



Hornet Infrastructure - Water Fund (EUR)

25th November 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 984.75
Fondsvolumen / Anteile	EUR 29'126'936 / 29'578
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	-3.59%	-3.34%	-0.83%	3.36%	32.93%
Durchschnittliche jährliche Wertentwicklung netto			-0.28%	0.67%	3.62%

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.	10.23%	9.37%	11.70%	10.33%	10.29%

	YTD 2021	1 year	3 years	5 years	8 years
Portfolio Beta versus MSCI World	0.14	0.35	0.29	0.34	
Alpha p.a. vs. MSCI World	-9.94%	-8.41%	-5.29%	-2.99%	
Treynor-Ratio Portfolio	-0.41	-0.08	-0.07	0.02	

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

Risk profile

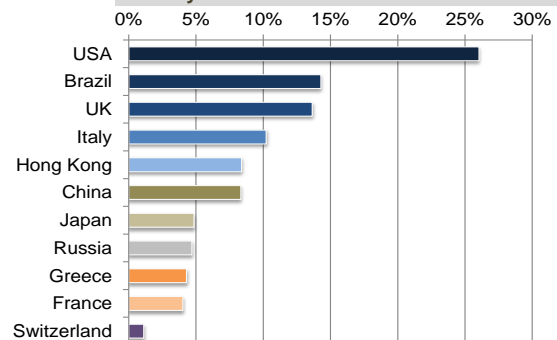
	Recommended investment horizon		
moderate	medium	high	
			3 years 5 years 7 years

Price performance in EUR / NAV

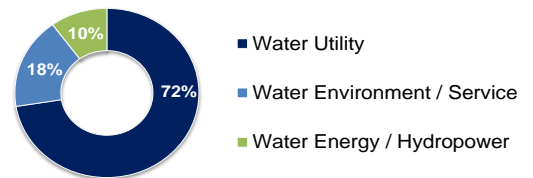


— H Infrastructure - Water Fund (EUR) / Total return

Country allocation



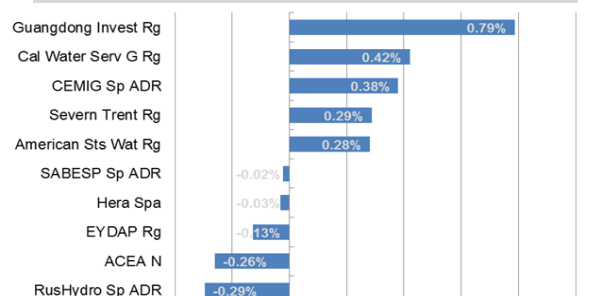
Sector allocation



The 10 largest equity positions

Severn Trent Rg	5.5%
ACEA N	5.3%
York Water Rg	5.1%
SJW Group	5.1%
United Utilities Rg	4.9%
Hera Spa	4.9%
RusHydro Sp ADR	4.7%
Beijing Ent Water Rg	4.5%
COPASA	4.3%
EYDAP Rg	4.3%

Performance driver equity / November 2021 (EUR)



General market review

The broad stock markets trended sideways to slightly negative in the reporting month of November. The fundamentals remain constructive globally at both macro and micro levels. In China, the growing production in industry (+10.9%) over a year is also confirmed by a solid recovery in exports, which rose by +20.3% year-on-year and this with reasonable inflation figures of +1.5%. For many sectors in the industrialized countries of Western Europe or in the USA, it is still unclear, in the medium term, how supply-related price inflation, delivery delays and strongly fluctuating currencies will affect the economy. As the EUR weakened 2-3% against the USD in the month under review, inflation figures in the euro zone are also likely to rise further. In the USA, the stock markets continue to benefit from low interest rates and investors from a sharp rise in the USD up to the end of November.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) continued to show stability in the reporting month of November and rose by +1.3% thanks to the global diversification of regulated water utilities. These performed less negatively, especially in the emerging markets, than in the recent past of the pandemic phase. The water utilities in the USA, such as California Water Service with a performance contribution of +0.42% in the reporting month or Severn Trent (+0.29%) in the UK, were also able to grow thanks to demand in the sector. The water utility Guangdong Invest (+0.79%) in Hong Kong is showing catching-up potential, although it has diversified the stable cash flows into other infrastructure sectors over the past few years with obviously more cyclical component. In general, the relative valuation of the fund, with a price / earnings ratio of 17x and a dividend yield of just under 4% compared to the broad equity market, is very attractive for us.

Market review Infrastructure

In the medium term, the infrastructure sector is characterized by inflation protection. However, since the classic benchmarks / indices in the sector have historically and supply-related a high weighting of the infrastructure-energy subsector, the short-term development is also dependent on the fluctuations in the cyclical oil markets. The WTI crude oil price fell by over 10% to around USD 70 in the month under review and had a correspondingly negative impact on the sector. We think that the supply of sustainable investment opportunities in the sector is growing less than the demand for real assets with inflation protection. The infrastructure utilities subsector not only benefited from this in the month under review, but also from relative valuation advantages. Infrastructure communication is likely to remain highly valued for the time being, as global data volumes and digital communication continue to increase, and there is great interest in stable cash flows.

Attractive regulated water utilities, also in the UK

The fundamental recovery potential is now also evident in the UK. The privatized water suppliers, which are subject to a state regulatory authority that takes care of all stakeholders and have to meet predefined parameters such as re-investments in the distribution network or operational indicators such as water loss or quality during the 5-year regulatory period, are again achieving attractive growth figures. The recently published corporate figures from Pennon Group serve as an example. The company has been focusing on the water supply, especially in the south-west of England, and is also expanding the regulated capital base with local acquisitions. Thanks to the volume growth and the higher demand for water, sales rose by +21.8% in the first half of the year and profits by +14.2% due slightly higher costs.

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