



Hornet Infrastructure - Water Fund (EUR)

29th October 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 investment 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

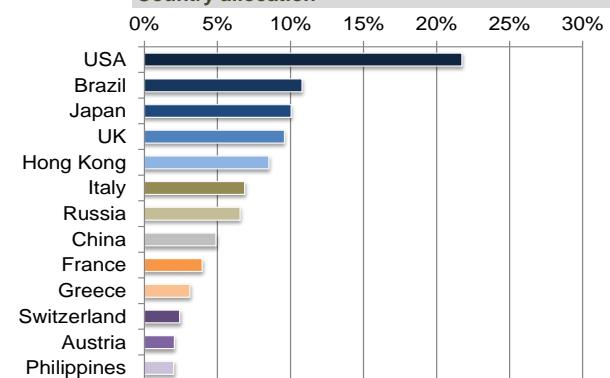
The fund invests its assets solely in **equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities. and includes ESG-criterias in the research process.

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

Fund details

NAV / Nettoinventarwert	EUR 1'037.74
Fondsvolumen / Anteile	EUR 35'142'027 / 33'864
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
Depository 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.
Depository 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 8 years

Hornet Infrastructure Water	-9.46%	-9.64%	3.33%	16.89%	50.72%
Net annual average performance		1.10%	3.17%	5.26%	cum. p.a.

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

Risk figures

YTD 2020 1 year 3 years 5 years 8 years

Volatility p.a.	15.96%	15.58%	11.33%	10.96%	10.10%
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Portfolio Beta versus MSCI World	0.40	0.31	0.35	0.36
Alpha p.a. vs. MSCI World	-11.15%	-2.62%	-1.35%	-0.70%
Treynor-Ratio Portfolio	-0.28	-0.05	0.00	0.06

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

Risk profile

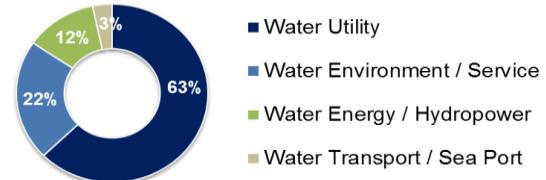
Recommended investment horizon

moderate	medium	high	3 years	5 years	7 years
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Price performance in EUR / NAV



Sector allocation



The 10 largest equity positions

Kurita Water Ind Rg	6.1%
SJW Group	4.5%
RusHydro Sp ADR	4.2%
SABESP Sp ADR	4.0%
Middlesex Water	4.0%
Metawater Co. Ltd.	4.0%
ACEA N	3.8%
Severn Trent Rg	3.8%
COPASA	3.7%
York Water Rg	3.6%

General market review

Global stock markets suffered price losses mainly in the second half of October, e.g. Europe recorded price declines of minus 5-7%. A similar picture in the US, where the Dow Jones Index showed a decline of over -4%, as US Technology stocks reacted sensitively to the quarterly figures due to their high valuations. In addition, the increasing numbers of COVID-19 infections around the world have once again led to increased measures against the pandemic, which in some cases significantly restrict public and economic life. In contrast, the stock markets in Asia have shown themselves to be quite friendly: Nikkei +1.2%, Hang Seng +4.2% and in China the CSI 300 also rose by +2.9% in a month-on-month comparison. As expected, the USD appreciated slightly against the EUR. We attribute this to the slightly rising US market interest rates.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) also fell by -2.61% to EUR +1'037.74 in the reporting month of October. In the current environment, the water utilities are suffering mainly in the emerging markets. Sharp price fluctuations are partly being observed in portfolio positions in Europe and China. The positions in the USA have already anticipated an economic slowdown and were able to develop positively in October together with a rising USD. The hydropower company Verbund in Austria is currently benefiting from the flow of money into sustainable energy production and continued to rise in October. However, the fund's NAV is currently around 10% below the consolidated fair values of the individual portfolio positions. The currencies in the emerging markets are also trading at historic lows.

Market review Infrastructure

The global infrastructure sector remains significantly in the red with -21.9% YTD 2020 in EUR and reflects the challenging global economic environment. The infrastructure transport sector was unable to decouple itself from the negative market forces in the second half of the month. However, it has recovered significantly since March. In the infrastructure energy subsector, shares from the renewable energy sector continue to rise, although the oil price fell again by -7.4% due to medium-term economic outlook. The demand from investors for sustainable business and environmental models increases strongly in the current market cycle. Within the infrastructure communication subsector, we see price corrections to the same extent as in the broad equity indices, which were also triggered primarily by valuations concerns.

Strong price movements through M&A transactions

The current market cycle is also characterized by increased M&A transactions, not only in the information technology or health care sector, but also in the infrastructure sector. In Europe, the important water service and environmental company Veolia has made a bid offer for Engie's 29.9% stake in Suez, on the one hand to acquire Suez's stable water business and on the other hand to benefit from the attractive market prices. At the same time, Veolia's share price has fallen well below its fair value and could rise significantly, if the M&A deal was rejected by the antitrust authorities and / or by Suez. We also see possible M&A transactions within the local water sector in the UK, such as in Severn Trent or Pennon Group. The last takeover of Northumbrian Water in the difficult market phase 2009/2010 also resulted in a significant increase in the share price and was 10 years ago.

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