



## Hornet Infrastructure - Water Fund (EUR)

29th July 2021

### 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

<b>NAV / Nettoinventarwert</b>	<b>EUR 980.50</b>
Fondsvolumen / Anteile	EUR 30'655'333 / 31'265
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
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	1.5% p.a.
Depository bank / Admin.fee	0.09% p.a. / 0.175 % p.a.
Use of proceeds	EUR 17.50 as of 05/03/2021 (ex. 29.4.)
Subscriptions / Redemptions	weekly, each Thursday (16:00 CET)
Issue / Redemption price	Asset value per share (NAV + / - any commissions)

### Performance in %

	YTD 2021	1 year	3 years	5 years	8 years
<b>Hornet Infrastructure Water</b>	<b>-4.01%</b>	<b>-8.79%</b>	<b>2.86%</b>	<b>3.66%</b>	<b>32.52%</b>
Net annual average performance			0.94%	0.72%	3.59%

Source: IFM (fund performance cum. & p.a. incl. distribution and net of fees)

### Risk figures

	YTD 2021	1 year	3 years	5 years	8 years
<b>Volatility p.a.</b>	<b>10.79%</b>	<b>9.98%</b>	<b>11.89%</b>	<b>10.34%</b>	<b>10.29%</b>

Portfolio Beta versus MSCI World	0.01	0.31	0.29	0.34
<b>Alpha p.a. vs. MSCI World</b>	<b>-11.10%</b>	<b>-4.65%</b>	<b>-4.84%</b>	<b>-2.76%</b>
Treynor-Ratio Portfolio	-8.70	-0.03	-0.06	0.02

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

### Risk profile

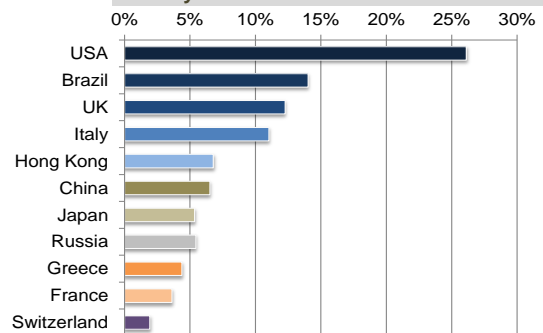
	Recommended investment horizon		
moderate	<b>medium</b>	high	
			3 years 5 years 7 years

### Price performance in EUR / NAV

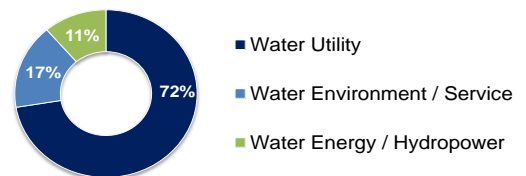


— H Infrastructure - Water Fund (EUR) / Total return

### Country allocation



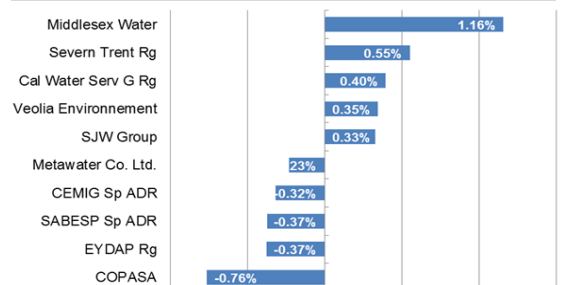
### Sector allocation



### The 10 largest equity positions

ACEA N	6.4%
York Water Rg	5.5%
RusHydro Sp ADR	5.4%
Middlesex Water	5.0%
Severn Trent Rg	5.0%
SJW Group	4.7%
Hera Spa	4.7%
COPASA	4.5%
United Utilities Rg	4.4%
EYDAP Rg	4.4%

### Performance driver equity / July 2021 (EUR)



**General market review**

Global stock markets continued to trend positively in the reporting month of July after a brief setback in the middle of the month. Defensive sectors from the USA as well as large caps contributed to this, especially since the economic data in the US are less positive than the market had recently expected. At the beginning of the month, indicators for the service sector (ISM service Index 60.1 versus 63.5 expected) showed lower values compared to the expectation as well as GDP growth in the US at the end of the month with +6.5% annualized compared to expectations of +8.4%. This was also confirmed by the significantly falling US interest rates and the flattening interest rate curve. The US FED remained extremely constructive for the stock markets and left key interest rates at 0-0.25% in July, although inflation, measured by the consumer price index (CPI), rose to +5.4% year-on-year. There seems to be a consolidation not only in the market indices in the emerging markets, but also in the oil price (WTI), which also fell briefly from USD 75 / bbl to USD 65 / bbl in mid-July.

**Investment portfolio**

In the reporting month of July, the NAV of the Hornet Infrastructure - Water Fund (EUR) rose by +0.35% to EUR 980.50 and increased its relative strength compared to the broad equity markets. This comes because of the valuations in the emerging markets within the water utility sector and their catching up potential, e.g. in Brazil as well as in Hong Kong and China. In these countries, the current share prices neither reflect the value they generate in delivering their utility service nor the good impact on society and the environment. In contrast, in the US and also in the UK, water utilities are already outperforming in the current market environment with normalized economic growth and rising inflation. We weighted these highly in the fund and are now benefiting from the increasing market capitalizations. The high portfolio weight of Middlesex Water contributed +1.16% to the performance, as the US company was included in the S&P small cap index 600 and was thus able to gain more than +22% (EUR), in the reporting month.

**Market review Infrastructure**

Within the infrastructure sector, subsectors that are less cyclical will benefit in the current economic cycle. This cycle is likely to be characterized by a normalized growth phase (after the pandemic effect) and rising inflation. As a result, the cyclical subsector infrastructure-transport lost in July and the consolidation in the infrastructure-energy sector takes place despite the relatively high level of the oil price. A mixed performance is being observed in the infrastructure communication sector. In this subsector, we expect a valuation contraction on the equity part resp. in the stock prices. The entire infrastructure sector rose by +0.14% in the reporting month. However, the infrastructure-utility subsector has a positive effect. Against the background of the current market environment, we expect increasing outperformance here.

**Historic opportunity for infrastructure-utility**

In the current economic cycle, capital-intensive sectors with pricing power should be overweighted, as most companies in the sector are able to integrate rising inflation into the regulated price mechanisms and are usually less cyclical. The Dow Jones Utilities Index has also clearly underperformed other indices over the last 5 years (at mid-year) and was only able to achieve around 30% of the annual performance of the Nasdaq index. A similar constellation was last seen in the period from 1995 to 2000. History will not repeat itself, especially since the utility sector also includes volatile price models in the energy utility and renewable energy sector. In the Infrastructure-utility sector with a focus on water, we find rising prices in the long-run, as the true costs of water are still neglected in many countries, sectors and industries.

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