

# Ecofin Sustainable Global Water Strategy

As of 30 June 2022

The strategy invests in companies across the globe and throughout the water cycle that we believe are positioned to benefit from the pursuit to solve the water supply/demand imbalance. We believe increased investment in water infrastructure and technology will be key to economic growth and social stability as the world's growing population increasingly confronts water scarcity.

## Investment opportunity

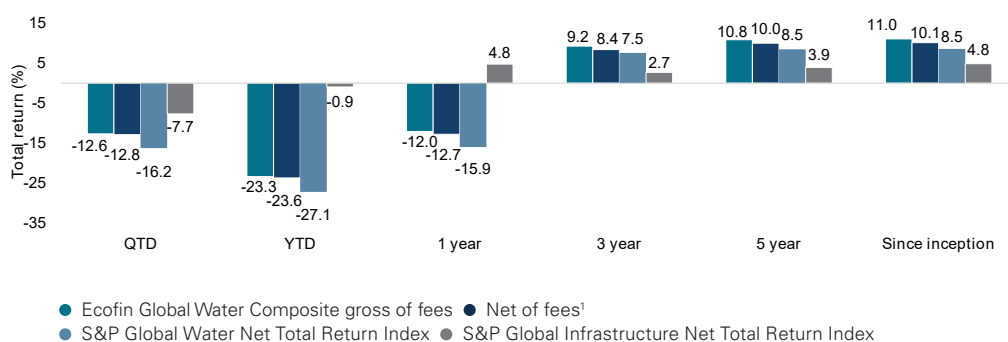
- Compelling market opportunity as water emerges as an asset class
- Significant investment opportunity in water infrastructure and technology driving attractive total return potential
- Growing universe with increased capital market activity highlighting value of water businesses
- Long runway of growth opportunities arising from global water supply/demand imbalance
- Impact investment as water is an essential asset that drives economic growth and social sustainability
- Diversification benefits with low correlation to equities

## Technology focus

We believe technology will play a key role in the transformation of the water sector

- Higher-end technologies expected to continue to command premium multiples over commoditized offerings due to growth opportunities and barriers to entry
- Higher-end technologies include smart water networks, desalination, treatment, filtration and testing

## Total return performance (as of 30 June 2022)



## Monthly returns (net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	-12.0	-2.5	2.1	-8.2	0.7	-5.7						
2021	0.6	0.7	3.1	6.4	1.2	0.3	5.1	4.5	-5.7	5.3	-0.5	5.4
2020	3.6	-7.2	-11.9	8.3	3.5	0.2	6.6	3.9	1.3	1.2	7.9	3.3
2019	5.7	5.9	1.0	2.8	-2.3	7.7	-0.7	0.0	2.6	1.1	1.0	3.7
2018	1.1	-3.5	0.9	-0.9	1.0	-1.1	6.5	0.7	0.0	-9.5	6.3	-7.0
2017	2.3	0.3	1.1	3.1	2.1	-0.1	1.9	0.6	2.4	1.9	4.3	-0.9
2016	-1.9	0.5	6.9	3.2	1.8	1.1	3.0	1.1	1.2	-3.3	0.2	-0.4
2015							0.2	-5.4	-2.2	6.5	2.1	-2.6

### Past performance is no guarantee of future results.

Annualized for periods over one year. It is not possible to invest directly in an index. <sup>1</sup>Unlike the indices, performance figures for the Ecofin Global Water Composite, net of fees, have been reduced by 0.75% per annum, the highest management fee charged to any managed account client whose account is included in the composite, however, actual fees for accounts within the composite vary. Currency: USD. Source: Bloomberg and Ecofin.

Inception was 1 July 2015.

## Strategy information

Firm AUM \$8.7B  
Strategy AUM \$27.8M

### Global water crisis

Water has attracted an increasing amount of investment and consideration for a number of reasons, namely the following:

- Water shortages
- Water quality concerns
- Deteriorating water infrastructure in developed countries
- Need for water infrastructure in emerging markets

We believe the following strategies are best positioned to improve the supply/demand imbalance:

### Deep backlog of infrastructure projects

- Entire water value chain is expected to benefit from infrastructure buildout
- Private investment will play a significant role in infrastructure improvement

### Maximizing water supply

- Reduction in water loss, along with alternative sources of supply, including water reuse and desalination, will be needed to meet expected demand
- Companies providing solutions in these areas are likely well positioned for growth

### Efficient water usage

- Demand should increase for technologies or products that improve water efficiency
- Companies that participate in these areas will likely benefit

### Rising water prices

- Higher water rates will likely be needed to justify returns on infrastructure expenditures
- Infrastructure investment will likely filter to end users via higher water prices

**Strategy contributes positively to the environment, society and economy by investing in companies that supply water and treat wastewater, as well as investing in water/wastewater infrastructure and technology**

**>2.5** BILLION

people served by water and wastewater services

Source: company filings and Water.org

**>16** TRILLION

gallons of water and wastewater treated and distributed

**\$6.5** BILLION

invested in water infrastructure and technology

**>2.6** TRILLION

gallons of water saved or reused (equivalent to 7 New York Cities)

**Disciplined investment process**

Through our in-house research coverage of companies throughout the entire water value chain, our investment process uses a bottom-up, fundamentals-based approach. We believe our process is a competitive advantage, enabling it to evaluate risk and reward intelligently across the water infrastructure universe.



**Step 1: Qualitative analysis**

Proprietary risk models are used to select companies with high quality assets, effective management, stable cash flows and ESG factors

**Step 2: Quantitative analysis**

Proprietary financial models are employed to understand growth prospects, liquidity position and sensitivities to key drivers

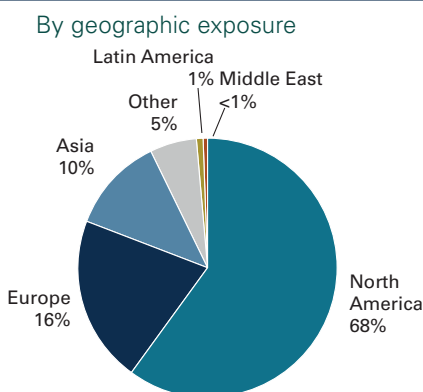
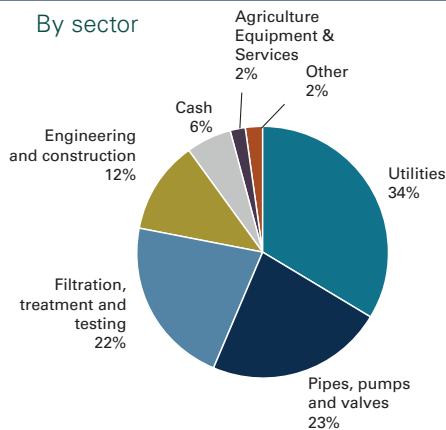
**Step 3: Relative value**

Proprietary valuation models are used to determine portfolio weightings

**Why Ecofin?**

- Proven investment process, skill and history enable us to evaluate investment risk and reward intelligently
- Proprietary risk, financial and valuation models
- Successful track record of investing in water assets as we actively participate in water investment activities across the capital structure through our public and private strategies
- Expertise in markets experiencing capital dislocation. Water industry is reminiscent of the energy industry at its inception
- Understanding of water value chain
- Incorporates ESG principals in investment process to mitigate risk and enhance long-term performance

**Portfolio allocation (as of 30 June 2022)**



Due to rounding, totals may not equal 100%.

**Investment team**

The water strategy leverages the expertise and resources of the broad investment management team members of TortoiseEcofin that manage approximately \$8.7 billion in AUM through its family of registered investment advisors. The portfolio team includes three members dedicated to the Ecofin Sustainable Global Water strategy and is overseen by an experienced investment committee, which consists of four senior portfolio managers.

**Portfolio Team**

- Nick Holmes, CFA
- Evan Lang, CFA
- Chris Ottinger

**Investment Committee**

- Matthew Breidert
- Nick Holmes, CFA
- Jean-Hugues de Lamaze
- Evan Lang, CFA
- James Mick, CFA
- Brent Newcomb

**About Ecofin**

Ecofin is a sustainable investment firm with roots dating to the 1990s and a global footprint with offices in the U.S. and UK. Our core belief is we can deliver strong risk-adjusted returns and create a healthier planet and society. Our strategies offer global solutions in private and public securities that address global challenges in climate action, water and social impact. Through these strategies we seek to achieve positive impacts that align with UN Sustainable Development Goals and are accessible through a variety of vehicles. Ecofin Investments, LLC is the parent of registered investment advisers Ecofin Advisors, LLC and Ecofin Advisors Limited (collectively "Ecofin") For additional information, please call 001 866-362-9331 or email info@tortoiseecofin.com.



This strategy seeks to achieve positive impacts that align with the following UN Sustainable Development Goals

**Primary:**



**Secondary:**



This document is being issued by Ecofin. Effective 9/1/2020 the composite is known as the Ecofin Global Water Composite (the "Composite") is a composite of managed accounts focused on investments in sectors that will benefit from the need to improve the supply, efficiency and quality of water. Inception was 1 July 2015 for the Ecofin Global Water Composite. Ecofin claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. A complete list of composite descriptions and GIPS composite reports is available upon request by contacting Client Relations at ClientRelations@tortoiseecofin.com.

**Index information:** The S&P Global Water Net Total Return Index provides liquid and tradable exposure to 50 companies from around the world that are involved in water related businesses. To create diversified exposure across the global water market, the 50 constituents are distributed equally between two distinct clusters of water related businesses: water utilities and infrastructure, and water equipment and materials. The S&P Global Infrastructure Net Total Return Index is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index includes three distinct infrastructure clusters: energy, transportation, and utilities.

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