



## Hornet Infrastructure - Water Fund (EUR)

31st March 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

<b>NAV / Nettoinventarwert</b>	<b>EUR 979.16</b>
Fondsvolumen / Anteile	EUR 28'306'536 / 28'909
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
<b>Hornet Infrastructure Water</b>	<b>-5.70%</b>	<b>-1.41%</b>	<b>-6.04%</b>	<b>0.15%</b>	<b>24.56%</b>
Net annual average performance			-2.05%	0.03%	2.78%

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
<b>Volatility p.a.</b>	<b>11.82%</b>	<b>10.34%</b>	<b>11.78%</b>	<b>10.55%</b>	<b>10.56%</b>

Portfolio Beta versus MSCI World	0.34	0.35	0.30	0.34
<b>Alpha p.a. vs. MSCI World</b>	<b>-6.94%</b>	<b>-8.77%</b>	<b>-5.77%</b>	<b>-3.97%</b>
Treynor-Ratio Portfolio	-0.08	-0.13	-0.11	-0.02

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

### Risk profile

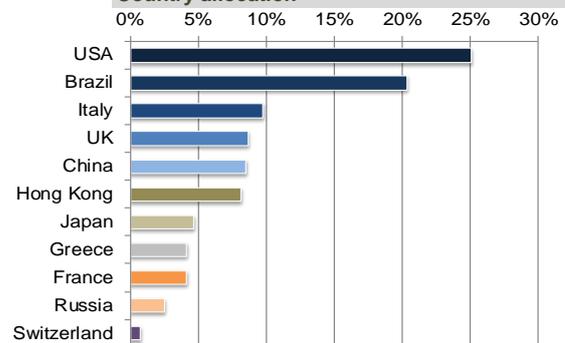
	Recommended investment horizon		
	3 years	5 years	7 years
moderate			
<b>medium</b>			
high			

### Price performance in EUR / NAV (incl. distribution)

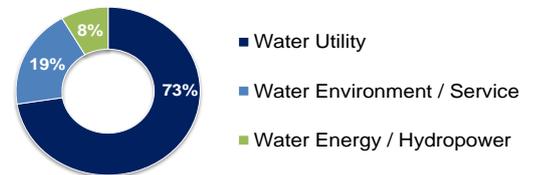


— H Infrastructure - Water Fund (EUR) / Total return

### Country allocation



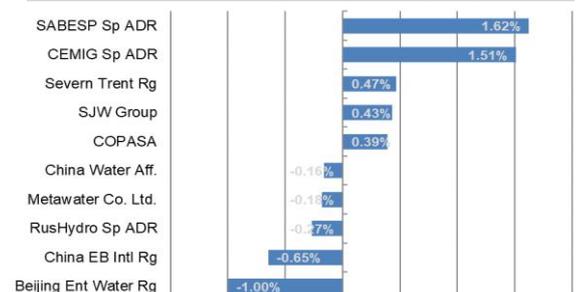
### Sector allocation



### The 10 largest equity positions

SABESP Sp ADR	6.9%
CEMIG Sp ADR	5.9%
COPASA	5.5%
ACEA N	5.0%
Hera Spa	4.7%
SJW Group	4.6%
York Water Rg	4.6%
China Water Aff.	4.5%
Guangdong Invest Rg	4.3%
EYDAP Rg	4.1%

### Performance driver equity / March 2022 (EUR)



**General market review**

In the month of March, stock markets had to deal with the tragic news from Ukraine and follow the course of the war, which has also led to further economic sanctions and uncertainties. From a monetary perspective, the ECB surprised by the fact that, despite geopolitical risks, it could end the monetary policy stimulus more quickly. This is due to the sharp rise in inflation figures, which have risen to +7.5% in the euro zone. The US Federal Reserve has now started raising interest rates to 0.5%. The stock markets were able to recover over the course of the month. In China, investor sentiment literally imploded in the middle of the month, especially since China's relationship with Russia and in the international context was classified as uncertain. This has pushed Chinese stock valuations to an all-time low, prompting the Public Bank of China to respond with monetary intervention. The "Covid lockdown" in major Chinese cities such as Shanghai is also likely to affect global supply chains and their price mechanisms. In Brazil, the stock markets are recovering significantly after two difficult years of the pandemic.

**Investment portfolio**

The NAV of the Hornet Infrastructure - Water Fund (EUR) rose by +3.41% to EUR 979.16 in the reporting month of March. In the very volatile market environment of March, the NAV was fairly stable thanks to global diversification and the relatively attractive valuation, and has potential to catch up. This is thanks in particular to the positive recovery and development in Brazil. After the consolidation caused by the pandemic, several micro and macro factors are now having a positive effect on local water utilities such as Sabesp or Copasa: good water resources, attractive valuations, protection against inflation and interest advantages. The portfolio positions in the USA and UK are also unfolding their protection against inflation and are showing relative strength despite the rising interest rate environment. Our portfolio position Rushydro amounts to 2.5% of the total portfolio and cannot currently be traded due to European sanctions. The sanctions against Russia are currently having a double-edged sword. We expect global currency allocations to deliver a positive performance contribution.

**Market review Infrastructure**

The global infrastructure sector is beginning to make an impact as a real asset class. What is convincing is that the sector can absorb the phase of rising fed fund and market interest rates relatively well. The inflation protection of the infrastructure sector is reflected in rising market prices. In March, too, the infrastructure energy sub-sector made a very positive contribution, as did the infrastructure utility sub-sector, which serves as a defensive sector in the event of economic uncertainties and has major valuation advantages, especially compared to nominal investments, both in the short and long term. As US interest rates rise and the yield curve simultaneously adopts an inverse structure, with short-term interest rates rising more than long-term rates, this effect is amplified.

**Inflation Protection Infrastructure Water: Example Brazil**

Spread across four portfolio positions, our total exposure to Brazil has grown to around 20%. This is due to the fact, that we have slightly increased our positions in Brazil over the last two years, bucking the market trend and can now benefit from graduated valuation adjustments. In addition, in comparison to the developments in the USA or Europe, the key interest rates in Brazil were increased from 2% to 11.75% within a year despite the pandemic, thus painfully taking the increased inflation rates into account in the short term. Using Sabesp as an example, we see that regulatory price increases may vary by region and timing, but are now being adjusted by +12.8% at the water utility in Sao Paulo from May 2022. The share price is well below its pre-pandemic high and we expect the BRL to appreciate further thanks to the good and timely central bank policy.

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