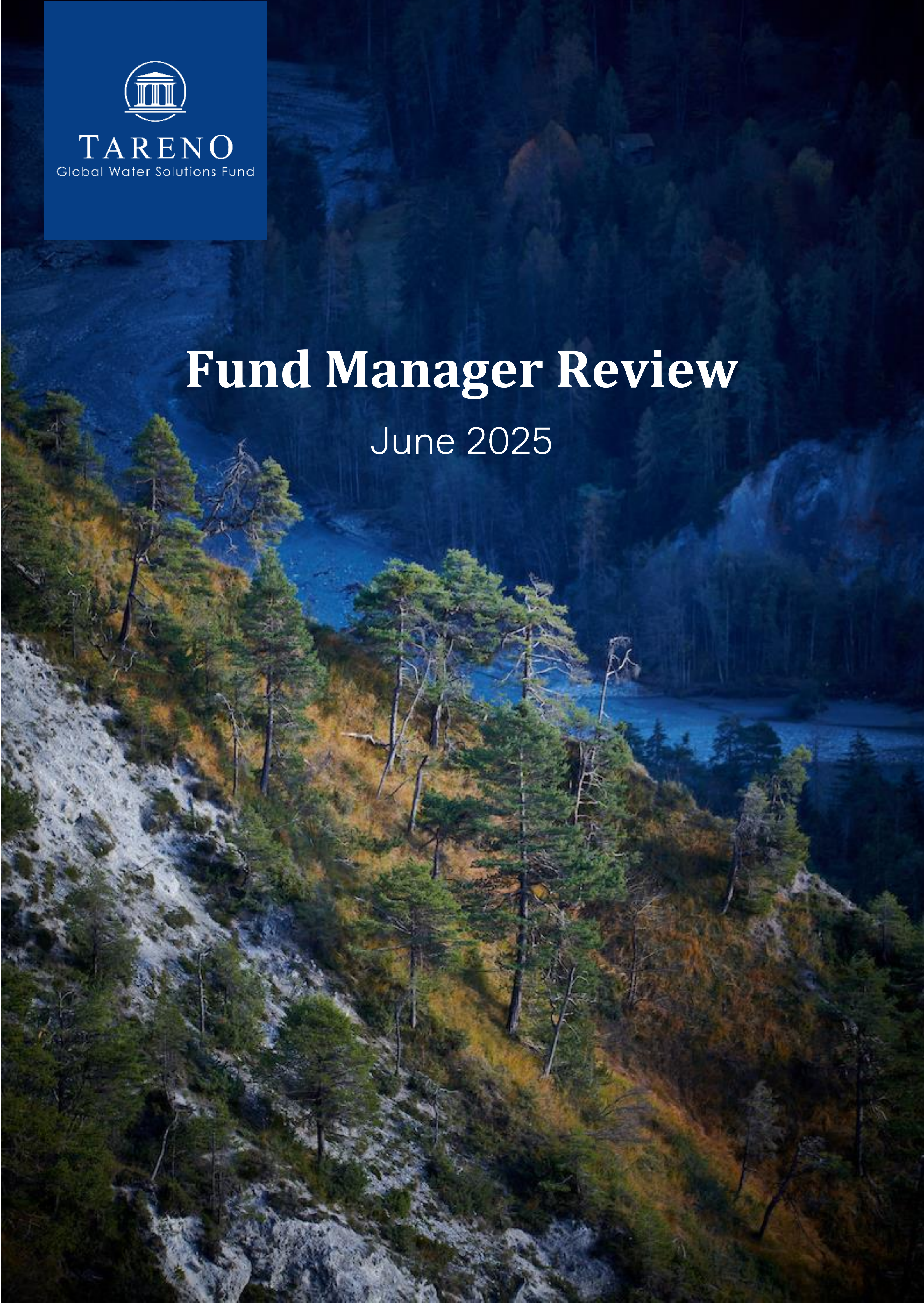
TARENO
Global Water Solutions Fund

Fund Manager Review

June 2025



“Still Standing” – Markets Hold Firm Despite the Noise

June was anything but quiet for global investors. Inflation eased and job markets held up in the U.S. and Europe, but uncertainty over central bank moves—especially from the Fed—kept nerves frayed. China’s mixed data raised fresh doubts about the global recovery, while commodity prices softened. A temporary truce in the U.S.-China tariff spat lifted spirits, though geopolitical tensions, especially in the Middle East, drove a rush into safe havens.

Yet, despite the noise and macro headwinds, equity markets stood their ground and avoided any major selling pressure.

The Tareno Global Water Solutions Fund achieved a performance -0.57% (W-EUR) in June.

Regulation Watch: Data Centres, PFAS & Europe’s Water Clock

June brought a wave of water-relevant regulation. In Europe, the EU urged member states to fast-track water projects funded by the Recovery Facility, set to expire in 2026. Yet only some 3% of recovery funds currently target water — despite rising droughts and infrastructure needs. Spain and Cyprus are among the few accelerating efforts.

In the U.S., the "PERMIT Act" passed committee stage, aiming to ease Clean Water Act constraints for infrastructure projects. Meanwhile, states like Virginia are clashing over data centres’ water use. York County now demands from data centre operators’ formal proof from utilities that enough water is available — a sign that local governments are stepping in where federal rules lag.

PFAS (the notorious “forever chemicals”) remain in focus. The EPA’s planned limits are prompting innovation: Veolia, for example, unveiled its Drop® reactor system for near-total PFAS destruction — a tech that could become central in cleanup strategies.

In Japan, a new ¥20 trillion infrastructure plan targets water resilience after high-profile outages and floods. The message globally? Water security is becoming as urgent as energy — and heavily investable.

End-Market Pulse: Municipal Up, Industry Mixed, Ag Under Pressure

- **Municipal** demand remains strong and steady. U.S. water bills rose nearly twice the pace of inflation, and infrastructure projects (many federally funded) are rolling forward.
- **Industrial** water use is patchy. Data centres and semiconductor fabs remain thirsty, but manufacturing as a whole is in a cautious investment phase.
- **Construction** activity related to water (e.g., pipelines, treatment plants) is holding up. But traditional housing and commercial plumbing markets show weakness.
- **Agriculture** is soft. U.S. corn prices dropped, and farmers are curbing equipment spending.

Company Highlights: Veralto, GF, Webuild, Xylem & More

- **Veralto** (Hach, Trojan) shines with lab and UV water testing gear. Its Trojan UV systems continue to beat Xylem’s in distributor loyalty. Meanwhile, Texas passed a strict food labeling law (SB25), likely boosting Veralto’s product ID business.

- **Xylem** leads PFAS treatment installs and expands digital offerings through SmartCover and AI leak detection. Its Evoqua integration appears on track.
- **Veolia** impressed with its Drop® reactor tech for PFAS destruction and opened one of the U.S.'s largest PFAS treatment plants.
- **Georg Fischer** took a big step towards its transformation into a pure-play flow solutions company by selling its machine tool division.
- **Webuild/Fisia** launched Latin America's largest wastewater project in Buenos Aires, treating water for 4M+ people — a powerful show of scale and capability.
- **Itron** Itron (+11% in June) is seeing strong demand for its metering systems from utilities. The stock also benefited from positive analyst commentary.

Final Word

Summer has only just begun, and already we are hearing about supply shortages and infrastructure impacted by water scarcity in Europe and elsewhere. We took advantage of the strong market performance in recent weeks to position the portfolio somewhat more defensively. The upcoming earnings season, starting in July, is likely to bring volatility and could present some buying opportunities. For this reason, we currently feel comfortable holding a slightly higher cash position.

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).

TARENO
Global Water Solutions Fund

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
www.tareno.ch

Responsible

Stefan Schütz
Fund Manager
s.schuetz@tareno.ch

Disclaimer

This information is not intended as an offer or solicitation with respect to the purchase or sale of shares of the Variopartner SICAV-Tareno Global Water Solutions Fund. Please be aware that investment funds involve investment risks, including the possible loss of the principal amount invested. For a detailed description of the risks in relation to each share in the investment fund, please see the prospectus. Investments of the Luxemburg Variopartner SICAV-Tareno Global Water Solutions Fund should be made due to the fund's latest prospectus, the statutes, the latest annual report and, if applicable, the half-yearly report. These documents are available free of charge from the domicile of the fund at 33, rue Gasperich, L-5826 Hesperange, Luxemburg, or from Vontobel Fonds Services AG, Dianastrasse 9. CH-8022 Zürich, Switzerland and Bank Vontobel AG, Zürich, Switzerland.

Bilder: Marijke Vosmeer, Luzia Hunziker, Jürg Kaufmann, Istock, Unsplash