



TARENO

Global Water Solutions Fund



Performance Report
January 2020



This information has been furnished to you upon request and solely for your information and may not be reproduced or redistributed to any other person. It is not intended as an offer or solicitation with respect to the purchase or sale of shares of the Sicav. 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.



Tareno Global Water Solutions Fund January 2020

Stock markets began the new decade in a good mood before volatility picked up towards the end of the month. It was the outbreak of a new “corona virus” in China, that made investors act very cautious. The major benchmarks lost ground amid growing concerns about the impact of the “corona virus” on the global economy. For the time being, the “virus” outweighs the positives. Yes, there are some: the tensions between the US and Iran faded swiftly. Major central banks remain accommodative (the Fed kept rates steady in January and noted that household spending had dropped to a more moderate level). Economic data continued to show signs of recovery and last but not least, the signing of a phase one trade deal between the US and China.

The turn in the sentiment had a positive impact on safe heavens like interest rates, gold and, to our advantage, on utilities as well. This sub-segment of our municipal vertical performed particularly well. Acea, Veolia, American Waterworks, Essential Utilities (former Aqua America) and United Utilities were the top 5 performing stocks in January. Municipal in general looks very solid. US local government raised over USD 264 bln in the muni-bond market in 2019 (a multi-year high). This sets the stage for a tailwind for capex over the years to come. According to the latest data from the US Census Bureau, spending on water and wastewater related projects is among the fastest growing categories of non-residential construction. Residential construction got a boost in December with housing starts up 41% year on year. The demand for technologies needed in in-house water management might be near an inflection point. The industrial channel continues to show signs of stabilization, but it is too early to call for a pick-up in demand. The results of Idex (IEX US) provided evidence that the headwinds in the industrial end-market prevail. Idex saw global demand for industrial products continue to weaken during the fourth quarter and lowered its outlook for 2020 significantly. The main concern is that Idex, with its short cycle manufacturing exposure, might be a proxy for other names in the industrial space.

The coming weeks will be packed with earnings reports from companies in our universe – there will be buying opportunities, this is for sure.

Best regards

Stefan Schütz



Stefan Schütz leads the equity research team consisting of 6 analysts, and is responsible for the European and US industry sector. He has over 20 years of experience in equity research and asset management. Stefan Schütz started his career in the finance industry in 1997 at Bank CIC. He joined the Tareno Investment Team shortly after the inception of the Tareno Global Water Solutions Fund in November 2007. Stefan Schütz is Certified International Investment Analyst (CIIA).