



Hornet Infrastructure - Water Fund (EUR)

25th August 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 919.45
Fondsvolumen / Anteile	EUR 27'372'027 / 29'770
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	-9.65%	-5.75%	-15.62%	-2.75%	11.24%
Durchschnittliche jährliche Wertentwicklung netto			-5.51%	-0.56%	1.34%

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.	14.27%	12.85%	12.82%	11.26%	11.05%

Portfolio Beta versus MSCI World	0.53	0.40	0.33	0.36
Alpha p.a. vs. MSCI World	-10.70%	-12.86%	-6.67%	-4.93%
Treynor-Ratio Portfolio	-0.17	-0.20	-0.10	-0.05

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

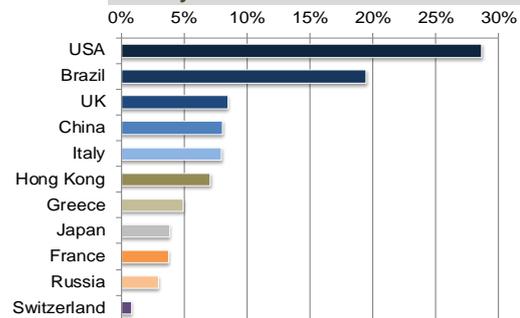
Risk profile

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

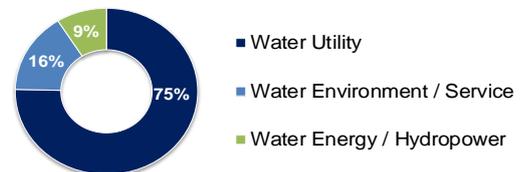
Price performance in EUR / NAV (incl. distribution)



Country allocation



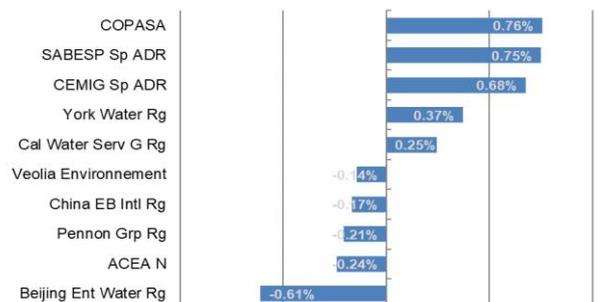
Sector allocation



The 10 largest equity positions

SABESP Sp ADR	6.9%
COPASA	5.8%
York Water Rg	5.3%
SJW Group	5.1%
EYDAP Rg	4.9%
CEMIG Sp ADR	4.8%
Cal Water Serv G Rg	4.5%
ACEA N	4.3%
China Water Aff.	4.2%
Beijing Ent Water Rg	3.8%

Performance driver equity / August 2022 (EUR)



General market review

Despite the current geopolitical and economic risks, equity markets remain fairly stable during the month under review. Many real assets are able to absorb the increased inflation rates over time. However, climate change and the current energy crisis bring additional costs and challenges to several regions. These are currently not only evident in the falling water levels of the rivers, but also in the associated production risks for many companies from all industries and sectors, as well as in the extraordinarily sharp rise in electricity and gas prices, especially in Europe. Retail sales here are down 3.7% year-on-year. At the same time, inflation in the euro zone remains at a high +8.9%. In the US, energy and food prices lead to an inflation rate of +8.5%. The further falling trade balance (USD -79.6 bn) allows the USD to rise by a further 2%. The US Federal Reserve would also like to continue fighting inflation, which strengthens the USD.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) rose by +0.73% to EUR 919.45 in the month under review and was able to resist the slightly negative trend on the global stock markets in August. The positions in Brazil and the USA in particular act as positive performance drivers. The market continues to underestimate the recovery potential of the regional water utilities, particularly in Brazil, where inflation rates felt by 2% and the BRL may regain strength against the USD. Although China surprises markets by cutting interest rates to 4.45% (LPR 5 years), our positions in this region are yet to recover. However, the political efforts and talks between the USA and China are likely to have a positive impact on the medium-term investment potential in China. The currency effect of the globally diversified water utility portfolio continues to be positive.

Market review Infrastructure

In the month under review, US interest rates made up for the short-term decline in July to 2.6% and have risen again to over 3%. This affects companies or sectors with high valuations, regardless of whether they have a stable or economically sensitive business model. The global infrastructure sector is able to perform well relative to other sectors and asset classes thanks to relatively attractive valuations and real assets with steady cash flows. Fiscal policy measures, such as those recently discussed in the USA, are helping, as well as companies' regulatory investment programs. Infrastructure energy continues to benefit above average in the current environment and infrastructure utility is also increasingly becoming the focus of investors. Infrastructure communication and infrastructure transport can be rated as rather fully valued or classified as more sensitive to the economy.

Economic environment and yield curve favor infrastructure

In the US, we are seeing slightly declining economic figures and historically high inflation numbers. However, since the short and long-term interest rates are in the range of 3.45% and 3.10% and are consequently showing an inverse yield curve (difference of -35bps), last seen 20 years ago, long-term financed real assets tend to outperform. The capital market continues to assume increased economic risks and the long-term infrastructure assets have the opportunity to neutralize the duration and interest rate risks of the investments with a suitable and corresponding maturity duration or fixed interest rates. As a consequence, the protection against inflation is more effective in the medium term than in sectors with higher economic sensitivity.

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