



TARENO

Global Water Solutions Fund



Performance Report
February 2019



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Supported by several factors, the good mood on the financial markets was sustained in February. Strong corporate earnings and an emerging solution to the trade dispute between China and the US served as the main positive elements. In combination with the US Fed signaling its willingness to be patient going forward and the ECB predicting an extension to its long-term financing program equities in most of the major markets continued their recovery from Q4 turbulences. The Tareno Global Water Solutions Fund achieved a positive performance of +5.47% (W-EUR).

With the earnings season behind for the majority of our holdings, we can say, that the positive surprises predominate. Low double-digit EPS growth and optimistic outlooks given by managements make us confident. Nevertheless we have to keep an eye on the economy as important drivers continue to cloud, most obvious in the housing market.

The most important event of the month was related to M&A. Danaher, our top-holding, announced the acquisition of the Life Science assets of GE. Danaher pays USD 21.5 billion and joins Thermo Fisher (a holding of our fund as well) as the industry leader. Danaher had been named a likely buyer in the past and the fact that GE's CEO Larry Culp was Danaher's CEO for over a decade until 2014 might have helped in the process. Analysts expect Danaher to grow 6% organically instead of 4% and given the strong track-record they have when it comes to raise synergies and push efficiency there is significant earnings upside. The transaction was well received among investors. The position contributed almost 100Bp to the performance of the fund in February.

Several adjustments were made to the portfolio during the reporting period: We sold positions in Brazil concessionaires Cemig and Sabesp. The momentum in both stocks faded significantly and they both seem prone to profit-taking going forward. The position in Alfa Laval was closed after the provided a muted outlook for the coming quarters. The proceeds were used to increase existing positions in US industrials and US utilities, as well as a couple of European names (Homeserve, Halma and Interpump).

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).