

Sustainable Investment Theme

Water



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UN Department of Economic and Social Affairs

What

We invest in companies that provide water solutions, helping to ensure safe and clean water is available to all. In particular, we focus on companies with activity that contributes to UN Sustainable Development Goal (SDG) 6 - Clean Water & Sanitation.

Why

It is estimated that around US\$850bn is spent on providing and maintaining water resources each year, but this is not enough to meet the world's evolving water needs. Population growth is driving higher water demand, urbanisation is changing water demand patterns, and increasingly climate change and associated extreme weather patterns are challenging the water supply. When combined, these effects strain water systems and put lives and livelihoods at risk. At current rates, by 2030, a 40% gap is expected between demand and renewable water supply. This would mean 1.6bn people lack safely managed drinking water, 2.6bn people lack safely managed sanitation, and 1.9bn people lack basic hand hygiene facilities¹.

Developing countries must invest in new infrastructure to extend water access and sanitation, whilst developed countries must replace ageing infrastructure and take advantage of new technologies to improve water conservation. In the UK last year, the heatwave and associated drought brought discussion on water wastage to the fore. Water loss through pipe leakage is a major issue; an average of over 3bn litres is lost each day from underground pipes across just England and Wales².

There is a strong linkage between the water and food systems. Agriculture accounts for around 70% of all water withdrawals and water supply challenges negatively impact food production. The total amount of water required to produce one kilogram of pork and beef is approximately 5,000 and 15,000 litres, respectively. When it comes to growing cereal crops, farmers using conventional irrigation methods can waste up to 40% of total water withdrawals. These are significant water footprints and therefore less intensive cattle rearing and economic irrigation are fundamental to the conservation of water.

How

The scale and complexity of these challenges present a range of attractive investment opportunities and from a portfolio construction perspective, the diversity of the water industry translates into a diverse return profile among companies in the sector - a useful tool for navigating the economic cycle. We invest globally in a broad range of water stocks, from defensive utilities to growth companies involved in innovative water technologies, allowing us to position the fund appropriately depending on the economic cycle stage.

¹ [Goal 6 | Department of Economic and Social Affairs \(un.org\)](#)

² <https://www.discoverwater.co.uk/leaking-pipes>

Investment opportunities include exposure to smart metering technology to improve water conservation, digital solutions for monitoring and managing the quality of water supplies and efficient pumping systems. When investing in water utilities our analysts seek companies with strong sustainability credentials and favour those that provide water and wastewater services to under-served communities.

Company Examples



Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP)

South American Water and Wastewater Utility

SABESP provides water and sewage services to a range of residential, commercial, industrial and governmental customers across the state of Sao Paulo in Brazil. It is one of the world's largest sanitation companies in terms of population served, providing services to over 26 million customers. It plays an important role in providing safe, clean, drinking water and wastewater services, in many cases, to those in under-served communities.

SDG 6: It makes an impact by ensuring sustainable management of water and sanitation for all.



Geberit

European Water Sanitation Manufacturer

Geberit is a global provider of sanitary technology, including behind the wall systems and piping, with a presence in over 50 countries. The company's products help ensure access to adequate and equitable sanitation and hygiene for all and it also engages in initiatives to further support access in developing countries. It also applies eco-design principles to ensure that its products facilitate the efficient use of water.

SDG 6: It makes an impact by facilitating the efficient provision of water and sanitation services.



Xylem

North American Water Technologies Provider

Xylem provides products and services for water and wastewater applications addressing the full water cycle: collection, distribution, use and disposal. Its products include water and wastewater pumps, treatment and testing equipment, valves, heat exchangers and dispensing equipment. Xylem has a leading market position in a highly fragmented industry and plays an important role in facilitating water sanitation.

SDG 6: It makes an impact by facilitating the efficient provision of water and sanitation services.



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