



## Hornet Infrastructure - Water Fund (EUR)

27th November 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

<b>NAV / Nettoinventarwert</b>	<b>EUR 1'036.84</b>
Fondsvolumen / Anteile	EUR 34'521'588 / 33'295
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	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	8 years
<b>Hornet Infrastructure Water</b>	<b>-9.54%</b>	<b>-7.89%</b>	<b>3.31%</b>	<b>15.21%</b>	<b>52.62%</b>
Net annual average performance			1.09%	2.87%	5.43%

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
<b>Volatility p.a.</b>	<b>15.47%</b>	<b>15.53%</b>	<b>11.44%</b>	<b>10.94%</b>	<b>10.13%</b>

Portfolio Beta versus MSCI World	0.40	0.30	0.34	0.36
<b>Alpha p.a. vs. MSCI World</b>	<b>-11.28%</b>	<b>-3.62%</b>	<b>-1.90%</b>	<b>-1.00%</b>
Treynor-Ratio Portfolio	-0.24	-0.05	0.01	0.06

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

### Risk profile Recommended investment horizon

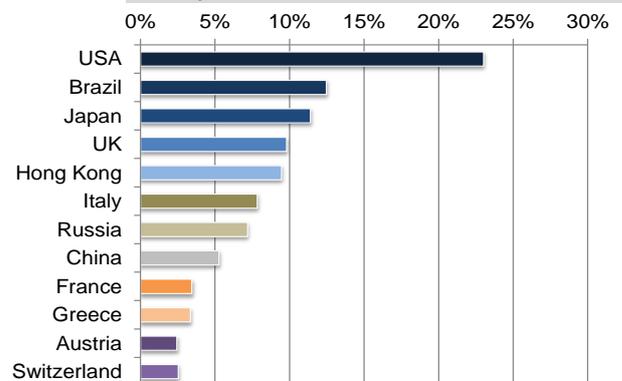
moderate	<b>medium</b>	high	3 years	<b>5 years</b>	7 years
----------	---------------	------	---------	----------------	---------

### Price performance in EUR / NAV

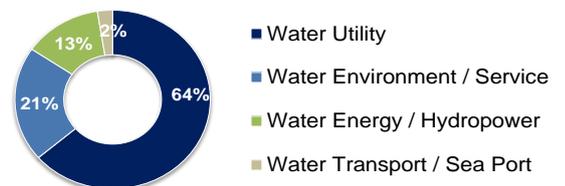


— H Infrastructure - Water Fund (EUR)

### Country allocation



### Sector allocation



### The 10 largest equity positions

Kurita Water Ind Rg	7.6%
SJW Group	4.8%
RusHydro Sp ADR	4.7%
SABESP Sp ADR	4.4%
Middlesex Water	4.2%
ACEA N	4.2%
COPASA	4.1%
Guangdong Invest Rg	4.0%
York Water Rg	3.9%
Severn Trent Rg	3.8%

**General market review**

In the month of November, the fear on the stock markets of the pandemic and the presidential elections in the USA turned into euphoria. This change of mood was supported by the hope of a globally successful vaccine against the COVID-19 virus, as well as the monetary measures taken by the central banks in the USA and Europe, which are both buying up government bonds and corporate bonds. In Europe, the Corporate Sector Purchase Program (CSPP) and the Pandemic Emergency Purchase Program (PEPP) serve this purpose. The latter currently stands at over EUR 680bn and, together with the CSPP, should still absorb at least EUR 400bn in additional volume. However, the economic data show a mixed picture. With the newly elected President Joe Biden, hopes of sustainable economic growth in the USA are increasing, which should benefit a broader segment of the population and should stimulate international trade again. Like the JPY, the USD continues to weaken against the EUR in the current phase of transformation.

**Investment portfolio**

The NAV of the Hornet Infrastructure - Water Fund (EUR) remained unchanged in November at EUR 1,036.84 and is stable in the current phase of extremely high volatility and uncertainty. The main reason lies in the hedging of market risks and in our long-term investment style, which invests in values and not in prices. Our focused water infrastructure portfolio invests in those countries, in which the water supply can meet the demand and where water treatment has high potential and at the same time has a major impact on society and the environment. The USA and Europe are important in this. The emerging markets are also in focus, especially countries that have attractive valuations and appropriate currency risks. This does actually not correspond to the consensus, although many market participants are now committed to sustainability. With the realignment in the USA, we also assume, that the markets will normalize and that long-term values will increasingly be sought again.

**Market review Infrastructure**

As the transport and energy sector rose in sympathy with the cyclical recovery in share prices, the broad infrastructure sector removed from the lows and rose by +11.3% in November. Even after this extraordinary price surge, the YTD 2020 performance is -13.1% in EUR. After a change of government in the USA, the development of the oil price could find its way back to normal, which will make renewable energies and their CO2-neutral investments more valuable. The market development in this subsector anticipates this scenario to a large extent. The supply sector is currently reflecting the challenging economic development and shows a slight decline of -1.3% in the reporting month of November. In the infrastructure communication subsector, the valuation correction we expected began in November and led to lower prices.

**US interest rates will stay low and zero for longer! Really?**

We cannot confirm this thesis of many market participants, but we can ask a few questions which help to deal with the topic. Are there better and more efficient investment purposes? Are investors forced to invest in rising bond prices, which in historical comparison imply extremely high valuations? Are zero interest rates the solution to the pandemic? Do these lead to sustainable growth? Do they lead to a fairer distribution of added value? Do they generate additional demand and innovation or, above all, short-term profit compression through high leverage ratios in good companies, such as at Apple? If you asked market participants and market strategists about an interest rate forecast for the US, the majority would consider it practically impossible for US interest rates to rise again. What if they go up anyway? The USD has weakened by around -12% against the EUR over the past 5 years and by -9% over the past 12 months alone. It should therefore depend on how long the weakening of the USD is accepted. Should a former President of the Federal Reserve Board take over the Treasury Department in the US with the election of Janet Yellen, we expect positive changes in economic and fiscal policy could result.

**GN Invest AG**

Asset Manager  
Tel. +423 239 32 33

**AC Partners AG**

Investment Advisor  
Tel. +41 41 711 10 20

