



TARENO
INDEPENDENT WEALTH &
ASSET MANAGER

Tareno Global Water Solutions Fund

Monthly Report March 2026

Water Never Sleeps: Record Results, Rising Backlogs and a Turbulent March

March proved to be a sobering reminder of how swiftly sentiment can turn. The outbreak of the Iran war and the effective closure of the Strait of Hormuz sent energy prices sharply higher, confronting investors with a toxic mix of surging inflation and deteriorating growth prospects. Equity markets sold off broadly — Europe and the UK, heavily reliant on imported energy, bore the brunt alongside Japan, which sources virtually all of its oil from the Gulf region. The US offered only modest shelter as a net energy exporter. For our fund, March ranks among the most challenging months in recent memory, erasing all gains made in January and February.

The W-EUR tranche returned -8.92% — a number that deserves to be named directly, not softened. Market dislocations and fundamental deterioration are not the same thing. In our experience, periods like March — where price moves are driven by sentiment rather than by any change in the long-term earnings capacity of high-quality companies — have historically created more attractive entry points than exit signals. We are not dismissive of volatility, but we are not its hostage either. In turbulent times like these, discipline and a long-term perspective remain our most important compass.

Portfolio - Record Results in a Difficult Month

And yet the underlying picture for water has not changed. March was the busiest month of the quarter — a wave of full-year earnings results, investor days, and strategy presentations arrived almost simultaneously, offering a rare moment to take the pulse of the global water sector. The verdict: the companies that manage, clean, distribute, and protect the world's water are doing well.

Virtually every portfolio company that reported full-year 2025 results met or exceeded its own targets. That breadth of delivery — in a year that included rising interest rates, a weak European construction market, and meaningful currency headwinds — is striking. **ACEA**, Italy's largest water utility, reported a 10% jump in EBITDA and a 45% rise in net profit, investing over EUR 1.5 billion into regulated water infrastructure. A share placement by majority shareholder Suez triggered a steep drop in the share price; we view this as a buying opportunity, as the resulting increase in free float may attract a broader institutional investor base. **SABESP**, the privatised São Paulo water company serving 30 million Brazilians, more than doubled its capital investment and met universal water and sewage access targets ahead of schedule — a meaningful milestone, not just a financial metric. **Core & Main**, the US water infrastructure distribution network, recorded its 16th consecutive year of sales growth and was awarded the largest metering contract in American history.



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Behind every water treatment plant or distribution upgrade is an engineering firm designing it, and behind that firm is a backlog of contracts. In March, that backlog picture looked exceptional. **Andritz** entered 2026 with a record order book of EUR 10.5 billion. **Webuild** carried a backlog of nearly EUR 58 billion, 90% in politically stable markets. **Tetra Tech** raised its full-year guidance and reported a USD 5.4 billion backlog driven by, among others, a EUR 11.8 billion water programme in Ireland and surging demand from data centres that require enormous volumes of purified water for cooling. The construction queue for water infrastructure has rarely been longer, and earnings visibility for the next two years is excellent.

March also brought some nuance. **Sika** warned of a softer first half as it works through restructuring, and **Geberit** faces a slow start to the year as prebuying effects, poor weather, and gradually rising input costs weigh on early momentum — though management is doubling down on new products, digitalisation, and logistics upgrades to reinforce its competitive position.

Regulation — The Policy Tide Is Turning

March brought a clear signal from regulators on both sides of the Atlantic: water infrastructure is moving up the political agenda, and the rules are tightening.

In Europe, the Commission opened a review of the Water Framework Directive — the foundational law governing Europe's water bodies — while simultaneously launching a dedicated Water Resilience Stakeholder Platform covering governance, investment, digitalisation, and preparedness.

For utilities and technology providers, the direction is unambiguous: more compliance demands, and more spending to meet them. Across the Atlantic, New York became the first US state to impose formal cybersecurity rules on water utilities — mandatory incident reporting, stricter access controls, and the separation of operational systems from external networks. Water infrastructure is critical infrastructure, and regulators are finally treating it that way.

On the commercial side, the investment case for digital water continues to build. Leak detection, smart metering, and digital monitoring are no longer niche applications — they are becoming standard responses to scarcity and regulatory pressure.

Outlook

As we move into the second quarter, attention turns to Q1 earnings — and with it, the first opportunity to hear directly from management teams on how the current environment is affecting order books, margins, and guidance. The question most investors will be asking: how are rising oil prices feeding through to costs, and how much can be passed on? History offers some reassurance. Water companies have generally demonstrated a credible ability to recover input cost inflation through pricing, particularly in regulated and municipal segments where tariff mechanisms provide a structural buffer.



The demand picture across end markets is increasingly differentiated. Municipal remains the most robust channel — spending continues at historically elevated levels, underpinned by long infrastructure investment cycles and regulatory mandates that do not pause for macro uncertainty. The Industrial channel is showing genuine momentum: the latest National Association of Manufacturers survey points to rising capital spending intentions and inventory levels inflecting positive for the first time since early 2022, suggesting a broadening demand base for water processing equipment and technology. Data centres remain a concentrated area of strength — a structural driver that shows no sign of slowing, and one that benefits pump and filtration specialists in the portfolio directly.

Construction and agricultural irrigation, by contrast, continue to move sideways. The long-awaited recovery in residential construction is being pushed further out by elevated mortgage rates, and there is no convincing sign of a positive inflection in either channel near term. To the extent that rate expectations remain sticky, the housing market recovery — and with it demand for water products tied to new construction — will continue to be deferred rather than cancelled.

The overall picture heading into Q2 is one of selectivity rather than broad acceleration: strong where it matters most, patient where recovery takes longer.

Learn more: [Website Tareno Water Fund](#)



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Stefan Schütz joined Tareno's investment team in 2007 shortly after the launch of the Tareno Global Water Solutions Fund. He has been fund manager since July 2021 and is also responsible for fundamental equity research within the investment team. The Certified International Investment Analyst (CIIA) has been working in the financial industry since 1997.

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