



Hornet Infrastructure - Water Fund (EUR)

30th June 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 869.26
Fondsvolumen / Anteile	EUR 24'875'613 / 28'617
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	-14.58%	-8.90%	-17.40%	-6.43%	6.68%
Net annual average performance			-6.17%	-1.32%	0.81%

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.	13.99%	12.09%	12.51%	11.05%	10.92%

Portfolio Beta versus MSCI World	0.54	0.39	0.32	0.36
Alpha p.a. vs. MSCI World	-6.90%	-11.64%	-6.32%	-4.89%
Treynor-Ratio Portfolio	-0.19	-0.23	-0.13	-0.06

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

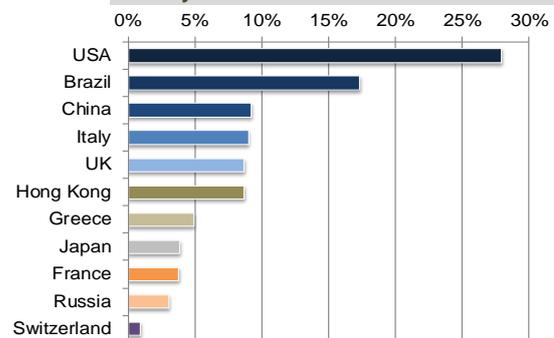
Risk profile

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

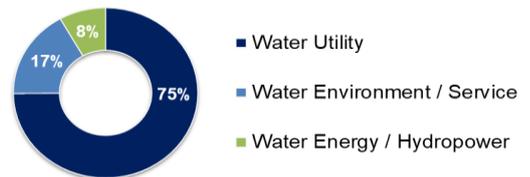
Price performance in EUR / NAV (incl. distribution)



Country allocation



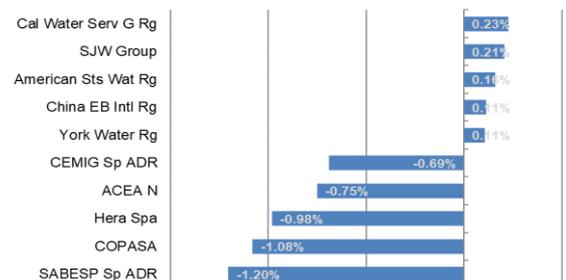
Sector allocation



The 10 largest equity positions

SABESP Sp ADR	6.2%
COPASA	5.1%
SJW Group	5.1%
York Water Rg	5.0%
EYDAP Rg	4.9%
ACEA N	4.8%
Beijing Ent Water Rg	4.7%
China EB Intl Rg	4.6%
China Water Aff.	4.5%
Cal Water Serv G Rg	4.3%

Performance driver equity / June 2022 (EUR)



General market review

In June, the global stock markets recorded historical declines from -6.4% in the UK to -9.3% in the USA (S&P 500 Index) to -12.2% in the German Dax. The markets are currently confronted with the fact that the US FED is pursuing a more restrictive monetary policy. Key interest rates were raised by 0.75% in June. Measured by the central bank balance sheet, the money supply in the USA has not been expanded since March 2022. While the European and American markets are grappling with higher inflation numbers and economic concerns, markets in China have been able to recover slightly since the easing of the quarantine regulations against COVID-19. China CSI index is up +9% month-on-month. Global economic worries have caused commodity prices and oil prices to fall by up to 10% month-on-month. The US Treasury Yield (10Y) reached a high of just under +3.5% in June before falling back to below +2.9% towards the end of the month. This was also in line with the economic numbers in the US. US GDP fell by -1.6% qoq annualized.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) also fell in the reporting month in an environment that is currently characterized by declining market liquidity. The US water utilities have experienced valuation corrections over the last few months, which in some cases have brought market prices well below fair values. The European water suppliers are affected in the short term by higher input prices (EU inflation at +8.1% y/y) and the war in Ukraine either directly through uncertainties in the energy supply or indirectly in their sales area. In addition, there is also a period of drought in Italy, which in the north of the country primarily affects agricultural production in the Po Valley. Negative impacts on industrial production are also possible due to lack of water and exist as implicit risks and costs for many companies. With their impact, the regional water utilities help to reduce the local water risks and the constructive regulation to quantify the costs and the value of water to compensate, respectively.

Market review Infrastructure

During the month of June, the global infrastructure sector was also hurt, but is expanding on its relative stability and merits in the current market environment. The current market environment is strongly influenced by rising key and market interest rates and inflation figures and even less by economic concerns. The infrastructure energy subsector was not able to outperform to the same extent as in the last few months due to the consolidation in the oil price. Infrastructure utility was only able to slightly outperform the more cyclical infrastructure transport subsector against the background of the extraordinarily sharp rise in interest rates in June. The infrastructure communication sub-sector is on the one hand undergoing a valuation correction and on the other can demonstrate operational stability. The defensive quality thanks to the cash flows is particularly evident when economic concerns continue to materialize in global equities and lower corporate profits.

Will the value of the water continue to rise?

Water stress and climate change are intrinsically linked. The availability of water can vary greatly due to less or heavy rainfall, droughts, floods, falling groundwater levels or pollution and temperature increases. The evaporation of water leads to changes in the atmosphere and "delta cities" with their urban dwellers can be directly affected by rising sea levels and storms in the future. The value of drinking water and the provision of the resource for various branches of industry should therefore continue to increase in the future. The average price of water in the 30 largest US cities has increased by over 60% over the period 2010-2019 due to increased demand and limited supply. We assume that the consumption sector (food) in particular will be more affected by water risks, but that the real and implicit water costs in the materials and energy sectors are also 3-5x higher than companies are currently paying. The water desalination costs currently amount to USD 10 per m³ (1000l), which is approx. 5x higher than an average price per m³ at the water suppliers.

GN Invest AG

Asset Manager
Tel. +423 239 32 33

**AC Partners AG**

Investment Advisor
Tel. +41 41 711 10 20

