

Buy Side Perspective

2013 NAWC Water Summit

October 7, 2013

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Summit Global Management, Inc.

- Investment Advisor based in San Diego(1994) (~\$425M)
- First and oldest water-focused investment manager
- We focus only on water with a value discipline
 - Long/Short hedge fund(1999) (~\$110M)
 - Separately managed accounts(2003) (~\$42M)
 - UCITS European-based fund(2012) (~\$19M)
 - Water rights fund(2008) (~\$250M)



Water Investment Product Landscape

- Our estimate of water focused products is 75 products with about \$10.4 billion in assets worldwide.
 - Most funds are based outside of United States

Water Investment Universe

- Investible water universe globally is roughly \$980 billion and consists of 400 companies
 - United States: \$340B : 102 companies
 - Europe: \$315B : 94 companies
 - Asia: \$285B : 173 companies
 - Latin America: \$40B : 31 companies



Attractiveness of Water Utilities

- Water delivery is a necessity of life
- Defensive, steady
- Predictable dividend growth with capital appreciation
- Fragmented(52,000 utilities), roll up opportunities
- Lightly followed by Wall Street which leads to value inefficiencies



Drawbacks of Water Utilities

(from an outside perspective.....)

- Only 9 publicly traded U.S. utilities remaining
 - Down from almost 20 when we launched our fund in 1999
- Low liquidity, mostly small caps(excl. WTR and AWK)
- Not geographically diversified, very specific regions
- Capital intensive, flat to negative free cash flow

