



**TARENO**  
Global Water Solutions Fund

# Fund Manager Review

November 2024

## Here we go again

The November market performance was undoubtedly influenced by the results of the US election. Donald Trump's presidential win marks his return as the second president in US history to serve non-consecutive terms - 130 years after Grover Cleveland. With this achievement, only one record remains unique to Cleveland: being the only president to marry while in office, at the White House.

As the Republican Party not only won the White House, but also majorities in both chambers of Congress, expectations are high for policies aimed at bolstering the US economy and markets.

Outside the US, the election result was met with some caution. Emerging markets underperformed developed markets by several percentage points. Chinese equities declined due to concerns about a future trade conflict and the assessment that the previously announced government support measures are not yet sufficient to overcome the domestic real estate and confidence crisis.

The US dollar rally also had a significant impact on the relative performance of markets in November. The perception that Trump's fiscal plans could be inflationary and potentially cut short the Federal Reserve's (Fed's) rate-cutting cycle led to the strongest consecutive monthly gains for the dollar in more than 2 years.

The Tareno Global Water Solutions Fund posted a performance of +4.19% (W-EUR tranche) in November 2024.

## Our month in water

Looking at the underlying fundamentals of our universe, the one that jumped out were Existing-Home-Sales in the US. After a streak of thirty-eight consecutive year-over-year declines that indicator turned a corner in October. At the same time, the Architectural Billings Index, a key indicator of non-residential construction expectations moved into expansion territory for the first time since June 2023. Although it's too early to call it a trend, this signs hint that the Fed's easing policies might start to positively influence the construction market. Companies with significant exposure to the construction market include **Advanced Drainage Systems**, **Watts Water**, **Geberit** and **Georg Fischer**.

The Republican sweep raises one clear question: what will the change in the administration mean for the EPA and the investment in water infrastructure more broadly? Some are certain that environmental protections will be dismantled. Others are convinced that water will emerge as a source of bipartisan conciliation. We will soon see which of these predictions is correct. In the meantime, it is clear that there is little visibility of regulation. **Tetra Tech**, an environmental consulting firm exposed to federal funding, lost about 20% in the aftermath of the election. We must be patient here until the dust settles, but the move is clearly excessive. Even in firm red states like Florida and Texas, environmental regulators have a track record of taking water quality issues seriously. We see the potential for a more quilted, state-led environmental regulation landscape as creating opportunities for upstream firms such as Tetra Tech.

## A reversing trend

Have you ever heard of a company that saw its stock soar by an incredible 15% after they announced the sale of two-thirds of its business? This is exactly what happened to Georg



Fischer! The acquisition of Uponor in November 2023 has positioned GF as one of the global leaders in sustainable Water and Flow Solutions! They are now addressing mission-critical solutions for industrial flow processes, sustainable water management in urban areas and energy efficiency in buildings. A strategic evaluation revealed that these incredible growth opportunities can be best pursued by further adapting the company's portfolio. This is why GF is going to focus entirely on Water and Flow Solutions for Industry, Infrastructure and Buildings. This is in line with the exciting news that Du Pont will be splitting into three separate companies by the end of 2025. It's water-tech business will be separated and go out there to compete with the likes of Xylem and Veralto – it's an exciting new chapter!

Back in 2017, General Electric made the brilliant decision to focus on their core industrial businesses and divest slow-growth, low-tech and non-industrial processes. Can you guess what they divested in the process? Exactly – GE Water, which they sold to Suez, nowadays Veolia Water Technologies & Solutions.

The exciting transformation of water technology is happening right now! It is transforming from a cost centre to a valuable asset.

### Three stars for our water fund

This November, the Tareno Global Water Solutions Fund was awarded the FNG-Label for the seventh time in a row and received three out of three possible stars. We are delighted to receive this award once again and are proud of the progress we have made at all levels of the sustainability process in recent years. In addition to the minimum requirements that must be met for the label, there is a so-called tier model in which up to three stars can be awarded in the areas of institutional credibility, product standards, selection strategy, dialogues and key performance indicators. The Tareno Global Water Solutions Fund once again receives three out of three possible stars in all categories.

### Season's greetings

As another year draws to a close and the markets start to quieten down, we just wanted to take a moment to express our heartfelt gratitude for your continued support and trust in us. We really appreciate it and are very grateful for your partnership!

We hope you get the chance to relax and enjoy the festive season with your nearest and dearest. Have a lovely time and think about all the great things you've done this year. And then look forward to all the wonderful things that 2025 will bring!

Have a wonderful holiday season, and all the very best for a happy, healthy, and prosperous New Year. We'll see you in 2025, and we're looking forward to continuing our journey together!

Best regards,

Stefan Schütz



Stefan Schütz has been managing the Tareno Global Water Solutions Fund since July 2021. In addition, he is responsible for fundamental equity research in the investment team. Stefan Schütz started his career in the financial industry in 1997 at Bank CIC before joining the Tareno Investment Team shortly after the launch of the Tareno Global Water Solutions Fund in November 2007. Stefan Schütz is a Certified International Investment Analyst (CIIA).



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## Imprint

Tareno AG  
Gartenstrasse 56  
CH-4052 Basel  
+41 61 282 28 00

Tareno AG  
Claridenstrasse 34  
CH-8002 Zürich  
+41 44 283 28 00

[info@tareno.ch](mailto:info@tareno.ch)  
[www.tareno.ch](http://www.tareno.ch)

## Responsible

Stefan Schütz  
Fund Manager  
[s.schuetz@tareno.ch](mailto:s.schuetz@tareno.ch)

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