



Hornet Infrastructure - Water Fund (EUR)

24th May 2018

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

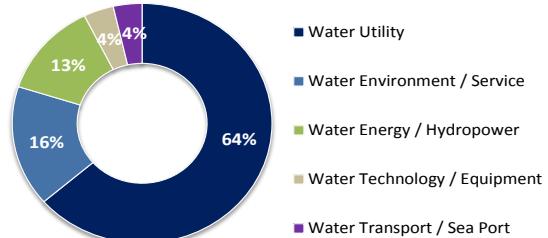
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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

Net Asset Value (NAV)	EUR 953.53
Fund volume / shares	EUR 29'043'570 / 30'459
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
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	0.15% 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)

Sector allocation



Performance in %

	YTD 2018	1 year	2 years	3 years	5 years
Hornet Infrastructure - Water	-2.74%	-3.84%	5.87%	4.28%	25.84%

Source: IFM / MSCI / Telekurs (fund performance after administrative costs resp. net)

Risk figures

	YTD 2018	1 year	2 years	3 years	since 2007
Volatility p.a.	7.72%	6.46%	8.35%	9.64%	9.21%
Correlation vs. MSCI World	0.39	-0.09	0.59	0.78	0.78

Risk profile

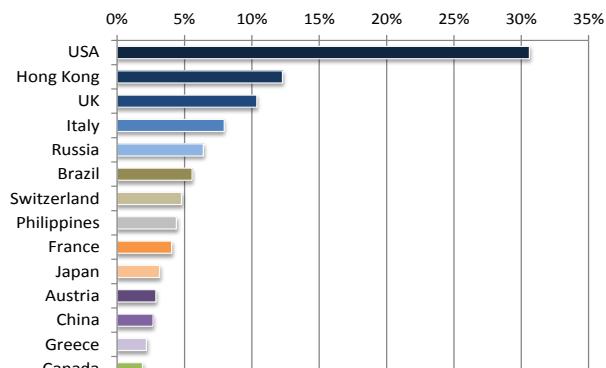
Recommended investment horizon

moderate	medium	high	3 years	5 years	7 years
----------	--------	------	---------	----------------	---------

Price performance in EUR / NAV



Country allocation



The 10 largest equity positions

SJW Group	5.2%
Guangdong Invest Rg	5.0%
ACEA N	4.5%
Pennon Grp Rg	4.4%
China EB Intl Rg	4.4%
American Sts Wat Rg	4.2%
American Water Works	4.2%
Aqua America Rg	4.2%
Suez	4.0%
Novors Sp GDR Reg-S	3.5%

General market review

In May, the investment markets were driven primarily by currency developments and the political environment. The performance on the global stock markets was mostly neutral on a monthly comparison. However, the USD gained against the EUR thanks to the high interest rate differential and due to the sovereign credit and banking risks in Europe. Both the EUR depreciation of around 3% against the USD and the economic policy risks were reflected in the European stocks compared to the US markets, especially in the second half of the month. Emerging markets also tended to underperform over the short-term due to relative USD strength.

Investment portfolio

The Hornet Infrastructure - Water Fund (EUR) NAV was also fairly stable in May, trading -0.56% lower month-on-month. The political risks of the major economies are currently a burden on the performance potential of our positions in the emerging markets. In China, the valuation of local infrastructure operators have reached historically low levels due to the tense trade relations. There, the current multiples are partly 30-50% below their average on a five-year comparison. In Europe, the performance is being hampered by the lack of clearing in the credit markets and the political environment. By contrast, US water utilities performed well in May and those in the UK above average.

Market review Infrastructure

In May, the infrastructure sector rose mainly thanks to the energy and transport subsectors. These were driven on the one hand by the positive price developments on the energy and commodity markets and on the other hand by the constructive economic development. The latter currently favors mainly road and airport operators. The less cyclical subsector utility has generally priced in a large portion of the interest rate and economic risks compared to the broader stock markets and especially to the nominal capital markets. We also see that the USD yield curve will be flattening in the medium term, especially based on the pending interest rate hikes in the US. A resulting economic slowdown would then favor the infrastructure sector with relatively stable cash flows and the valuation advantages.

Guangdong Investment Ltd. / HKD 13.22

Guangdong Investment (GDI) currently has a high weighting in our portfolio and has a market capitalization of just under HKD 90bn, based on the good performance of the management and the regulation. The main business (about 70%) is water distribution in Hong Kong and Dongguan / Shenzhen based on a 30 year-long concession contract with a regulated price/volume system. Annual revenues in this area have increased from HKD 3bn to HKD 4.8bn since 2008, or +5.3% p.a. Since the annual water distribution volume has remained constant or below the capacity of 2.4bn tons at approx. 2bn tons per year over the last years, the constructive price mechanism leads to a moderate consumption of the limited resource water.

We have bought GDI, which was founded and listed in Hong Kong in 1973, in our portfolio since 2009 and steadily increased it since 2013. This resulted in a cost price of HKD 8.23 on average. The company with a +3.6% DY listed at Hang Seng China-Affiliated Corp. Index and included in the Hang Seng Composite Industry Index Utilities also invests in other infrastructure projects such as roads / bridges, energy and real estate.



The Dongshen Water Supply Project (Guangdong Investment Ltd.)

GN Invest AG

Asset Manager
Tel. +423 239 32 33

GNI INVEST

AC Partners AG

Investment Advisor
Tel. +41 41 711 10 20



This document has been forwarded to you upon request. It is for information purposes only and does not constitute an offer to acquire, any investment advice or recommendation and it is not an independent financial analysis. It does not replace any individual and professional advice from an investment advisor. The information has been compiled with care. However, no guarantee can be given for the correctness and completeness of the information. The prospectus as well as the annual report from the HORNET Infrastructure - Water Fund (EUR) are available for free at GN Invest AG, Vaduz or on the homepage of the IFM Independent Fund Management AG (www.ifm.li). For a detailed risk explanation, please see our fund prospectus.