



Hornet Infrastructure - Water Fund (EUR)

24th February 2022

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 946.91
Fondsvolumen / Anteile	EUR 27'504'895 / 29'047
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 2022	1 year	3 years	5 years	8 years
Hornet Infrastructure Water	-8.80%	-1.19%	-8.74%	-4.55%	22.01%
Net annual average performance			-3.00%	-0.93%	2.52%

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

Risk figures

	YTD 2022	1 year	3 years	5 years	8 years
Volatility p.a.	11.08%	10.51%	11.82%	10.59%	10.54%

Portfolio Beta versus MSCI World	0.22	0.35	0.30	0.34
Alpha p.a. vs. MSCI World	-6.95%	-9.53%	-5.94%	-3.67%
Treynor-Ratio Portfolio	-0.17	-0.15	-0.13	-0.02

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

Risk profile

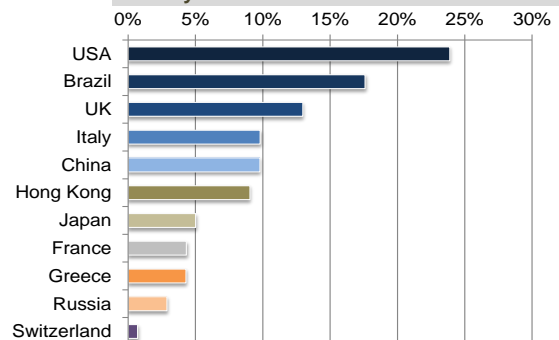
	Recommended investment horizon		
	3 years	5 years	7 years
moderate			
medium			
high			

Price performance in EUR / NAV

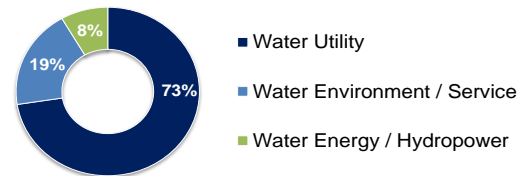


— H Infrastructure - Water Fund (EUR) / Total return

Country allocation



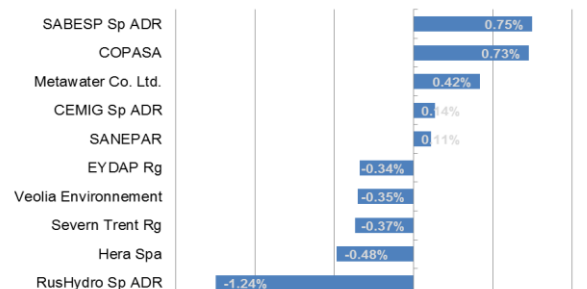
Sector allocation



The 10 largest equity positions

SABESP Sp ADR	5.6%
COPASA	5.3%
Beijing Ent Water Rg	5.2%
ACEA N	5.1%
Severn Trent Rg	5.1%
United Utilities Rg	4.9%
CEMIG Sp ADR	4.8%
Hera Spa	4.7%
China EB Intl Rg	4.7%
China Water Aff.	4.6%

Performance driver equity / February 2022 (EUR)



General market review

Equity markets turned again negative in the reporting month as geopolitical risks in Ukraine further increased and the country faced a military attack, that shook global markets. The strong index fluctuations reduced when NATO assured Ukraine of its solidarity and partnership, but indicated no escalating actions, resp. direct military intervention in the tragic conflict. The sanctions against Russia have unsettled both European and US stocks, especially those in the cyclical and consumer related sectors. US inflation figures remain at a very high level of +7.5% year-on-year as measured by the Consumer Price Index (CPI). In Europe, as well, inflation is likely to remain high due to rising energy prices and reached a number of +5.1% in January versus +5.0% in the previous month. The USD gains slightly in this market environment.

Investment portfolio

The Hornet Infrastructure - Water Fund (EUR) NAV fell by -3.1% for the month (24 February), falling on the day as the attack on Ukraine. Although this geopolitical intervention had affected the stock markets globally, the Russian stock market fell disproportionately. Since we hold a position in Russia, the question arises whether we (must) sell Rushydro (2.5%), especially since the company provides the population and the fund an environmental perspective with a positive long-term CO2 value creation through renewable energy and also trading with an attractive valuation of 3.6x EV/EBITDA. We will closely monitor the rising political and economic risks. At the same time, our positions in the US are recovering. The positions in Brazil, such as Sabesp and Copasa, even rise in this environment thanks to the attractive valuation and the improved situation related to the corona pandemic.

Market review Infrastructure

In this environment, the infrastructure sector is characterized by rising raw material and energy prices, which on the one hand have a constructive effect on the infrastructure-energy sub-sector, and on the other hand increase the costs for construction and maintenance. Overall, the sector is showing stable performance versus the broader equity markets, with attractive valued energy and utility sub-sectors providing support. The infrastructure transport or infrastructure communication subsector appears neutral to slightly negative, especially as the relatively high valuations are still in a consolidation phase. However, the current valuation with the expected profit yields assuming a constructive political and economic environment and will be important and decisive for future performance. The sector offers a major advantage in terms of geographic diversification, since the added value is usually generated locally through individual positions.

American Water Works - growth with regulated assets

American Water Works is the largest public water utility in the United States with a market capitalization of USD 28 billion and 560 water treatment plants in more than 11 states. The company has increased earnings per share (EPS) over the last 4 years from USD 3.30 in 2018 to USD 4.25 in 2021. We expect EPS of 4.48 (+5.4%) for this year and then expect normal growth of 7% again. The reason for this is the expected investment volume, that the company will make over the next few years. The investment plan is to increase assets by USD 13-14 billion by 2026. This includes USD 1.5 to 2 billion for regulated acquisitions and USD 11.5 to 12 billion for regulated water systems. The sustainability is also given because the monthly water bill amounts to approx. 0.8% of the average available household income in their supply area - and this over the last 10 years. The share price is currently around 20% below the peak of 2021.

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