



Investing in water

Why water?

Clean fresh water is essential for life. It seems plentiful yet over 97% of the earth's water is sea water and difficult to utilise. Sustainable and accessible freshwater lakes and rivers comprise less than 0.01% of all water. Our world faces a water scarcity issue.

Water scarcity – key factors

Factor	Impact
Demographics	The world's population of 7.3 billion people is expected to grow by another billion before 2030. Population growth (and increasing population density) is a significant problem for clean water access.
Urbanisation	Since 2008 more people globally have lived in urban than rural environments. This move to cities creates more demand for water supply, purification, storage and wastewater treatment.
Infrastructure	Constructing and maintaining water infrastructure is a global challenge. It is projected that 3.8% of future global GDP will be spent on building or replacing infrastructure – water is a key part of this.
Climate change	Wet parts of the globe appear to be getting wetter and dry parts dryer. This creates uncertainty around future water availability. Society needs to be more efficient with water distribution and usage.

What do water companies do?

All companies in the Water Fund earn a significant proportion of revenue from the water industry. Our focus is on the wider water industry which can include industrial companies (such as pipe, pump and irrigation manufacturers), specialist chemical producers, water utilities, water treatment and technology companies (such as desalination, water metering and specialist engineering companies).

What is socially responsible investment?

Our socially responsible investment (SRI) process involves three steps: 1) Screening company activities and revenue sources – the aim is to avoid companies deriving significant revenues from various industries (armaments, gambling, tobacco, thermal coal or pornography). 2) Rating companies and their current level of “controversy” (for example current environmental issues and product recalls. Poor performers can be excluded). 3) Scoring companies on environmental, social and governance (ESG) criteria. The research for these three steps is undertaken independently by Sustainalytics, a leading global provider of ESG and corporate governance research and ratings.





The Global Water Fund

ESG investing = environmental + social + governance factors

Water stock universe

Select listed water stocks from developed markets.



Exclusions and ESG

Apply exclusions for revenue (gambling, tobacco etc) and operational "controversy". Prioritise companies with high environmental, social and governance scores.



Portfolio tilts

Tilt by geography or other factor.



Currency and portfolio protection

Implement currency hedging ratio and any portfolio protection strategies.

Key Water Fund features

Feature	Description
Investment exposures	Between 50 and 100 global water stocks. No start ups and no unlisted companies.
Currency hedging	Foreign currency exposures are at least partly hedged – typically between 50% and 100%.
Fees	Base management fee plus all other costs is 1.30% (plus GST). No performance fees.
Downside protection	Yes – in certain circumstances the Fund can use cash or use other protection strategies.
Liquidity	Fund units are issued and redeemed daily.

IMPORTANT DISCLAIMER – PLEASE READ

Before making a decision to invest you should consult an authorised financial advisor.

This information sheet provides a general overview of key points of the Global Water Fund. Full details are contained in the Product Disclosure Statement (available at www.path.co.nz). Pathfinder does not guarantee the performance of the Global Water Fund or any return from an investment in the Fund. Past returns are not a reliable indicator of future results. Seek independent investment and tax advice before committing to any investment.



Pathfinder Asset Management Limited is the issuer of units in the Global Water Fund.
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