



Hornet Infrastructure - Water Fund (EUR)

30th July 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

NAV / Nettoinventarwert	EUR 1'094.13
Fondsvolumen / Anteile	EUR 36'747'450 / 33'586
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
Hornet Infrastructure Water	-4.54%	-2.71%	11.06%	25.97%	45.33%
Net annual average performance			3.56%	4.73%	5.49%

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
Volatility p.a.	17.95%	15.10%	11.04%	10.85%	10.32%

Portfolio Beta versus MSCI World	0.43	0.33	0.36	0.37
Alpha p.a. vs. MSCI World	-4.64%	-0.32%	0.76%	0.02%
Treynor-Ratio Portfolio	-0.11	0.04	0.05	0.07

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

Risk profile

Recommended investment horizon

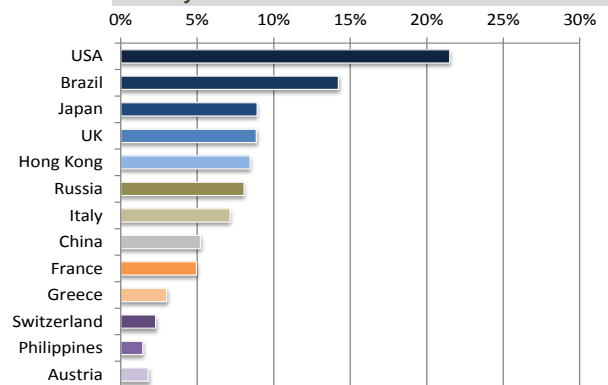
moderate	medium	high	3 years	5 years	7 years
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Price performance in EUR / NAV

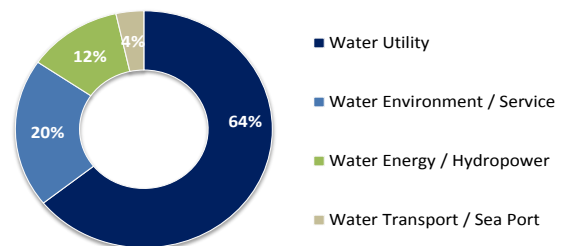


— H Infrastructure - Water Fund (EUR)

Country allocation



Sector allocation



The 10 largest equity positions

SABESP Sp ADR	5.7%
Kurita Water Ind Rg	5.4%
COPASA	4.8%
RusHydro Sp ADR	4.6%
SJW Group	4.5%
York Water Rg	3.9%
Middlesex Water	3.9%
ACEA N	3.7%
Severn Trent Rg	3.6%
Metawater Co. Ltd.	3.5%

General market review

In July, the markets had to absorb a significant USD weakening. This had a negative impact on the performance of the stock indices in Europe, which were down -3.6% measured by the Euro Stoxx 50. As the EUR appreciated by +5.6% against the USD, the US equity markets are only marginally up in EUR terms. However, the US technology sector continues to stand out from the general market while valuation divergence continues to increase, despite the high and implicit consumer exposure. Although the pandemic of the COVID-19 virus has not yet been resolved in terms of health policy, economic data in the USA and China have brightened slightly. The unemployment rate in the US has improved somewhat by 11.1%. The ISM manufacturing index rose to 52.6 points in June versus 43.1 in May, and in China both exports and imports rose significantly above expectations year-on-year. In Europe, industrial production improved, particularly in France and Italy.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) fell slightly in July by -0.71% to EUR 1,094.13. The USD devaluation of over 5% slightly affected the NAV development. We are currently hedging 80% of the USD exposure. At the same time, we see that positions in the emerging markets and China are currently performing better than positions in the US or Europe. In Europe, Acea in Italy impressed with increasing year-on-year sales and better than expected H12020 EBITDA figures. The fact that the major utilities in France are rediscovering the value of water utilities is likely to increase M&A volumes and possibly help Suez and Veolia, as well as the fact, that the change of minister in France could increasingly support sustainable corporate strategies in the fields of renewable energies, water and the environment. In the UK, Severn Trent communicated that the COVID-19 impact is in line with expectations and the current losses should be compensated 2022/2023 with the regulatory framework.

Market review Infrastructure

The economic impact of the COVID-19 pandemic continues to weigh on the infrastructure sector. However, not all sub-sectors are affected equally. Consolidated, the performance decreased by -1.2% in July and the price change has been -20.7% in EUR since the beginning of 2020. The transport infrastructure sector recovered somewhat and within the energy infrastructure sector, the transformation to sustainability still has great and untapped potential. In the communications infrastructure sub-sector, valuations are likely to reach their limits, in the short term, due to the high demand in the sector and the limited number of investment opportunities. The utility infrastructure sector is positive and fairly resistant thanks to the attractive valuation indicators.

Increasing efficiency - investing in sustainability

The ECB recently announced that it has launched 15 new securities resp. debt issuer within their "Corporate Sector Purchase Program" CSPP and "Pandemic Emergency Purchase Program" PEPP, which has been increased to EUR 1.35 trillion and will be implemented by mid-2021. Currently, there are bonds in the CSPP with a volume of EUR 223.7 billion and in the PEPP with a volume of EUR 383.2 billion. We believe that the balance sheet expansion and money supply of the central bank do not take sufficient account of the efficiency on the stock and capital markets, particularly with regard to sustainability, ESG and Impact Investing. A good allocation of resources - in a free market - would ensure growth and prosperity for society. In order to avoid exaggerations and increasing the efficiency in the system at the same time, the focus should be on the sustainability of the investments and their valuation.

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