



Hornet Infrastructure - Water Fund (EUR)

28th October 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

NAV / Nettoinventarwert	EUR 972.16
Fondsvolumen / Anteile	EUR 29'003'421 / 29'834
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
Hornet Infrastructure Water	-4.83%	-4.63%	0.21%	1.19%	30.62%
Durchschnittliche jährliche Wertentwicklung netto			0.07%	0.24%	3.40%

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
Volatility p.a.	10.47%	9.49%	11.79%	10.37%	10.31%

Portfolio Beta versus MSCI World	0.13	0.34	0.29	0.34
Alpha p.a. vs. MSCI World	-11.75%	-7.60%	-5.78%	-3.20%
Treynor-Ratio Portfolio	-0.52	-0.08	-0.08	0.00

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

Risk profile

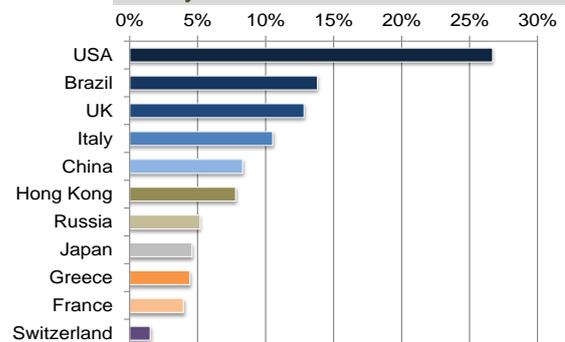
	Recommended investment horizon		
moderate	medium	high	
			3 years 5 years 7 years

Price performance in EUR / NAV

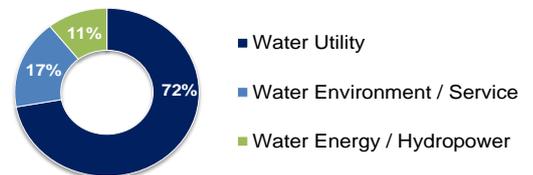


— H Infrastructure - Water Fund (EUR) / Total return

Country allocation



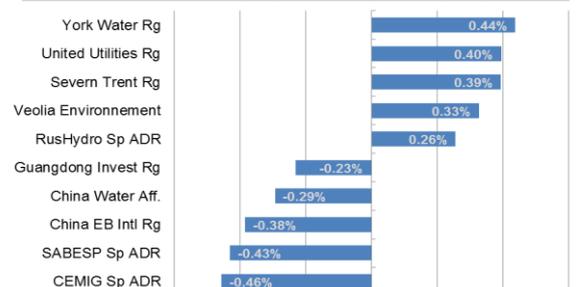
Sector allocation



The 10 largest equity positions

ACEA N	5.6%
Severn Trent Rg	5.3%
RusHydro Sp ADR	5.2%
York Water Rg	5.1%
SJW Group	5.1%
Hera Spa	4.9%
Middlesex Water	4.8%
United Utilities Rg	4.7%
Beijing Ent Water Rg	4.5%
EYDAP Rg	4.4%

Performance driver equity / October 2021 (EUR)



General market review

After the market consolidation in September, the equity markets rose again significantly in October, reflecting the relative attractiveness of the equity asset class. In addition to the mostly good company figures in Q3-2021, the strong consumption figures in the US, which rose by +0.7% in a month-on-month comparison, are particularly convincing. In this context, concerns about rising inflation have so far proven to be unfounded. Low unemployment and solid consumption are good prerequisites for further increasing corporate profits and have pushed the relatively high inflation rates of +5.4% year-on-year into the background. Not only is the USD being driven by this fact, but also by an asymmetrical rebound between developed and developing countries during this period of pandemic.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) remained unchanged in October. However, the discount increased to over 10% compared to the fair value in the reporting period. This is particularly due to the positions in the emerging markets. While the water utilities in the US and UK are gaining momentum again and are showing catching up potential compared to the broad equity markets, many utilities in the developing countries are in a consolidation phase. One reason is probably found in the fact, that key interest rate in Brazil was raised from 2% in March to 7.75% in October 2021 in order to absorb rising inflation. Compared to the developed markets, we welcome these measures, especially since key interest rates are in the range of 0% to 0.25% in the US, despite high inflation rates.

Market review Infrastructure

Although the infrastructure sector has not benefited from government and monetary measures to the same extent as the cyclical industrial sectors over the past 12 months, there is some catching-up potential here too. Rising energy prices illustrate the economic upswing as well as higher investment volume. In the short term, the infrastructure-energy sector will benefit more than average, and in the medium term, renewable energy producers will likely continue to outperform. We assume that this will go hand in hand with increasing volumes and more investable assets, which should also benefit from further increases in energy prices. The cyclical infrastructure-transportation sector also showed an impressive recovery in October. The infrastructure-utility sector is currently not preferred because of the uncertainties in connection with the inflation figures and for relative aspects, but based on valuations it shows great potential for catching up.

Catch-up potential in the emerging markets!

In terms of valuation and macroeconomic factors, many countries in the emerging markets are still lagging behind due to the pandemic. From a monetary point of view, however, the central banks are already counteracting the increased inflation rates with higher key interest rates, in contrast to the developed markets. In addition to the positive ESG criteria for our positions in developing markets, we see above-average potential for catching up and consequently hold on to positions in the emerging markets. In terms of performance, many stocks of infrastructure operators in developing countries also performed less well than those in industrialized countries. In relation with the monetary measures and the independence of the central banks, many developing countries are ahead and are therefore in the process of consolidating their valuations. For this reason, as well as the selective momentum, broad country diversification is very useful in the infrastructure sector.

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