>  <p>50 Years</p>	<p>Battery</p>  <p>100 Years</p>	<p>Sanitary Pad</p>  <p>500-800 Years</p>	<p>Fishing line</p>  <p>600-1k Years</p>

Source: Regnan; thebalancesmb, saveonenergy, roadrunnerwm.

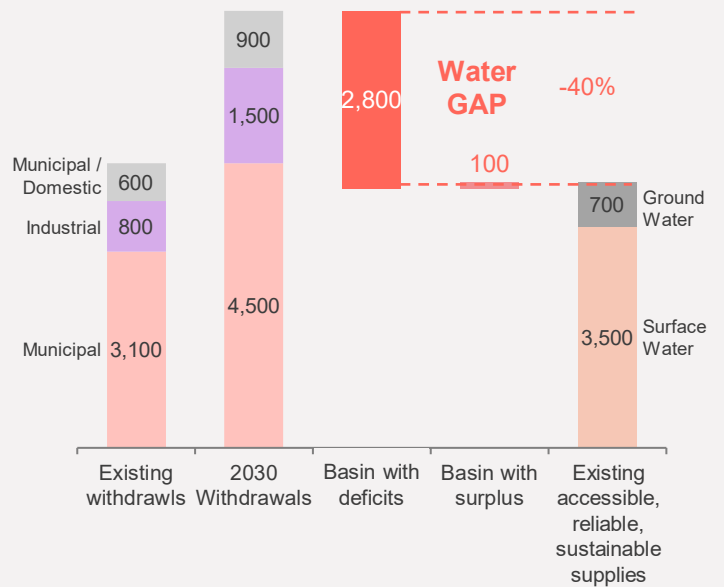
The continuous need for water is generating economic challenges

We withdraw more water over time creating a water GAP

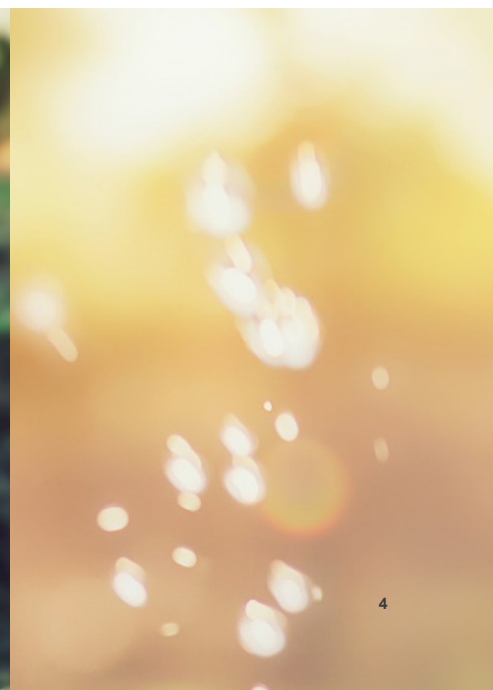
We use more water as population grows (% growth since 1900)



Aggregated global water supply gap by 2030, billion m³



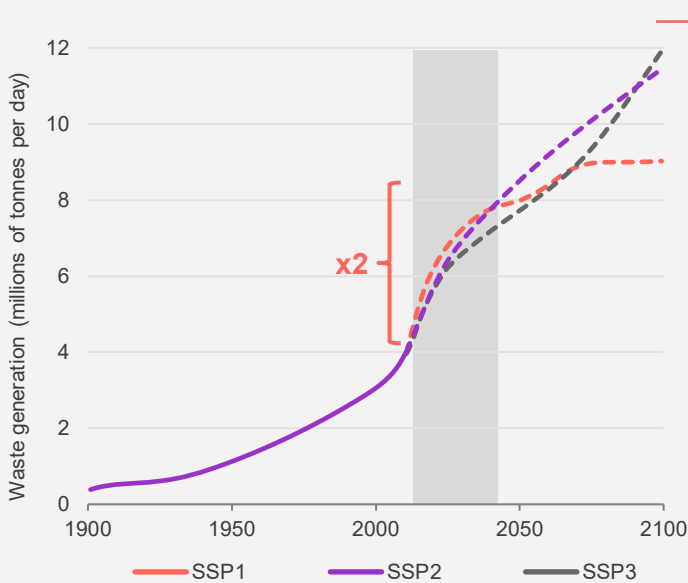
Source: Regnan, Shikpmanov 1999, US Census bureau 2011; IFPRI; McKinsey analysis, 2009.



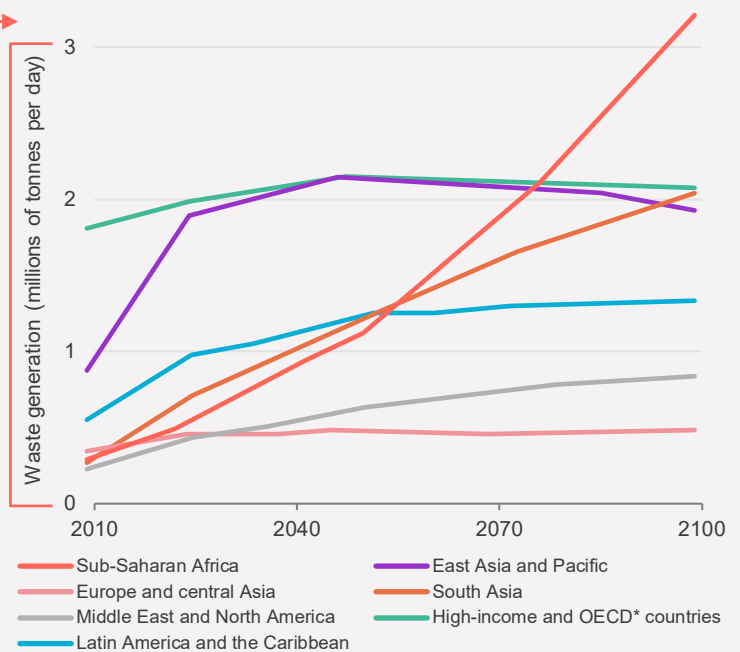
The waste market is set to double over the next decade

Waste becomes a new resource

Past and projected global waste generation



Projected waste generation by region (SSP2, business as usual)



Source: Regnan, OECD 2013, Nature 31 October 2013. All opinions and estimates constitute the best judgment of Regnan as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Regnan. *Organisation for Economic Co-operation and Development. *Organisation for Economic Co-operation and Development.

Three projections to 2100 for waste generation spell very different futures. In the first Shared Socioeconomic Pathway scenario (SSP1), the 7bn population is 90% urbanised, development goals are achieved, fossil-fuel consumption is reduced and populations are more environmentally conscious. SSP2 is the 'business-as-usual' forecast, with an estimated population of 9.5m and 80% urbanisation. In SSP3, 70% of the world's 13.5bn live in cities and there are pockets of extreme poverty and moderate wealth, and many countries with rapidly growing populations.



Fund characteristics

- A unique strategy that combines the best opportunities from the water and waste value chains.
- Long-term capital growth with enhanced active management combining defensive and growth stocks.
- Experienced investment team with strong research capabilities. They are pioneers in the combination of water and waste stocks and have a deep understanding of the themes and sectors.
- A high conviction portfolio with unique characteristics and extremely low overlap with global equity portfolios.
- A distinctive investment process with live benchmarking of the universe in an area which remains under-researched.

Increasing awareness of the sustainability issues we face mean the strategy operates in a supportive environment backed by global trends. Population growth, environmental constraints, supportive regulation, urbanisation rates and global wealth creation are all working in our favour. We would expect the strategy to outperform the broader market over the market cycle with bottom-up stock selection the key driver of returns.

Underlying long-term relative performance

Water & Waste indices vs. MSCI All Country World Index (net total return)



Source: Bloomberg 6 September 2021. Waste Index represents BNP Paribas Global Waste Management Total Return Index USD, Water Index represents S&P Gb Water USD Net Total Return Index. All Indices in USD.

Meet the Regnan Sustainable Water and Waste team



Bertrand Lecourt

Senior Fund Manager, Head of Thematic Investments Strategies

Bertrand leads the Thematic Investing strategy at Regnan. He is a Senior Fund Manager on the Regnan Sustainable Water and Waste strategy. Previously he was a Portfolio Manager at Fidelity International, where he launched and managed the Fidelity Funds - Sustainable Water & Waste Fund. Prior to joining Fidelity International in 2018, Bertrand was a Portfolio Manager at Polar Capital and the founder and CIO of Aquilys Investment Management. Before moving to the buy-side, Bertrand was Head of Equity Research, France at Deutsche Bank and a utilities analyst at Dresdner Kleinwort Benson and Goldman Sachs. He holds an MSc in International Finance from HEC School of Management, France, an MSc in Money, Banking and Finance from Birmingham University, UK, and a DEA in Monetary Economics from Orleans University, France.



Saurabh Sharma, CFA, CAIA

Fund Manager

Saurabh is part of the Thematic Investing strategy at Regnan. He is a Fund Manager on the Regnan Sustainable Water and Waste strategy. Previously, he was an Assistant Portfolio Manager on the Fidelity Sustainable Water & Waste strategy and an Investment Director in Fidelity's equity team. Prior to joining Fidelity in 2014, he worked as an equity research analyst for Moody's Analytics (erst Copal Amba) from 2011 to 2014 and for Global Data from 2010 to 2011. He has an MBA in Finance from IBS, Hyderabad, India, and holds a CFA (ICFAI) degree. In addition, he is a CFA and CAIA charter holder.

The future belongs to everyone

About Regnan

Regnan's focus on delivering innovative and credible sustainable and impact investment solutions draws on over 20 years of experience at the frontier of responsible investment. It can trace its roots back to Monash University, Melbourne in 1996, when it was established to investigate and address ESG-related sources of risk and value for long-term shareholders in Australian companies.

Regnan is the specialist sustainable and impact brand within Pandal group. Pandal is an Australian-listed investment manager and owner of J O Hambro Capital Management (JOHCM).

Driving positive impact and investing for a sustainable future is why we exist. We want to help make responsible investment the standard way to invest, and to make it more nuanced, intellectually robust and effective.

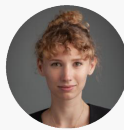
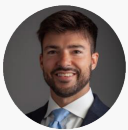
An experienced and proven team

Investment services

Impact

Portfolio Specialist

Sustainable Thematic



Client solutions:

Investment returns | Sustainability | Innovation | Purity

Engagement | Advisory | Research



Stewardship services

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