

Water scarcity

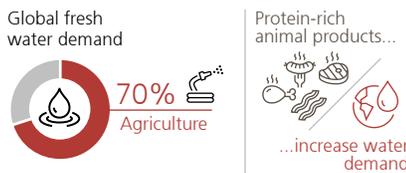
Longer Term Investments (LTI)

As the world's population rises, increasing strain is placed on limited natural resources. This in turn hurts society and reduces prosperity. Population growth is not simply a problem of how many individuals there are; how and where that growth is taking place is proving a challenge in terms of resource management. Water scarcity is considered as one of the biggest risks facing humanity.

Projections and opportunities

Global fresh water demand

Agriculture currently accounts for 70% of global fresh water demand. Protein-rich nutrition based on animal products will further increase this demand.



Source: Worldbank

Maritime transport sector

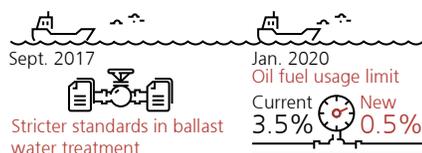
The maritime transport sector is set to undergo a massive change in environmental regulations in the coming years that will lead to clean tech investment in scrubbers and ballast-water treatment equipment.



Source: International Maritime Organization (IMO), UBS

Oceangoing ships standards

Since September 2017, all new ships have had to meet stricter standards in ballast water treatment. Also, all ocean-going ships will have to use fuel containing less sulfur from January 2020.



Source: International Maritime Organization (IMO), UBS

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Water consumption

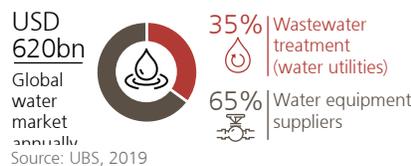
Due to different levels of water consumption in the production of meat and cereals, a diet containing 20% meat almost triples the amount of water usage by an individual to 1,000–1,300 cubic meters per year compared with a pure vegetarian diet.



Source: The Swiss Federal Institute of Aquatic Science and Technology (EAWAG, A. Zehnder et al)

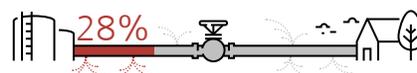
Global water market

We estimate that the global water market is currently worth more than USD 620bn annually. The biggest category, with 35%, is wastewater treatment, and the remaining 65% is mainly attributable to water equipment suppliers.



Water loss

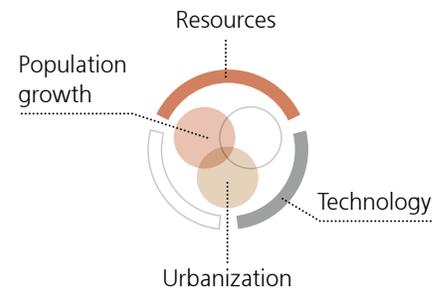
On average across the world, countries lose some 28% of their water through pipe leakage, theft and inappropriate distribution.



Source: Northeast Group, 2016



Water scarcity investment properties



○ Influencer ⊗ Key drivers

Near-term drivers

- Higher investments in water infrastructure
- Defensive character of water utilities during volatile times

Sustainable investing impact

- Water and waste water management, with particular focus on emerging markets

Impact investing (UN SDGs)

- SDG 6: Clean water and sanitation
- SDG 12: Responsible consumption and production

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ubs.com/lti

