

Lapis Global Water 25 Dividend Yield Index



Blue Gold as the Essence of Life

Introduction

Without water, there is no life. Although this statement is undisputed, water is still taken for granted in many countries. However, according to UNESCO's latest **World Water Report 2021**, around **2.2 billion** people worldwide have **no access to clean drinking water** and **4.2 billion** people **have no access to safe sanitation**. Without clean water, however, health, hygiene, agriculture, and industry are not possible. For this reason, the United Nations recently integrated safe water and sanitation into its **17 Sustainable Development Goals (SDGs)** and declared it a **human right**. According to the sustainable development goal **number 6**, all people should have access to safe drinking water and sanitation by the year 2030.



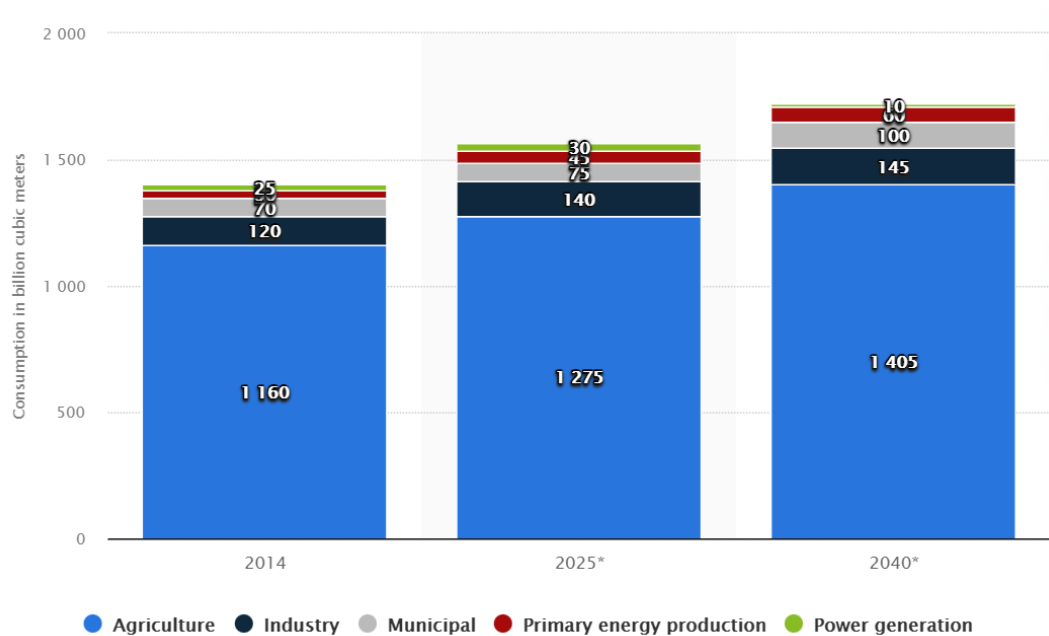
Water waste, water pollution, inefficient use of water, ongoing population growth as well as global warming exacerbate the already existing **problem of water scarcity**. It is predicted that by 2030, some **700 million people** will become **refugees** due to water scarcity. To counteract this development, investments in **infrastructure, research and modernization** are urgently needed.

Water Market and Investment Opportunities

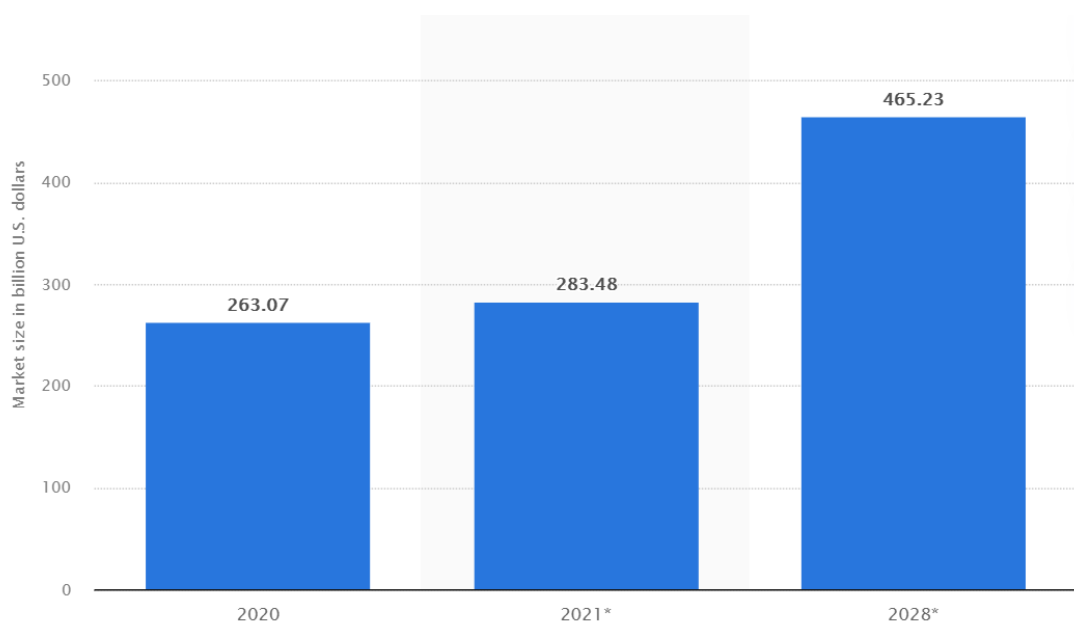
Although around **three quarters** of our planet is **covered with water**, **freshwater accounts for only about 3 percent** of the earth's total water supply. Of that, most freshwater cannot be used directly, as it exists for example in glaciers or polar ice caps. This leaves us with **0.5% of Earth's water** fresh and available to use. This **limited supply** is contrasted by a **continuously rising demand**. Global water withdrawal currently stands at 4,600 cubic kilometers per year. According to estimates, it will increase by one third to 6,000 cubic kilometers until 2050. Some estimates suggest that **global demand** for drinking water will already **exceed supply by 40 % in 2030**.

All industries have a certain **water footprint**. However, around **70 % of water consumption** is attributable to **agriculture**. Depending on how it is calculated, the production of **one kilogram of beef** is associated with direct and indirect water consumption of up to **15,000 liters** of water. Due to the use **pesticides and insecticides**, agriculture is also responsible for a large part of **water pollution**. The world's second largest water-consuming sector is the **fashion industry**. The production of **one pair of jeans** requires about **7,000 liters** of water. A significant proportion of water consumption is

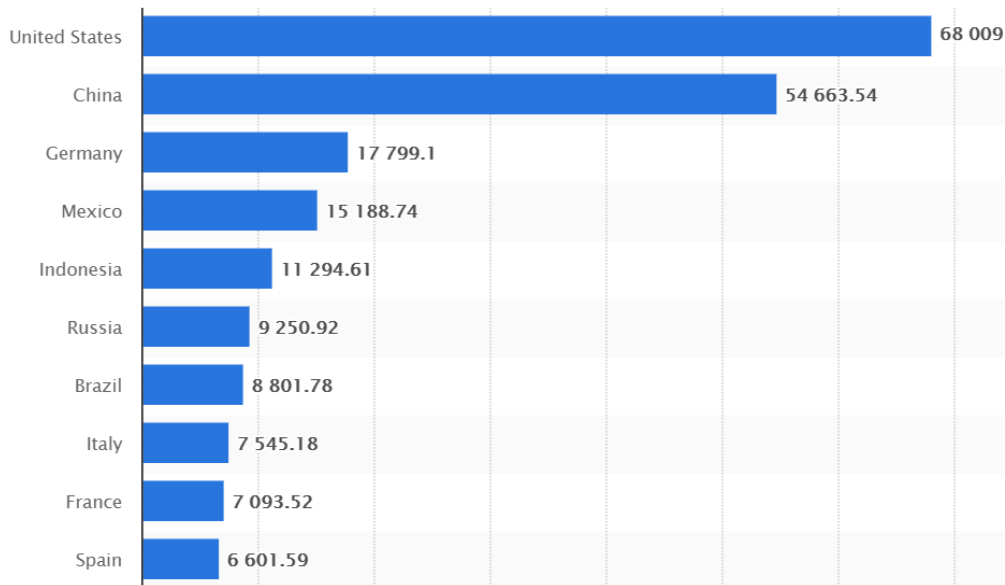
also attributable to the **energy industry**, which requires water for the cooling processes of its power plants. The following chart shows the **projected water consumption** of the various industries from **2014 to 2040** (source: Statista, 2021):



According to the data provider Statista, the **global water and wastewater market** was valued at **USD 263 billion in 2020**. This market value is expected to **increase to USD 465 billion by 2028**. This corresponds to a **compound annual growth rate (CAGR) of more than 7 %**.



The **water business** is wide-ranging and also includes the **bottled water sector**. The following chart shows the **revenues** (in USD millions) of the bottled water market **by country in 2019** (source: Statista):



Unlike gold, it is **not possible** for investors to **invest directly in water** (blue gold). A corresponding exposure is therefore built up by investing in **listed companies** operating in the water market. Shares from the water sector are considered to be **defensive investments** with the **chance of stable returns**, as the consumption of water in private households, agriculture and industry is **not dependent** on the **state of the economy**. Water stocks therefore have **beneficial diversification characteristics** and are particularly suitable for **long-term investors**.

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The **Lapis Global Water 25 Dividend Yield Index** is composed of **25 worldwide companies** operating in the **global water industry**. The purification and conservation of water for homes and businesses, including all related industries in utilities, infrastructure, equipment, instruments, and materials elevates this sector to one of the most promising. All companies in our **equally weighted index** have a **market capitalization greater than USD 2.5 billion** and have paid **uninterrupted and continuously increasing dividends** over the last 5 years. Our **rule-based criteria** for selecting the **most attractive companies** are applied during the **quarterly rebalancing process** (end of March, June, September, and December). The water industry is expected to show **steady growth rates** in terms of **volumes and profits** due to the increasing need for this **indispensable essence of life**.

We offer our existing customers and prospects the following access to our unique **Lapis Global Water 25 Dividend Yield Index**:

- **Mandates** (segregated accounts)
- **Lapis funds** (not yet available) or **white-label financial products**
- **Certificates** or other **index-based financial products**

We would welcome the opportunity to explain the advantages of our unique equity indices in a **personal advisory meeting** to determine a **long-term and optimal investment strategy** that matches with your risk profile and that is able to **meet your investment goals**. Additional information on the performance and relevant **financial ratios** of our equity indices will be provided upon request. For further information please visit our website: **www.lapis.finance**.

Sincerely,

Andreas Wueger
CEO

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