



Hornet Infrastructure - Water Fund (EUR)

24th September 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 1'065.59
Fondsvolumen / Anteile	EUR 36'226'863 / 33'997
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)

Performance in %

	YTD 2020	1 year	3 years	5 years	7 years
Hornet Infrastructure Water	-7.03%	-6.71%	5.11%	22.84%	42.17%
Net annual average performance			2.66%	4.20%	5.15%

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

Risk figures

	YTD 2020	1 year	3 years	5 years	7 years
Volatility p.a.	16.88%	15.63%	11.35%	10.97%	10.47%

Portfolio Beta versus MSCI World	0.42	0.32	0.35	0.36
Alpha p.a. vs. MSCI World	-8.10%	-1.48%	-1.03%	-0.54%
Treynor-Ratio Portfolio	-0.21	0.00	0.03	0.06

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

Risk profile

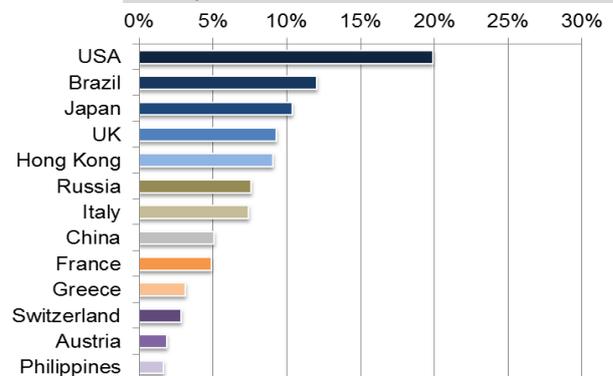
	Recommended investment horizon		
moderate	medium	high	
			3 years 5 years 7 years

Price performance in EUR / NAV

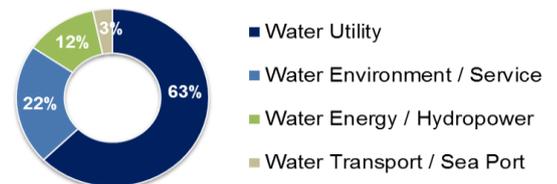


— H Infrastructure - Water Fund (EUR)

Country allocation



Sector allocation



The 10 largest equity positions

Kurita Water Ind Rg	6.8%
SABESP Sp ADR	4.6%
RusHydro Sp ADR	4.5%
COPASA	4.2%
SJW Group	4.2%
Guangdong Invest Rg	3.9%
ACEA N	3.9%
Severn Trent Rg	3.7%
Metawater Co. Ltd.	3.6%
Middlesex Water	3.6%

General market review

The month of September was again characterized by increased uncertainty on the stock markets. Worldwide, global equity indices fell by an average of almost -5% in the reporting period, as the trade problems of the major countries together with the COVID-19 pandemic continue to lead to economic concerns. As a trigger for the smaller correction, however, the full valuation of the large index weights in the USA is also a consolidation reason. Certain sectors have strongly benefited from the high liquidity flood of the central banks and the low interest rates. The statements by the US Federal Reserve, which left the key interest rate unchanged, were also perceived by the market as a disappointment. Due to the valuation differences between the individual markets and sectors, at least a rotation from "Growth" to "Value" could have started. In the US, consumer numbers are growing slightly weaker than expected, measured by retail sales at +0.6% in a month-on-month comparison.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) rose by +3.10% in September to EUR 1,065.59 and thus improved the YTD 2020 performance to -7.03%. The USD/EUR exchange rate, which rose by +1.3%, made a positive contribution to the performance. However, the contra-market development in September is mainly due to the good performance of the water service and environmental companies in Japan and selectively in Europe. The companies are currently benefiting from increasing investments in the field of water and wastewater treatment. The globally active Suez Environment made a positive contribution to the performance thanks to a strong price increase. We have been able to mostly anticipate the valuation consolidation in the US water utility sector of approx. 7-12% and have invested accordingly with a 20% allocation. We assume, that we are able to selectively increase this weighting again in the near future with attractively valued water technology companies.

Market review Infrastructure

The performance of the infrastructure sector is also characterized by greater divergences. On a consolidated basis, the index fell by -3.1% and thus remained at -22.8% YTD-2020 (EUR) in the reporting period. Sustainable subsectors which also have a positive impact on society and the environment, such as renewable energies or water service companies are able to outperform the broad sector as a whole and do have a positive trend. The infrastructure transportation subsector saw a consolidation in September and the fast growing infrastructure communications sector was faced with valuation issues like other growth markets. The currently low US interest rates (US 10Y Treasury yield +0.685%) do currently not pose a threat to the broad infrastructure sector, nor do they offer an opportunity for passive investment strategies in the infrastructure sector.

Growth in Brazil within the Water utility sector

We welcome further privatization activities of regulated water utilities in Brazil. On the one hand, the states can further reduce their holdings and, on the other hand, new concession contracts for regional water infrastructure systems are allocated to long-term operating companies by means of auctions. This process does have the advantage that the added value of water distribution can be organized efficiently and fairly using constructive regulatory mechanisms. In the metropolis of Alagoas, on the northeast coast of Brazil, our position Sabesp is offering for the 35-year concession contract in a joint venture, which will regulate the water supply to 1.4 million people and includes capital commitments such as investments in the improvement and development of the network. Private operators thus have a greater interest in managing the infrastructure efficiently and sustainably. The high capital requirements in Brazil are compensated with attractively regulated returns of 7-9%. A real IRR of +9.3% is currently expected for this concession agreement.

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