



TARENO
INDEPENDENT WEALTH &
ASSET MANAGER

Tareno Global Water Solutions Fund

Monthly Report September 2026

Industry supports, rates weigh

The conflict with Iran and high oil prices kept inflation concerns in focus during September. Long-term interest rates rose against a backdrop of resilient economic data and concerns over public finances. Supported by technology stocks, US equities proved more resilient than European markets, where higher energy costs and financing rates weighed on sentiment. The approaching earnings season could provide a catalyst for a tactical recovery in October, while the US mid-term elections remain an additional source of uncertainty.

Water thematic overview

Industrial demand remained the water sector's main near-term growth engine, supported by investment in data centers and related infrastructure. The benefits were concentrated among suppliers exposed to these projects. Concerns over AI safety and possible regulation added uncertainty to the pace of investment, although we do not expect them to derail the underlying momentum. Construction faced a more difficult outlook: higher long-term interest rates and mortgage costs compounded housing affordability pressures, while commercial construction indicators remained subdued. These conditions weighed on demand for water equipment tied to new building activity.

Agriculture and irrigation presented a mixed picture. The rally in crop prices improved the prospect of a recovery in equipment spending, but sharply higher diesel costs squeezed farm margins just as fuel consumption increased during the autumn harvest. In municipal water and wastewater, surveys of capital budgets pointed to several years of modest declines as public funding programs approached expiry. It suggested a gradual slow-down rather than an abrupt collapse in investment.

Rising water tariffs offered some support to financing capacity, but higher interest rates remained a constraint. The outlook therefore varies considerably by end market, with industrial growth opportunities alongside more cautious spending in construction, agriculture and municipal infrastructure.

Company news

After rejecting **WSP Global's** takeover proposals, **Arcadis** used its September capital markets day to set out its plans as an independent company. Management reaffirmed its commitment to the standalone strategy and its belief in Arcadis' independent value. The strategy for 2027–2029 calls for the sale of most of the architecture business and the China operations, a simpler organisation and greater investment in selected growth markets. Management targets mid-single-digit organic net revenue growth and an operating EBITDA margin in the mid to high teens. We continue to hold both Arcadis and WSP in our portfolio.

Halma strengthened its water quality activities through the acquisition of **Pyxis**, a specialist in monitoring and analysis technology.



The group's 24 September update confirmed that the acquisition of all three Pyxis companies had completed, for maximum consideration of USD 200 million on a cash- and debt-free basis. The transaction adds complementary capabilities in real-time water quality monitoring and analysis.

Earnings snapshot

Core & Main reported solid second-quarter results, with earnings growing faster than sales, supported partly by share buybacks. Municipal demand and large infrastructure projects remained sources of strength, but management maintained its full-year outlook amid a mixed demand environment. **Halma** raised its full-year margin guidance, supported by operational improvements and a favorable business mix. Revenue growth expectations remained unchanged, while order intake continued to exceed sales and the prior-year level. **United Utilities** maintained its financial guidance and confirmed that its substantial infrastructure investment program remained on track. The update reinforced the visibility of spending under the current regulatory framework.

Fund performance

The Tareno Global Water Solutions Fund returned -2.6% in September for the W-EUR share class, bringing the year-to-date return to +2.9% as of 30 September.

Sabesp (Companhia de Saneamento Básico do Estado de São Paulo) and **Georg Fischer** were the largest positive contributors. Sabesp recovered from its post-earnings weakness in August, while improving water availability may have helped sentiment. Georg Fischer's fundamental outlook remained supported by strong orders in semiconductor applications and water infrastructure, as reported in its half-year results.

The largest negative contributions came from utilities **American States Water**, **California Water Service** and **Veolia**, as well as equipment suppliers **Pentair** and **Advanced Drainage Systems**. Rising long-term interest rates weighed on capital-intensive utility businesses, while higher financing costs created headwinds for construction-related demand. These pressures affected different parts of the portfolio despite the sector's long-term investment needs.



Portfolio activity

The portfolio was adjusted selectively in September. We established a position in **Interpump**, attracted by its pump and fluid-handling technologies, solid profitability and cash generation across a diversified industrial business. We increased our position in **Essential Utilities**, whose regulated operations and ongoing infrastructure investment support earnings visibility and add defensive exposure to the portfolio. We also added to **Franklin Electric**, given our positive assessment of its growth prospects and operating performance.

We reduced our position in **Core & Main**. Despite solid quarterly results, the unchanged revenue outlook and uncertainty over near-term demand led us to take a more cautious view of the position.

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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