



## Hornet Infrastructure - Water Fund (EUR)

30th April 2020

### 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

<b>NAV / Nettoinventarwert</b>	<b>EUR 1'075.57</b>
Fondsvolumen / Anteile	EUR 36'269'296 / 33'721
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	0.11% 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 2020	1 year	3 years	5 years	7 years
<b>Hornet Infrastructure Water</b>	<b>-6.16%</b>	<b>1.14%</b>	<b>6.60%</b>	<b>18.70%</b>	<b>45.32%</b>
Net annual average performance			2.15%	3.49%	5.48%

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

### Risk figures

	YTD 2020	1 year	3 years	5 years	7 years
<b>Volatility p.a.</b>	<b>22.02%</b>	<b>14.83%</b>	<b>10.93%</b>	<b>11.02%</b>	<b>10.33%</b>

Portfolio Beta versus MSCI World	0.42	0.33	0.36	0.38
<b>Alpha p.a. vs. MSCI World</b>	<b>-0.32%</b>	<b>-0.92%</b>	<b>0.09%</b>	<b>-0.18%</b>
Treynor-Ratio Portfolio	-0.04	-0.01	0.03	0.06

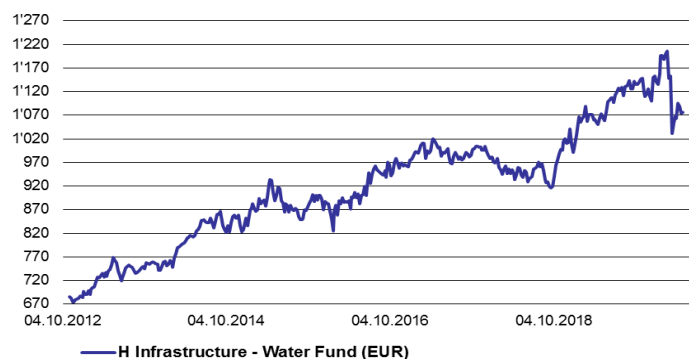
Source: IFM Vaduz AG / Bloomberg data / Alpha = risk-adjusted outperformance

### Risk profile

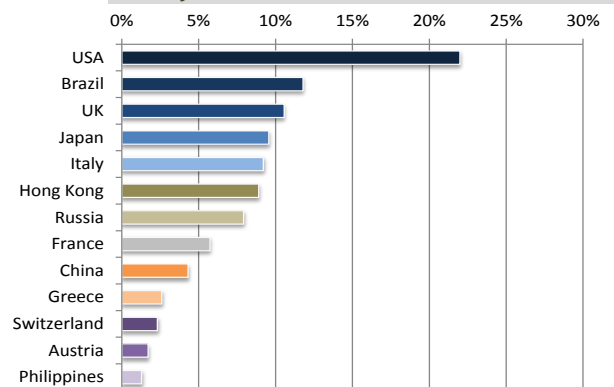
### Recommended investment horizon

moderate	<b>medium</b>	high	3 years	<b>5 years</b>	7 years
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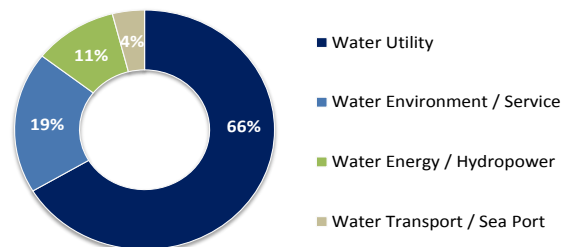
### Price performance in EUR / NAV



### Country allocation



### Sector allocation



### The 10 largest equity positions

Kurita Water Ind Rg	6.0%
Guangdong Invest Rg	5.2%
ACEA N	5.1%
SJW Group	4.5%
COPASA	4.5%
SABESP Sp ADR	4.2%
Pennon Grp Rg	4.2%
Hera Spa	4.1%
RusHydro Sp ADR	4.0%
Novors Sp GDR Reg-S	3.9%

**General market review**

Global equity markets recovered from their March lows in April. This is mainly due to the intervention of the central banks. By mid-April, the US FED had expanded its balance sheet daily by USD 41bn and announced that it would continue to expand its credit program during the coronavirus pandemic and that it would also buy corporate bonds from medium-sized companies. Together, the 7 largest central banks bought financial assets for USD 1'400bn in March. This was 5x more than in the record month of April 2009 at the end of the financial crisis, according to Bloomberg Economics. Despite the fiscal policy measures that have been started, the global equity indices remain clearly in the red, year-to-date 2020. The Dow Jones with -14.7%, the S&P 500 index with -9.9%, the Euro Stoxx 50 with -21.8% or the Hang Seng with -12.6%.

**Investment portfolio**

The NAV of the Hornet Infrastructure - Water Fund (EUR) is also stable with +0.67% to EUR 1'075.57 and relatively with YTD 2020 - 6.16%. The water service and environmental company Kurita Water Industries increased significantly with +21.3%, as did COPASA in Brazil with +18% or the hydropower shares RusHydro Sp ADR (+10.9%) in Russia or Verbund (+27%) in Austria. York Water (-4.1%) tended to be slightly negative due to the low premium situation or Cal Water Service Group (-5.5%), which had higher water production costs in Q1-2020 compared to the previous year. The portfolio positions in China are currently also underperforming in line with the economic data in China, although the expected growth in water is driven by climate change and environmental issues.

**Market review Infrastructure**

The infrastructure sector recovered by 5.7% in April and remained in the red with -21.1% YTD 2020. This is primarily due to the cyclical nature of the transport and energy subsectors. While the transport sector recovered with markets in April, companies in the renewable energy and hydropower sectors can grow significantly. This against the background that the US oil price WTI temporarily fell to minus USD 40 per barrel in the middle of April due to the lack of available storage capacities and the drastically falling demand. Towards the end of the month, the oil price rebounded in the USD 15-20 range. YTD 2020 the price change for WTI crude oil is enormous with almost -70%. On the other hand, the utilities are stable this month and not impressed by the extraordinary market turmoil.

**Advantage defensive positioning with inflation protection**

The current macro data confirm the careful positioning of the Hornet Infrastructure - Water Fund (EUR) and the focus on regulated water utilities with steady cash flows and real assets. In China, the GDP fell in Q1 by -6.8% year-on-year and retail sales plummeted by -19.0%. At the same time, industrial production loses -8.4% slightly less than expected (-10.0%) and less compared to the previous month (-13.5%). In Europe, new car registrations collapsed 55.1% in March while retail sales fell -7.1%. However, the contraction of the European GDP is only -3.3% in Q1-2020. Also US retail sales -8.7% likely to present themselves with a time lag in a monthly comparison, as well as industrial production figures with -5.4%. US GDP lost -4.8% in Q1-2020 and pending home sales fell -14.5%, both is reflecting the weakening consumer and investment behavior compared to the previous year. In March, personal income drops by -2.0% in the US and in real terms by -3.5%, as US inflation (CPI) remains at +1.5%. In Europe, the M3 money supply rose by +7.5% year-on-year.

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