



Hornet Infrastructure - Water Fund (EUR)

26th September 2019

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 style** without tracking a benchmark.

The fund invests **worldwide in infrastructure** companies with **stable cash flows**.

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.

The **focus is on operational, regulated water utilities**, which own the infrastructure facilities and for example treat and distribute drinking water regionally or which are active in **energy production (hydro power)** or **water technology** as well as in **water environment & services**.

Fund details

NAV / Nettoinventarwert	EUR 1'142.22
Fondsvolumen / Anteile	EUR 35'344'856 / 30'944
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
Depositary 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.
Depositary bank / Admin.fee	0.15% p.a. / 0.175 % p.a.
Distribution	none (dividends are reinvested)
Subscriptions / Redemptions	weekly, each Thursday (16:00 CET)
Issue / Redemption price	Asset value per share (NAV + / - any commissions)

Performance in %

	YTD 2019	1 year	3 years	5 years	7 years
Hornet Infrastructure Water	14.38%	24.18%	18.30%	37.93%	64.46%
Net annual average performance			5.76%	6.64%	7.37%

Source: IFM (fund performance cum. & p.a. after administrative costs resp. net of fees)

Risk figures

	YTD 2019	1 year	3 years	5 years	7 years
Volatility p.a.	8.33%	9.36%	8.15%	9.77%	9.04%

Portfolio Beta versus MSCI World	0.05	0.09	0.22	0.24
Alpha p.a. vs. MSCI World	18.71%	2.44%	2.47%	2.52%
Treynor-Ratio Portfolio	3.94	0.37	0.19	0.20

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

Risk profile

	3 years	5 years	7 years
moderate			
medium			
high			

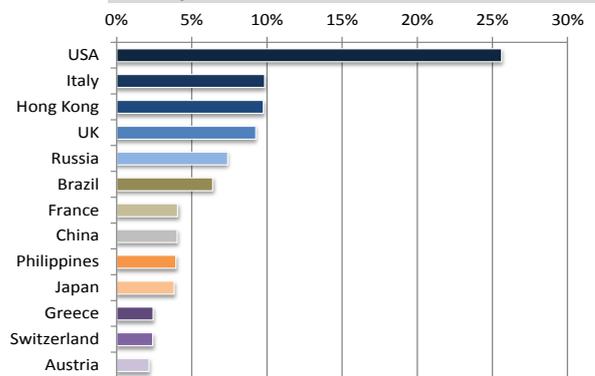
Recommended investment horizon

Price performance in EUR / NAV

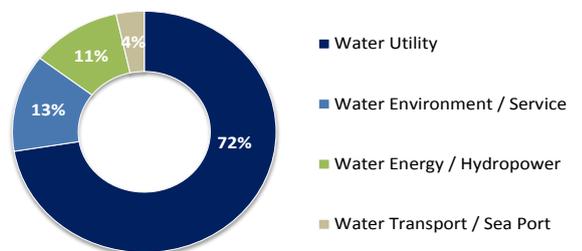


— H Infrastructure - Water Fund (EUR)

Country allocation



Sector allocation



The 10 largest equity positions

Aqua America Rg	5.2%
ACEA N	5.2%
Guangdong Invest Rg	5.2%
Hera Spa	4.7%
SJW Group	4.4%
RusHydro Sp ADR	4.3%
Suez	4.1%
York Water Rg	4.0%
Kurita Water Ind Rg	3.8%
SABESP Sp ADR	3.6%

General market review

Global equity markets continued their upward trend in September. The political and economic risks have increased slightly. Short-term financing risks in the US money market together with the existing trade disputes between the US and China, further tensions with Iran and local attacks in Saudi Arabia are all adding to short-term risks. The latter caused, in particular, increased volatility in the oil market. In the US, key interest rates fell another 25bps to 1.75% to 2.00% in September. China cut the refinancing rate to 4.20% from 4.25% and ECB starts expanding its money supply at EUR 20bn per month for an indefinite period starting November 1st. At the same time, it cuts interest rates by 10bps to -0.50%. This also led to a rising USD versus EUR.

Market review Infrastructure

The current market environment favors the infrastructure sector. Short-term rallies in the cyclical subsectors such as transport (+2.21%) are possible. The utility sector is currently benefiting from a rotation out of growth into value stocks and is driven by a sharp decline in global interest rates. As the regulated price mechanism in the water sector provides protection against inflation and compensates for capital investments, the real return on infrastructure investments is well above government bond yields in the relevant countries. In addition, the low economic sensitivity of water consumption is particularly beneficial in recessions.

Investment portfolio

The Hornet Infrastructure - Water Fund (EUR) gained +0.79% to EUR 1'142.22 in September and reached +14.38% YTD 2019. York Water (+17.3%) in the US and Novorossiysk Port (+12.2%) in Russia performed both above average. Sabesp (-5.7%) in Brazil and Guangdong Investment (-5.3%) in Hong Kong delivered a negative contribution in the month under review. We have used market prices to increase a water utility company in Brazil, while slightly reducing the weightings of US water utilities. For Copasa, the new position in Brazil, we currently calculate a required return of +11.5%, an expected return of +13.4%, and an alpha of + 1.9%, and can thus generate long-term added value for our portfolio.

Required return of +6.56% p.a (local currency and gross)

Following index and price increases, the expected return on the Hornet Infrastructure - Water Fund (EUR) is +6.56% p.a. We currently require a weighted return of +5.45% from our portfolio holdings, implying an expected alpha of +1.11%. The global portfolio allocation is currently also providing a risk-free interest rate of +2.5%. This is particularly interesting as an investment opportunity compared to negative interest rates in many European countries.

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