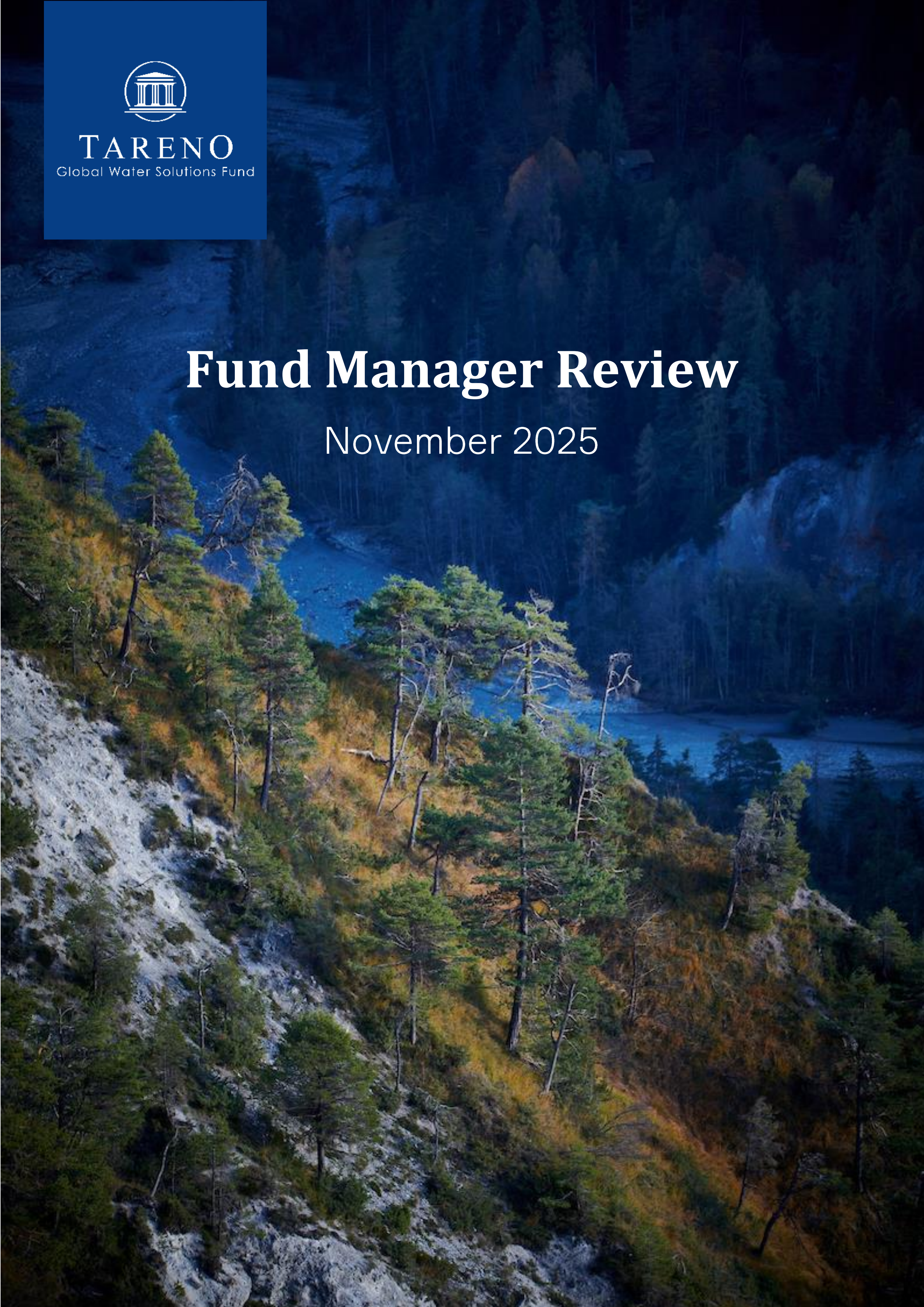
TARENO

Global Water Solutions Fund

Fund Manager Review

November 2025



Tareno Global Water Solutions Fund – November 2025 Investor Newsletter

Keeping it flowing: key sector updates and market movers

November 2025 marks a noticeable inflection point in the global perception of the water sector. Water is no longer viewed merely as an environmental issue; it is increasingly recognised as a limiting factor for modern economies and, as such, has moved to the centre of the climate policy debate. Momentum across the sector is accelerating sharply toward **digitalisation, efficiency, and resilience**.

Political Framework: From Regulation to Investment

Two key policy developments shaped the landscape in November:

1. **Europe: Climate-resilient infrastructure:** Discussions around decarbonisation in Europe made one point unmistakably clear: without reliable and secure water availability, neither the energy transition nor industrial expansion plans can be realistically implemented. Investment in resilient water infrastructure is becoming an unavoidable necessity.

2. **United Kingdom: Regulated investment momentum:** Despite ongoing public scrutiny and regulatory debate, UK utilities are required to carry out multi-billion-pound investment programmes. The pressure to modernise ageing infrastructure remains immense.

By contrast, the United States continues to exhibit **structurally elevated investment needs**. Even as certain environmental standards were relaxed at the federal level, issues such as **PFAS remediation**, the renewal of ageing water networks and, increasingly, the rising **water demand of the data-centre industry**, are driving a significant and sustained investment cycle across the sector.

Market Developments and Corporate Updates

Companies across the water sector are responding to these structural drivers with a clear focus on **innovation and operational efficiency**.

A compelling example comes from **SABESP**, the water utility of São Paulo, which announced a large-scale leakage-reduction programme. In collaboration with Amazon Web Services and Aganova, approximately 64 kilometres of pipelines will be inspected over the next ten years, with expected annual water savings of around 210 million litres. Beyond its environmental value, the initiative is economically attractive: every leak avoided reduces energy consumption, operating costs and future capital expenditure requirements.

The shift is even more pronounced in the field of water quality testing. **Veralto** strengthened its leadership in real-time water monitoring through the acquisition of a specialist in water-quality analytics. The sector is moving rapidly toward **data-driven value creation**. Those who provide the most reliable measurements will set the standards, shaping efficiency gains, regulatory compliance and cost structures across the value chain.

A similar dynamic is evident at **Itron**. With a major digital infrastructure contract awarded in the United Kingdom, the company reaffirmed that smart metering is well on its way to becoming a **global industry standard**. Political pressure to reduce water losses, combined with utilities' operational need for transparency, continues to reinforce this trend. Networked metering systems not only enhance operational efficiency but also open the door to advanced management tools—from demand-responsive network operations to usage-based tariff structures.

ESG Update

COP-30 concluded on 22 November with a pledge to **triple global financing for climate-adaptation measures by 2035**, corresponding to annual funding of roughly USD 1.3 trillion. In parallel, the European Commission presented on 19 November the most comprehensive reform proposal for the Sustainable Finance Disclosure Regulation (SFDR) since its introduction. The existing Article 8 and Article 9 categories are to be replaced by three new classifications: **Transition**, **ESG Basics**, and **Sustainable**.

Performance and Outlook

The **W**-EUR share class of the **Tareno Global Water Solutions Fund** returned –**0.03%** in November. Despite the slightly negative monthly performance, the Fund remained resilient in a volatile market environment. The solid development of water-sector companies continues to validate our long-term investment thesis.

The recently renewed expectation of a Federal Reserve rate cut in December is likely to support markets, and we therefore anticipate a constructive end to the 2025 calendar year. We remain committed to our **defensive positioning**.

We thank you for your continued trust and wish you **happy holidays and a successful start to the new year!**

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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