



Hornet Infrastructure - Water Fund (EUR)

28th April 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 946.20
Fondsvolumen / Anteile	EUR 27'514'550 / 29'079
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 19.25 as of 05/02/2022 (ex. 28.4.)
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	-7.02%	-1.34%	-7.57%	-2.58%	20.63%
Net annual average performance			-2.59%	-0.52%	2.37%

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.	11.40%	10.53%	11.87%	10.58%	10.60%

Portfolio Beta versus MSCI World	0.39	0.36	0.30	0.35
Alpha p.a. vs. MSCI World	-8.06%	-9.30%	-5.77%	-4.04%
Treynor-Ratio Portfolio	-0.10	-0.15	-0.10	-0.02

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

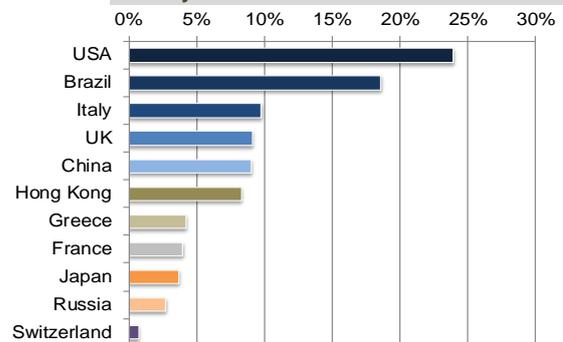
Risk profile

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

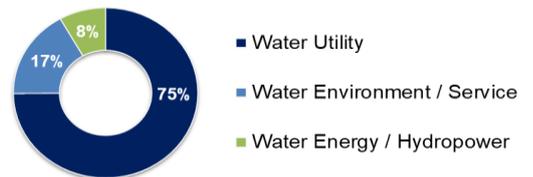
Price performance in EUR / NAV (incl. distribution)



Country allocation



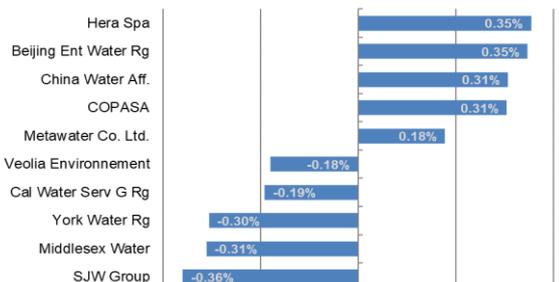
Sector allocation



The 10 largest equity positions

SABESP Sp ADR	6.3%
COPASA	5.9%
ACEA N	5.0%
Hera Spa	4.7%
China Water Aff.	4.6%
Beijing Ent Water Rg	4.3%
Guangdong Invest Rg	4.3%
SJW Group	4.3%
York Water Rg	4.3%
EYDAP Rg	4.2%

Performance driver equity / April 2022 (EUR)



General market review

The global stock markets, like the capital markets - even more so - were confronted with further rising interest rates and have to take the historically high inflation into account with lower market prices. In the US, the year-on-year change in inflation is +8.5% and in Europe +7.5%, where the monthly change has reduced. However, this was not able to slow down the accelerating EUR devaluation against the USD. Against this background, the stock markets in Europe have developed slightly better than in the USA, despite the ongoing war in Ukraine. In the US, we see a declining ISM Manufacturing Index (57.1 points), which does not anticipate a recession, but does reflect certain economic concerns. Crucial, however, is the fact that the Fed had to start the rate hike cycle and is also considering reducing the central bank balance sheet (currently USD 8.9 trillion, before the pandemic USD 4 trillion). In this market environment, the relative advantage seems not to lie in sectors that show high economic and risk sensitivity or historically high valuations.

Investment portfolio

In this challenging market environment, the NAV of the Hornet Infrastructure - Water Fund (EUR) closed the reporting month slightly in the red at -1.4%. In April, the water utilities in the USA underperformed and had already made relatively high valuation adjustments. Part of this is due to the sharp rise in interest rates in the US and part to the "size/growth effect". However, since our portfolio positions generate stable cash flows and steady dividends, the net dividends received in the fund are 3-4.5% p.a. of the average invested fund assets (4.6% in 2021). We would like to distribute approx. 50% of this to investors. The distribution of EUR 19.25 at the end of April is already included in the current NAV of EUR 946.20 and will be credited on value date May 2, 2022. Since our long-term and capital-intensive water suppliers, especially in the USA, UK and Brazil, achieve high EBITDA margins and usually reinvest half of them in new and existing infrastructure assets, this results in constant earnings growth, which also leads to increasing dividend payments.

Market review Infrastructure

In April, too, the global infrastructure sector outperformed the market as a whole. This is thanks to the relative strength of sub-sectors infrastructure energy and infrastructure utilities. The infrastructure transport sub-sector is responding to the increasing economic uncertainties and the tightened COVID measures in China with consolidation. In the area of infrastructure communication, defensive operators of telecom networks, which can realize a high payout ratio due to the stable cash flow, are convincing. In the infrastructure - renewables sector, we also see relative growth advantages for energy producers who can supply the markets with renewable energy, especially in Europe.

Recovery potential in China / Infrastructure Water

The geopolitical uncertainties and the probably exaggerated lockdowns in large cities such as Shanghai in connection with the COVID pandemic have meant that the water and environmental companies have historically high recovery potential. This can already be seen in the recent development of our portfolio positions thanks to the attractive valuation. At the end of April, the sector received political momentum in China when President Xi Jinping wanted to promote the infrastructure sector in an effective manner. Speaking to the Economic Committee, he explained that infrastructure serves as a pillar of economic and social development. We share this opinion and therefore assume a positive price effect in the medium term and that, based on experience in the real estate sector, growth should be financed primarily via equity. If the country opens up further for investors, significantly higher valuations can be expected in China.

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