



Hornet Infrastructure - Water Fund (EUR)

26th July 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

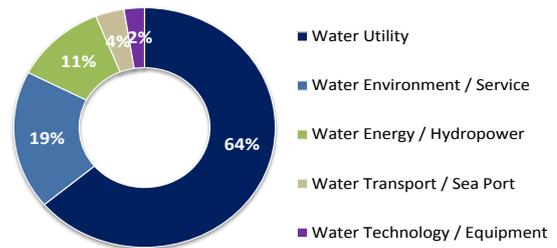
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 970.25
Fund volume / shares	EUR 29'123'024 / 30'016
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 V
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)

Sector allocation



Performance in %

	YTD 2018	1 year	2 years	3 years	5 years
Hornet Infrastructure - Water	-1.03%	-1.52%	0.77%	11.71%	28.88%

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

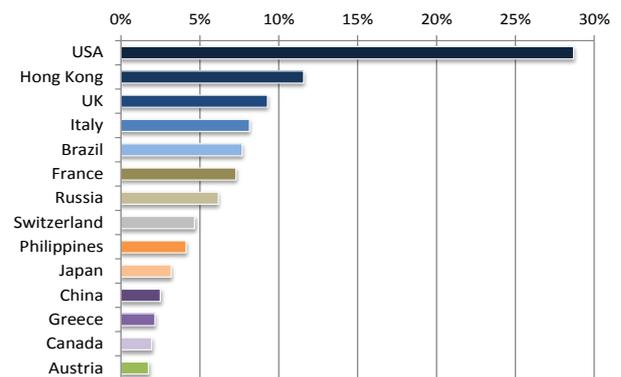
Risk figures

	YTD 2018	1 year	2 years	3 years nce 2007	5 years
Volatility p.a.	7.66%	6.45%	7.45%	9.41%	9.19%
Correlation vs. MSCI World	0.10	-0.31	0.16	0.76	0.78

Risk profile

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

Country allocation



Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

The 10 largest equity positions

Suez	7.3%
SABESP Sp ADR	5.5%
Guangdong Invest Rg	5.1%
ACEA N	4.6%
American Sts Wat Rg	4.5%
American Water Works	4.4%
Aqua America Rg	4.4%
SJW Group	3.8%
Pennon Grp Rg	3.8%
China EB Intl Rg	3.6%

General market review

Global equity markets rebounded around +2.9% in July, after a slight correction in the previous month. Both positive economic data in the US and Europe as well as company-specific numbers have reduced uncertainty in the markets. The trade conflict between the US, China and other countries has therefore taken a back seat. From a regional perspective, the markets have developed positively to a similar extent, with the emerging markets outperforming. While US President Donald Trump is initiating trade disputes, the EU and Japan have signed a free trade agreement. The agreement is said to be the largest, that the EU has ever completed, reducing tariffs and other trade barriers between the two trading partners.

Investment portfolio

The Hornet Infrastructure - Water Funds (EUR) NAV rose +3.13% to EUR 970.25 in the month under review. Even after this positive performance, the fair value of the portfolio is more than 11% above the current price (NAV). In particular, we see attractive upside potential in Europe and the emerging markets. In Europe, we were able to increase our portfolio position Suez at favorable price as well as Sabesp in Brazil. Suez gained around +9% in July and Sabesp over +11%. Acea, the water utility company in Italy, also outperformed with a price increase of more than +6% and Guangdong in Hong Kong with over +7%. In the US, the water utility American States Water contributed positively to our performance with a price increase of more than +5%.

Market review Infrastructure

Bond yields on global markets increased overall during the month, but the spread between US long-term and US short-term maturities remained more or less unchanged. Thus, the occurrence of an inverse yield curve has not moved closer, in July. Nevertheless, the market environment led the infrastructure sector to a performance similarly well to the broad and cyclical stock market. Within the sector, transport companies have risen above average, especially in the US as well as water environment companies in Europe.

Tariffs with little impact on water infrastructure sector

In recent months, US President Donald Trump has started disputes with various trading partners about the "fair" trade and threatened punitive tariffs on an increasing scale and sometimes imposed. If this trend continues, the consequences for economic growth and thus also corporate profits and other economic variables will be negative in the medium term. Currently, many internationally oriented companies have to deal internally with the subject of additional tariffs and trade restrictions. By contrast, the locally serving water utilities are affected only a little by the commercial disputes and then at most indirectly, e.g. due to increased import prices on infrastructure material. Compared to the market as a whole, we expect our sector to be less vulnerable to protectionism.

GN Invest AG

Asset Manager
Tel. +423 239 32 33



AC Partners AG

Investment Advisor
Tel. +41 41 711 10 20



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