



Hornet Infrastructure - Water Fund (EUR)

27th October 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 865.04
Fondsvolumen / Anteile	EUR 28'157'052 / 32'550
Security number / ISIN	3.405.337 / LI0034053376
Fund domicile	Liechtenstein
Asset manager	GN Invest AG, FL-9490 Vaduz
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	1.0% 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. April 28th)
Subscriptions / Redemptions	daily, at 12:00 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	-14.59%	-8.88%	-21.48%	-10.20%	5.50%
Average annual NAV return (net)			-7.74%	-2.13%	0.67%

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.	14.20%	13.57%	13.25%	11.67%	11.25%

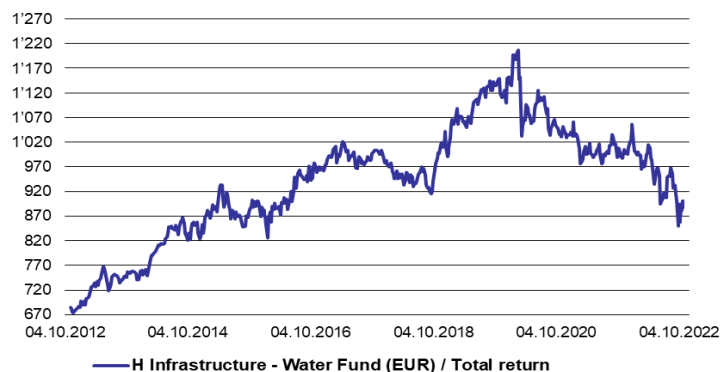
Portfolio Beta versus MSCI World	0.60	0.43	0.35	0.38
Alpha p.a. vs. MSCI World	-6.09%	-13.14%	-7.13%	-4.98%
Treynor-Ratio Portfolio	-0.20	-0.24	-0.14	-0.07

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

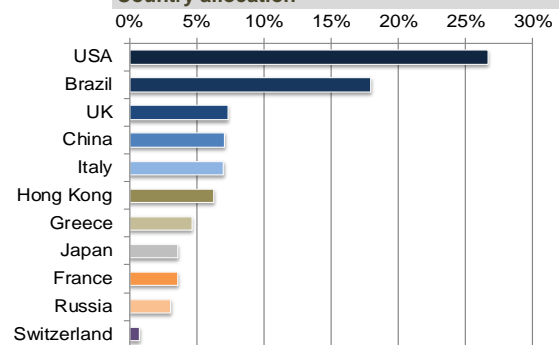
Risk profile

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

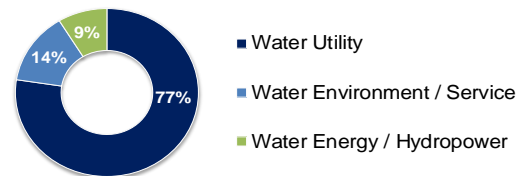
Price performance in EUR / NAV (incl. distribution)



Country allocation



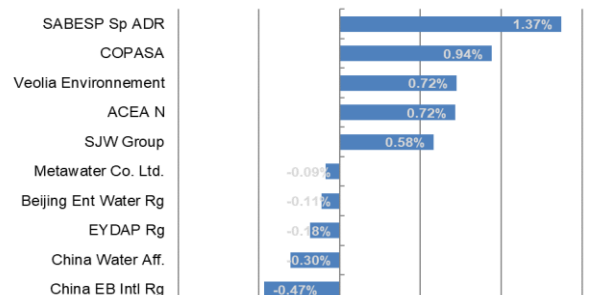
Sector allocation



The 10 largest equity positions

COPASA	6.0%
SJW Group	5.0%
Veolia Environnement	4.8%
ACEA N	4.5%
Hera Spa	4.5%
American Water Works	4.4%
York Water Rg	4.3%
Cal Water Serv G Rg	4.3%
American Sts Wat Rg	4.3%
SABESP Sp ADR	4.0%

Performance driver equity / October 2022 (EUR)



General market review

After the exceptional month of September, the stock markets recovered impressively in October and recorded strong price increases of between +5% for Swiss stocks (SMI Index) and +14.4% for US stocks measured with the Dow Jones Index. The reasons for this were, on the one hand, more stable US interest rates, which fell below 4% again in the second half of the month for the 10-year US Treasury and, on the other hand, in the relatively solid profit reports of the market-leading companies. The fact that the stock markets in China continued to weaken had to do with the economic contraction, but also with the absence of international investors during the congress and party elections. In Europe, stock prices recovered despite the interest rate hikes by the ECB, which raised its base rate by +0.75% to +2%. This against the background of high inflation figures of +9.9% (CPI y/y) in the Eurozone. At the same time, declining retail sales both in the UK (-6.9%) and in Europe (-2%) point to an economic slowdown, which also calmed the rise in interest rates.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund increased by +6.4% in the reporting month of October and is still below the consolidated fair values after the decline over the last few months. Even after the outcome of the elections in Brazil, the portfolio positions continue to make a positive contribution to performance, especially Sabesp with +1.37%, but also Copasa with +0.94%. Over the last few years we have seen that the regulation of the water supply in Brazil works very constructively and, above all, independently of the political situation. The fund recently took advantage of the very low market prices for utilities in Europe to build up positions such as Acea, Hera and Veolia Environnement. In the USA, too, the market prices of most US water utilities indicate a discount situation. This is supported by the stabilization of US long-term interest rates. The current economic climate favors sectors with stable cash flows and foremost attractive valuations.

Market review Infrastructure

The global infrastructure sector was able to grow, especially in the second half of the month, but with +2.6% less strongly than the broad stock market because many passive (sub) indices are undergoing valuation corrections. Similar to the real estate sector, this can be observed in phases of rising interest rates in the infrastructure communication subsector, too. Infrastructure utility and infrastructure transport, on the other hand, were able to develop above average, especially the more cyclical companies in the Toll Roads or Energy sectors. Although infrastructure renewables are showing growing profits and investments, the partly undifferentiated political market interventions are depressing investor sentiment in the energy subsector, especially in Europe. Despite geopolitical risks and an easing in market prices, infrastructure energy recovered. This comes thanks to an increased supply of conventional and renewable energies. In the Iberdrola portfolio for instance, the EBITDAs are increasing both in the USA and Brazil.

Advantages of Listed Infrastructure versus Private

Institutional investors are increasingly recognizing the infrastructure asset class as an investment opportunity. Because the asset class has gained acceptance from the private equity space, many investors still associate the asset class with "private." However, since most infrastructure assets or the majority of them are in the public sector and only slightly accessible or diversified globally compared to other asset classes, it makes sense to invest in liquid or listed infrastructure stocks on public markets. The advantages are: The infrastructure portfolio can be better diversified and actively aligned by subsector and region, is more liquid and often more transparent in terms of price and regulation. Many infrastructure funds with private assets have premiums and sometimes use high leverage ratios, which can temporarily accelerate returns. In the current market phase, risk management for liquid investments can be implemented and controlled more effectively.

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