



## Hornet Infrastructure - Water Fund (EUR)

26th August 2021

### 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 cashflows and **sustainable impact**.

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 997.02</b>
Fondsvolumen / Anteile	EUR 30'484'884 / 30'576
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	0.09% p.a. / 0.175 % p.a.
Use of proceeds	EUR 17.50 as of 05/03/2021 (ex. 29.4.)
Subscriptions / Redemptions	weekly, each Thursday (16:00 CET)
Issue / Redemption price	Asset value per share (NAV + / - any commissions)

### Performance in %

	YTD 2021	1 year	3 years	5 years	8 years
<b>Hornet Infrastructure Water</b>	<b>-2.39%</b>	<b>-1.84%</b>	<b>9.48%</b>	<b>7.43%</b>	<b>37.53%</b>
Durchschnittliche jährliche Wertentwicklung netto			3.06%	1.44%	4.06%

Source: IFM (fund performance cum. & p.a. incl. distribution and net of fees)

### Risk figures

	YTD 2021	1 year	3 years	5 years	8 years
<b>Volatility p.a.</b>	<b>10.40%</b>	<b>9.27%</b>	<b>11.84%</b>	<b>10.35%</b>	<b>10.30%</b>

Portfolio Beta versus MSCI World	0.00	0.30	0.29	0.34
<b>Alpha p.a. vs. MSCI World</b>	<b>-4.03%</b>	<b>-2.95%</b>	<b>-4.47%</b>	<b>-2.61%</b>
Treynor-Ratio Portfolio	-15.75	0.02	-0.05	0.02

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

### Risk profile

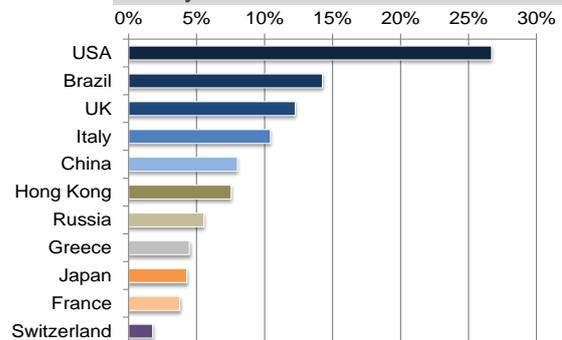
	Recommended investment horizon		
	3 years	5 years	7 years
moderate			
<b>medium</b>			
high			

### Price performance in EUR / NAV

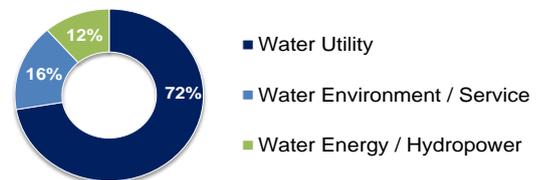


—H Infrastructure - Water Fund (EUR) / Total return

### Country allocation



### Sector allocation



### The 10 largest equity positions

ACEA N	5.6%
RusHydro Sp ADR	5.5%
Middlesex Water	5.4%
York Water Rg	5.3%
Severn Trent Rg	5.0%
Hera Spa	4.8%
SJW Group	4.8%
COPASA	4.5%
EYDAP Rg	4.5%
Beijing Ent Water Rg	4.5%

### Performance driver equity / August 2021 (EUR)



**General market review**

The normalization process in terms of sector and country performance continued in August. In addition to the large caps, small and midcaps, some emerging markets were able to align themselves with the developed markets in the USA and Europe. This is due to the positive mood on the capital and stock markets. Little attention is paid to geostrategic or macroeconomic risks in the current market phase. The valuations show high divergences in some cases. The latest statements by the US FED should contribute to this, which do not contain any information about an exact exit point from the expansionary monetary policy. Long-term US interest rates remain at historically low levels of +1.3%. However, consumer sentiment clouded over slightly not only in July, but also in August. This is confirmed by the US retail sales, which are well below expectations with -1.1% month-on-month. The ISM purchasing manager index, which serves as a macroeconomic leading indicator, fell from 60.6. at 59.5, but continues to indicate expansion.

**Investment portfolio**

The NAV of the Hornet Infrastructure - Water Fund (EUR) rose by +1.69% in the reporting month of August. This not only reflects the normalization of economic growth in the USA, but also the catch-up potential in the emerging markets. The positions in China made a positive contribution to performance based on very good company figures and market rotations, and should have left the long-term consolidation phase. As mentioned, the local and regional water utility and environmental companies have a good impact on society and are therefore likely to continue to grow at an above-average rate compared to other sectors. However, this is still not reflected in the current share prices, even if China Water Aff., for example, contributed +0.93% to the performance in the reporting month. We also expect rising equity prices in Brazil, e.g. at Sabesp and Copasa, especially since their valuations are significantly behind both in relation to other regions and in historical comparison.

**Market review Infrastructure**

Accordingly, the global infrastructure sector continued to recover by +1.1% in the reporting month of August. As expected, performance is driven by the infrastructure utility subsector and somewhat less by the more cyclical infrastructure transport subsector. The example of infrastructure communication clearly shows that the low interest rates also favor highly leveraged subsectors in August. There is increasing demand from real estate funds and REITs (Real Estate Investment Trusts) in particular, which are very interested in the sector thanks to the stable cash flows. The infrastructure sector should therefore generally benefit from the fact that investor demand exceeds supply of investable assets. We are observing similar trends in the infrastructure energy subsector for sustainable assets (renewables), also in the hydropower sector.

**Comparison of price / value pays off again**

In the current market environment, a high level of patience is required of the price / value comparison investment approach. Our investment positions in China illustrate this thesis. Although the sales and profit figures of local companies in China have steadily improved over the past few years, share prices have lagged significantly due to hype in other sectors. This changed significantly in the month under review. According to our calculations, the valuation discount is still up to 30-40%. Even if there is currently a high index momentum, value-oriented and sustainable investment strategies that are based on a fundamental valuation analysis are likely to outperform in the near future.

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