

# Water rates as good eco-bet

**Fiona Robertson**

Water offers a calm prospect for investors looking to get into emerging eco-markets, according to Auckland funds manager Lontamer Investments.

Lontamer closes applications for its structured water fund today.

Other eco-funds that Lontamer hopes to issue next year, covering alternative energy and climate change, "won't be for the faint-hearted," investment director Janine Starks said.

Those sectors will be experiencing lots of short-term change with the potential for big winners and losers.

But investments in the "blue gold" commodity carried a more standard risk profile, she said.

The structured fund closing today had been in good demand, Mrs Starks said.

Lontamer hoped to soak up extra investment interest through another open-ended water fund to be launched in a few weeks.

This will be managed by

Lontamer's Belgian-based owner KBC Asset Management, as with the alternative energy and climate change funds.

It will be Lontamer's first venture into active fund management and also into the Australian market.

The Australian market was more receptive to investing in water than New Zealand investors with less experience of its scarcity, Mrs Starks said.

Growing water infrastructure demand both in developing countries like Australia and in industrialising nations was one of the price drivers that marked water as a commodity, Mrs Starks said.

But water wouldn't carry the same volatility as other commodities, she argued.

"You are getting something that's very much like an equity still."

Lontamer's water funds will invest in utility, infrastructure, engineering and treatment technology companies.

That takes in a number of "defensive stocks" such as utilities with predictable cash-flows.