



Hornet Infrastructure - Water Fund (EUR)

26th January 2017

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.

Fund details

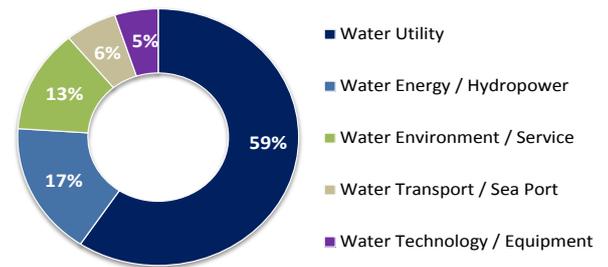
Net Asset Value (NAV)	EUR 993.01
Fund volume / shares	EUR 25'243'307 / 25'421
Security number / ISIN	3.405.337 / LI0034053376
Fund domicile	Liechtenstein
Asset manager	GN Invest AG, FL-9490 Vaduz
Investment advisor	AC Partners AG, CH-6340 Baar
Depository bank	LLB Liechtensteinische Landesbank AG, FL-Vaduz
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 IV (since 3rd May 2013)
Management fee	1.5% p.a.
Depository bank / Admin. fee	0.15% 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)

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.

Sector allocation



Performance in %

	YTD 2017	1 year	2 years	3 years
Hornet Infrastructure - Wate	1.99%	14.53%	12.52%	31.14%

Source: IFM / MSCI / Telekurs (fund performance after administrative costs re

Risk figures

	YTD 2017	1 year	2 years	since 2007
Volatility (annualised / p.a.)	2.91%	11.71%	11.30%	9.47%
Correlation vs. MSCI World	0.19	0.88	0.53	0.66

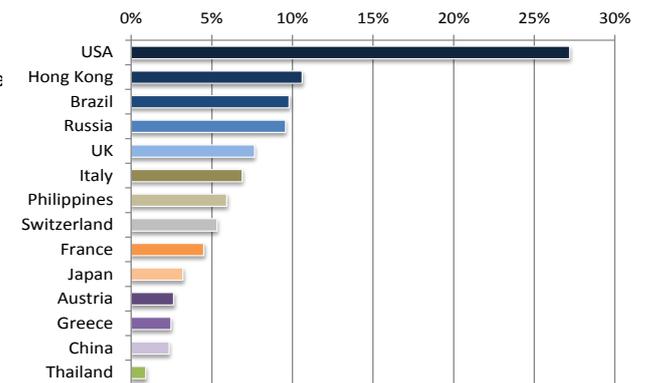
Risk profile

	Recommended investment horizon		
moderate	medium	high	3 years
			5 years
			7 years

Price performance in EUR / NAV



Country allocation



The 10 largest equity positions

SABESP Sp ADR	6.46%
Novors Sp GDR Reg-S	4.96%
RusHydro Sp ADR	4.63%
Suez	4.50%
Aqua America Rg	4.47%
CEMIG Sp ADR	4.15%
American Sts Wat Rg	4.09%
Guangdong Invest Rg	4.06%
American Water Works	3.99%
Acea	3.92%

General market review

The global equity markets had a good start into 2017. Once again, the economic data are the relevant drivers. Both in the US and Europe, the industry data were particularly positive. The Purchasing Manager Index (PMI Manufacturing) achieved a value of 55.1 for the Eurozone, thus anticipating improved and broader industrial growth. The US industry is also continuing with an equally positive value. The International Monetary Fund (IMF) estimates global economic growth of +3.4% for 2017, with industrialised countries expected to grow by +1.9% and emerging markets by + 4.5%. The general market sentiment on the capital markets, however, does not reflect the good mood in the real economy, especially since the inflation rates are also on the rise, e.g. to over +2% in the US. This tends to affect the nominal bonds markets negatively.

Market review Infrastructure

After a strong year-end rally 2016, the broad infrastructure sector started the year 2017 slightly negative (in EUR). Part of this can be explained by the "rebound" in the EUR versus the USD, but also by the fact, that not all sectors in the infrastructure sector have the same pricing power. Moreover, in the transport and energy subsectors, the volume factors are often more important than in the sub-sector of water supply, where the inflation and capital costs have a higher weight in the regulatory mechanism than in the more cyclical infrastructure sectors. Since inflation rates are currently strongly divergent globally, the selection of stocks is again crucial, when it comes to generate a value-added in terms of performance.

GN Invest AG

Asset Manager
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Investment Portfolio

The Hornet Infrastructure - Water Fund (EUR) rises by +1.99% to a NAV of EUR 993.01, in January. Also in 2017, the undervalued companies in the water utility and hydropower sector continued to outperform. The global selection and active weighting of locally serving companies increases the added value of our infrastructure portfolio. Companies like Cemig or Sabesp in Brazil, Beijing Ent. Water in China or WWZ in Switzerland are already demonstrating their valuation advantages compared to the general market. The EUR rebound or the weaker USD is being partly absorbed by a forex hedge, as well as from the potential outperformance of the portfolio positions in the emerging markets, which benefit from a consolidation of the USD.

Performance drivers in 2016

In 2016 Novorossiysk Port GDR from Russia achieved a positive performance contribution with a performance of +106.74%, SJW Corp. with +88.80% as a regulated water supplier in Silicon Valley / USA, Sabesp ADR with a performance of +88.70% in Brazil or York Water +53.17% on the East Coast in the USA, but also the Hydropower company Cemig in Brazil with +52%. The water service and environmental companies, which are also dependent on the economic environment in Europe, such as Suez Env. -18.80% in France or Acea -18.66% in Italy had a negative performance contribution, as well as the broadly diversified Cheung Kong Infrastructure Hldg in China with -14.07%.

AC Partners AG

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