



Hornet Infrastructure - Water Fund (EUR)

28th January 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 **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. 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

NAV / Nettoinventarwert	EUR 1'037.19
Fondsvolumen / Anteile	EUR 35'001'014 / 33'746
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	0.11% p.a. / 0.175 % p.a.
Distribution	dividends are reinvested
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
Hornet Infrastructure Water	-0.24%	-13.29%	6.06%	19.63%	50.32%
Net annual average performance			1.98%	3.65%	5.23%

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

Risk figures

	YTD 2021	1 year	3 years	5 years	8 years
Volatility p.a.	12.74%	14.69%	11.58%	10.85%	10.20%
Portfolio Beta versus MSCI World		0.39	0.30	0.32	0.36
Alpha p.a. vs. MSCI World	-16.57%	-2.14%	-2.44%	-1.34%	
Treynor-Ratio Portfolio		-0.39	0.00	0.02	0.05

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

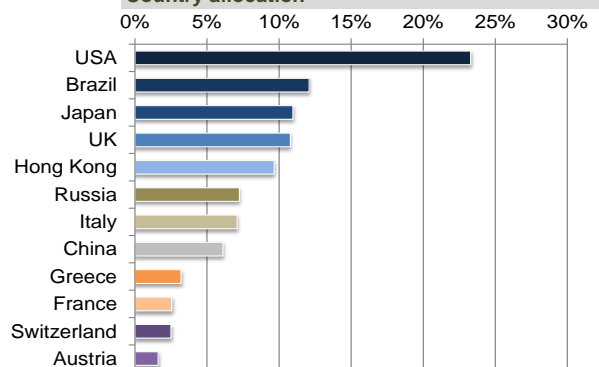
Risk profile

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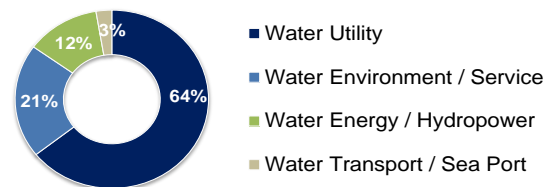
Price performance in EUR / NAV



Country allocation



Sector allocation



The 10 largest equity positions

Kurita Water Ind Rg	7.2%
RusHydro Sp ADR	4.7%
SJW Group	4.7%
Middlesex Water	4.6%
COPASA	4.1%
Guangdong Invest Rg	4.1%
SABESP Sp ADR	4.0%
Beijing Ent Water Rg	3.8%
ACEA N	3.8%
Severn Trent Rg	3.8%

General market review

The global stock markets got off to a very mixed and volatile start into the year 2021. In the USA, extremist supporters of Trump had forcibly stormed the Capitol building in Washington in order to prevent the formal confirmation of the result of the democratic presidential election. With some delay, Congress then confirmed the election result and the inauguration of Joe Biden as the 46th President of the USA could take place as planned on January 20, 2021. At the same time, the vaccines against the prevailing pandemic and government aid programs calmed the stock markets in both the US and Europe. The ECB is leaving the key interest rate at -0.5% and its stimulus program at EUR 1,850 billion, after an increase of EUR 500 billion had already been decided in the previous month. Consumer sentiment was reflected in subdued consumer demand data (US retail sales), which fell by 6.1% month-on-month and 2.9% year-on-year.

Investment portfolio

After a volatile start into the year, the NAV of the Hornet Infrastructure - Water Fund (EUR) stood at EUR 1'037.19 at the end of January 2021. The regional water utilities in the emerging markets, in line with their country indices, e.g. in Brazil, have not yet benefited to the same extent from the hope of a nationwide distribution of vaccines, as this is the case in the developed countries. However, current stock prices reflect these risks more than enough as well as their currencies do in our opinion. In the medium term, they are likely to benefit from the positive interest rate differential against USD or EUR. We see relative strengths in the US water utilities, such as Middlesex Water, which rose above average by +8.4% in the reporting month. The sector is also moving in Europe and is leading to a price increase of +12% at Veolia. With the money inflow into the fund, we are increasing positions in China, Europe and the UK.

Market review Infrastructure

Like the global stock markets, the infrastructure sector started 2021 slightly in the red with -0.2% in the month under review. Over the last 12 months, the performance is still -17.6%. In the US in particular, the cyclical transport companies have underperformed since the beginning of the year, but also the infrastructure-utility sector with -1.4%. The infrastructure- communication sector started 2021 neutral to slightly positive. The infrastructure-energy sector, which has been characterized by strong momentum over the past few months, was no longer able to continue the price increases to the same extent. On the one hand, the oil price stabilized at around USD 55/bbl and, on the other hand, the euphoria for sustainable energy resources has strongly driven the prices of renewable energy producers. However, electricity prices in Germany have also risen from a multi-year low of EUR 20.1/MWh in 2016 to EUR 49.3/MWh today, which further supports sustainable energy producers.

Growing M3 money supply in Europe

The fight against the pandemic is also leading to a historic increase in the M3 money supply in Europe. The growth rate is currently +11.0% year-on-year. While this number was between 0% and +4% p.a. in the period of 2010-2014, it rose to over +10% p.a. from 2015 to 2020/2021. A similar expansion phase was also observed between 1995 and 2005/2006. During this time period, the growth rate of the money stock M3 rose from +2% to just under +12%. Since the peak of +16% in the 1970s, monetary growth M3 has continuously fallen to +2% in the mid-1990s. Obviously, the current reflation measures are not yet apparent in the inflation figures, but they do support real investment and asset prices.

According to the ECB definition: M3 contained M0 with the banknotes outside the central bank and the central bank cash balance of the commercial banks; M1 the currency in circulation with non-banks and their short-term deposits; M2 also includes savings and time deposits with terms of 3 months to 2 years; M3 plus units in money market funds, repo liabilities (securities transactions) and bank bonds up to 2 years.

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