



INVEST *with* IMPACT

world water day

HORNET INFRASTRUCTURE - WATER FUND WORLD WATER DAY - INVEST with IMPACT

Even though COVID-19 seemingly has us all firmly in its grip and we can clearly feel the effects on global coexistence and the stock markets, we do not want to miss the opportunity to address a topic that is vital to us all. The official "World Water Day". Especially in difficult times like these when the media often only step into discord upon a single topic, we should not lose our focus and disregard such socially indispensable elements.

Water as an existential resource

Water is one of the most important foundations of life and therefore this crucial aspect adequately finds its spotlight on the 22nd of March, 2020. The aim of this specific day is not only to make society become more aware about the important role water plays in our society, but also to inform as to how we can make use of this natural resource more effectively in the eminent light of climate change and challenges found in energy management. We at GN-Invest are similarly passionate about the topic and more so highly convinced of the importance of water in a modern, dynamic and internationally connected society. Therefore, we wish to actively initiate and engage in change by presenting a unique investment opportunity which will not only generate profit, but will enable anybody involved to contribute to the long-term improvement of the global water quality, the overall supply and the supporting infrastructure.

Everyone has the right to water

Almost ten years ago, on the 28th of July 2010, the United Nations General Assembly presented their Resolution 64/292 to the world and acknowledged the right to water as a basic human right. Yet even today, not every person in the world has access to sufficient safe and clean drinking water. Engagement in change is as vital to man-kind as water itself.

Certainly, increased investments are needed to meet the global challenges of water scarcity, water treatment and water distribution. Nevertheless, it may not always be intuitive which measures can be implemented to improve the global situation:

1. the worldwide establishment of an efficient water infrastructure (water treatment and distribution) operated by neutral water suppliers
2. the installation of smart water technology (e.g. filtration systems, UV water disinfection, pumps, pipes, measuring devices and water softeners), technologies that protect pipes and sanitary components, valves for reduced water pressure, or efficient irrigation systems that regulate water consumption, promote savings and increase energy efficiency

Seize market opportunities

Demand for the implementation of the above-mentioned measures is often determined by multiple factors such as an increase in population, urbanization and industrial growth (pharmaceutical and food production as well as energy industry). Despite uncertainties in the markets, we are globally observing constructive, long-term price mechanisms for infrastructure capital expenditure. Measured as a percentage on regulated assets (investments), returns lie between 3% to 8% depending on the region, interest and inflation rates. These are significantly higher than the inefficient interest rates for most 10-year government bonds, such as in the example of the United Kingdom where regulated returns of +5.02 % p. a. for water utilities or water distribution networks are listed.

Investing successfully and doing good

We at GN-Invest have done our part by developing an offer that could add value to your portfolio: With an investment in our Hornet Infrastructure – Water Fund you will not only profit from the mentioned returns, but moreover have the chance to contribute to a better water supply and distribution around the world, thus actively engaging in change.

Your GN-investment solution: Our Hornet Infrastructure – Water Fund mainly focuses on globally stable water suppliers (approx. 70 %), which can generate regulated earnings and steady cash flows with an increasing investment volume. As the operating utilities are listed on the stock exchange, share prices can fluctuate or overreact significantly to external factors in a short-term view. Nevertheless, a medium and long-term perspective show that share prices rise steadily and robustly which provides an opportunity in the current market environment. We currently adopt a consolidated and required return of +5.6 % p.a. from our global portfolio positions for our fair value (also called discount rate/WACC). Since most share prices are currently trading significantly below fair value, the expected return lies at almost +10 % p.a. This implies an expected, risk-adjusted out-performance with an alpha of +4.4 % p.a.

Asking the right investment questions

The quest «to do something good» and help the world progress in times of crisis is neither easy nor simple. Yet, it is precisely the «good» that we must find if we want to be successful in the long term as both investors and companies as a whole. We are certain that especially in these challenging times, we must not lose sight of what is essential. We want to support the aims of the World Water Day by encouraging you as investors to ask the right questions: What is essential? What is sustainable? What do I want to achieve with my investments? Should we shift our view and therefore our long-term investments on well-managed companies with a positive, sustainable influence on societal gain? Should the search for «good» investment returns and progressive growth be our focus?

We would be happy to advise you in your quest to answer these questions. By providing attractive offers that help you achieve your investment goals we are all able to actively work together and engage in sustainable change. Please do not hesitate in contacting us today.



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2019

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2020 Water and climate change

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