



## Hornet Infrastructure - Water Fund (EUR)

25. Juli 2019

### 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

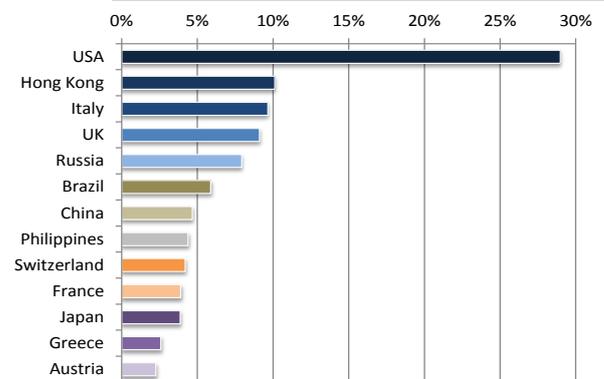
The fund invests its assets solely in **equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 1'124.64</b>
Fondsvolumen / Anteile	EUR 33'531'142 / 29'815
Security number / ISIN	3.405.337 / LI0034053376
Fund domicile	Liechtenstein
Asset manager	GN Invest AG, FL-9490 Vaduz
Investment advisor	AC Partners AG, CH-6340 Baar
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	0.15% 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 2019	1 year	3 years	5 years	7 years
<b>Hornet Infrastructure Water</b>	<b>12.62%</b>	<b>15.91%</b>	<b>16.81%</b>	<b>33.49%</b>	<b>57.02%</b>
			5.32%	5.95%	6.67%

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

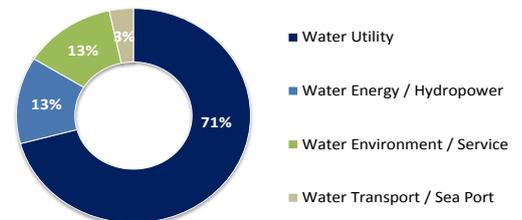
cum. p.a.

### Risk figures

	YTD 2019	1 year	3 years	5 years	s. 2007
<b>Volatility p.a.</b>	<b>8.35%</b>	<b>9.52%</b>	<b>8.24%</b>	<b>9.84%</b>	<b>9.23%</b>
Correlation vs. MSCI World	0.76	0.32	0.50	0.83	0.82

Source: IFM Vaduz AG / Bloomberg data

### Sector allocation



### Risk profile

	Recommended investment horizon
moderate	3 years
<b>medium</b>	<b>5 years</b>
high	7 years

### Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

### The 10 largest equity positions

Guangdong Invest Rg	5.6%
Aqua America Rg	5.5%
American Water Works	5.2%
ACEA N	5.2%
RusHydro Sp ADR	4.7%
Hera Spa	4.5%
SABESP Sp ADR	4.4%
SJW Group	4.3%
Suez	3.9%
Kurita Water Ind Rg	3.9%

## General market review

In July, global equity markets continued to rise. While central banks left interest rates unchanged this month, market expectations for future interest rate cuts have boosted the markets. Signs of economic slowdown are emerging in Europe and China. The earnings and sales warning of the German chemical giant BASF, which now assumes that global industrial production is much weaker than expected, was also alarming. By contrast, at first glance the US economy seems to be in a more robust state of growth: The 2nd quarter with +2.1% GDP growth year-on-year was driven by strong growth in consumer spending at +4.3%. However, the PMI lead indicators in the US are also clearly declining over the course of the year.

## Market review Infrastructure

The hopes of the market participants for a moderate interest rate environment have particularly favored the cyclical and capital-intensive companies from the transport and energy sectors. Thus the DJI Transport Index has outperformed the global stock market index this month. Also some hydropower stocks - e.g. in Brazil and in Austria - have been performing well in July. Chinese infrastructure providers had a more difficult time in terms of performance, suffering on the one hand from the continued risk of new trade barriers and maybe also from political tensions in Hong Kong.

## Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) rose significantly by +2.53% to EUR 1'124.64 after the consolidation in the previous month. This was mainly due to the strong development of several water infrastructure companies from different countries: The Brazilian SABESP, the Greek EYDAP, the Japanese Kurita, the American SJW Group or the big position in Guangdong from Hong Kong. Despite the strong portfolio performance year to date, the expected return of the Hornet Infrastructure - Water Fund (EUR) portfolio is at +7.7% p.a. with comparatively below-average risks very attractive - especially compared to other assets, in our view.

## Central banks policy and investment ideas

The European Central Bank (ECB) can be regarded as an example of the dilemma of today's monetary policy. On the one hand, the economy is beginning to weaken despite continued loose interest rates, while on the other hand the inflation rate remains moderate at +1.3% compared to the targeted inflation rate of close to +2%. As the ECB has made it clear at the last meeting, this might result into further monetary easing and thus to a longer-term low interest rate policy. Since, in our opinion, the cyclical effect of this expansionary policy will decrease more and more (decreasing marginal utility), the topic of the "investment crisis" will become even more important in the medium term. As a result, more negative and lower interest rates can be expected in even more affected assets. This low interest rate policy favors more capital-intensive sectors such as water utilities. If the investor also wants to avoid economic risks, more defensive sectors with stable long-term cash flows should be preferred, e.g. the water infrastructure sector.

## GN Invest AG

Asset Manager  
Tel. +423 239 32 33

GN INVEST

## AC Partners AG

Investment Advisor  
Tel. +41 41 711 10 20

