



## Hornet Infrastructure - Water Fund (EUR)

27th February 2020

### Investment style

The investment aim of the Hornet Infrastructure - Water Fund is **to achieve long-term capital appreciation** with lower volatility compared to equity markets.

The investment strategy pursues an active, **value-oriented style** without tracking a benchmark.

The fund invests **worldwide in infrastructure companies with stable cash flows**.

The fund is a "long only" structure and continually realizes and secures capital gains. The currency exposure is actively managed.

### Investment focus

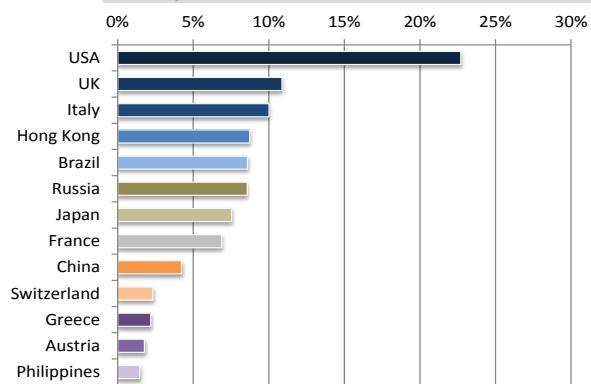
The fund invests its assets solely in **equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

The **focus is on operational, regulated water utilities**, which own the infrastructure facilities and for example treat and distribute drinking water regionally or which are active in **energy production (hydro power) or water technology** as well as in **water environment & services**.

### Fund details

<b>NAV / Nettoinventarwert</b>	<b>EUR 1'147.58</b>
Fondsvolumen / Anteile	EUR 37'177'002 / 32'396
Security number / ISIN	3.405.337 / LI0034053376
Fund domicile	Liechtenstein
Asset manager	GN Invest AG, FL-9490 Vaduz
Investment advisor	AC Partners AG, CH-6330 Cham
Depositary bank	LLB Liechtensteinische Landesbank AG, FL-Vaduz
Administration	IFM Independent Fund Management AG, FL-Vaduz
Revision	Ernst & Young AG, CH-3001 Bern
Launch / Start	11th October 2007
Fund structure / Sales	OGAW / UCITS V
Management fee	1.5% p.a.
Depositary bank / Admin.fee	0.11% p.a. / 0.175 % p.a.
Distribution	none (dividends are reinvested)
Subscriptions / Redemptions	weekly, each Thursday (16:00 CET)
Issue / Redemption price	Asset value per share (NAV + / - any commissions)

### Country allocation



### Performance in %

YTD 2020    1 year    3 years    5 years    7 years

<b>Hornet Infrastructure Water</b>	<b>0.12%</b>	<b>8.60%</b>	<b>13.58%</b>	<b>28.44%</b>	<b>59.85%</b>
Net annual average performance		4.34%	5.13%	6.93%	

Source: IFM (fund performance cum. & p.a. after administrative costs resp. net of fees)

cum.  
p.a.

### Risk figures

YTD 2019    1 year    3 years    5 years    7 years

<b>Volatility p.a.</b>	<b>15.49%</b>	<b>10.50%</b>	<b>9.14%</b>	<b>10.04%</b>	<b>9.49%</b>
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Portfolio Beta versus MSCI World	0.02	0.09	0.22	0.23
<b>Alpha p.a. vs. MSCI World</b>	<b>4.88%</b>	<b>1.36%</b>	<b>1.86%</b>	<b>1.42%</b>
Treynor-Ratio Portfolio	3.02	0.18	0.12	0.13

Source: IFM Vaduz AG / Bloomberg data / Alpha = risk-adjusted outperformance

### Risk profile

### Recommended investment horizon

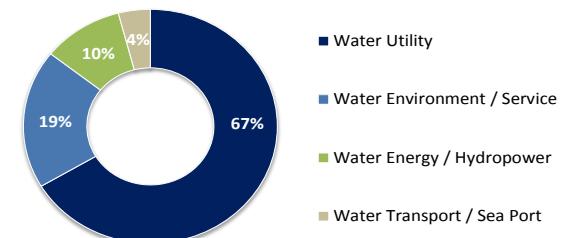
moderate    medium    high    3 years    **5 years**    7 years

### Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

### Sector allocation



### The 10 largest equity positions

ACEA N	5.2%
Hera Spa	4.8%
RusHydro Sp ADR	4.7%
Guangdong Invest Rg	4.6%
Kurita Water Ind Rg	4.5%
Pennon Grp Rg	4.2%
SJW Group	4.2%
Suez	4.0%
Severn Trent Rg	4.0%
Middlesex Water	3.9%

**General market review**

In February 2020, the stock indices suffered an extremely high price drop. The reason for the sharply falling global share prices was the outbreak of the COVID-19 virus in China and the fear of a far-reaching and global spread. This after the infected cases have also increased in Europe and the economic consequences due to temporary measures and the closure of production facilities or entire cities can still not be estimated. Since this exogenous shock has come as a surprise to the economies, it can be assumed that despite all the suffering and due to panic reactions, the market movements will be exaggerated. The MSCI World Index (EUR) lost -7.8% in the reporting month and -5.7% YTD 2020.

**Investment portfolio**

The Hornet Infrastructure - Water Fund's (EUR) NAV of EUR 1'147.58 reduced its YTD performance from +4.36% in January to +0.12% in February 2020 and remains in positive territory thanks to an outperformance of just under +4% in the reporting month. The positions in Europe in the area of water service and environmental companies were able to outperform mainly stocks from the US and partly Asia as well as Japan. In China, we posted positive performance contributions. We also hedged the portfolio with a hedge-position on two relevant indices, which brought about a +3% performance contribution. With the cash flows, we selectively increase undervalued stocks, e.g. in Japan or China. The portfolio currently has a discount of 1-2% compared to the consolidated fair values.

**Market review Infrastructure**

In the infrastructure sector, the sub-sectors of transportation and energy were particularly badly affected, especially since the price of oil also fell sharply, but utilities were also adversely affected. This is evidence of a large and rapid panic reaction on the markets. Thus, the global infrastructure sector lost -7.5% in EUR in February and stands at -3.8% YTD 2020. At the same time, we are seeing that the United States has seen above-average price losses and that the infrastructure sector has outperformed the broad MSCI World equity market by almost 2% since the beginning of the year. We expect the sector to further outperform in the current market environment.

**Possible implications of exogenous shocks**

A virus, which is classified as highly risky globally, can certainly serve as a trigger for a changed demand and supply situation in local economies. However, we have already seen signs of weaker economic growth, such as the historically sharply flattening interest rate curve in the US since 2018 or the falling PMI's. We therefore assume that the USD will weaken in this environment and that key and nominal interest rates will remain low. If inflation remains in the range of 1.5% -2%, real investments will become more attractive and the demand for investments in sustainable investments will continue to increase. However, the volatility of sustainable real assets is higher than that of nominal investments, which requires a rethink in the active and selective search for the good (investment income) in the current low interest rate environment.

GN Invest AG

Asset Manager  
Tel. +423 239 32 33

GN INVEST

AC Partners AG

Investment Advisor  
Tel. +41 41 711 10 20

