



Hornet Infrastructure - Water Fund (EUR)

25th April 2019

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

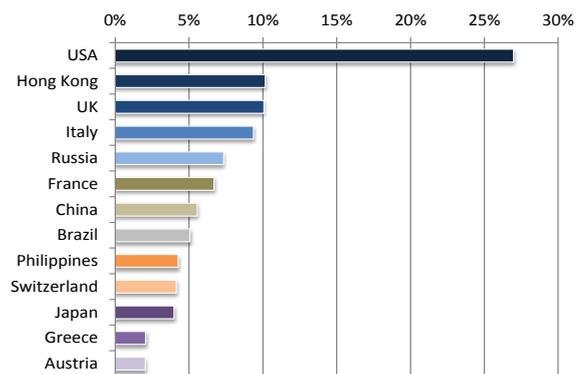
The fund invests its assets solely in **equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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

| | |
|--------------------------------|---|
| NAV / Nettoinventarwert | EUR 1'063.49 |
| Fondsvolumen / Anteile | EUR 32'122'715 / 30'205 |
| 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) |

Country allocation



Performance in %

| | YTD 2019 | 1 year | 3 years | 5 years | 7 years |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|
| Hornet Infrastructure Water | 6.50% | 10.90% | 17.23% | 30.51% | 51.20% |
| | | | 5.44% | 5.47% | 6.08% |

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

Risk figures

| | YTD 2019 | 1 year | 3 years | 5 years | s. 2007 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Volatility p.a. | 9.51% | 9.79% | 8.90% | 9.76% | 9.27% |
| Correlation vs. MSCI World | 0.70 | -0.04 | 0.47 | 0.82 | 0.81 |

Source: IFM Vaduz AG / Bloomberg data

Risk profile

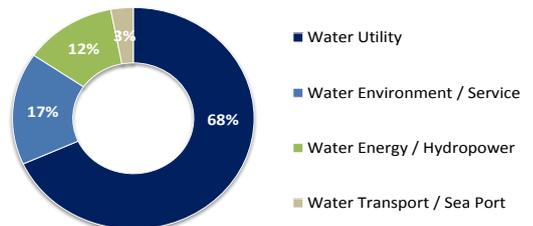
| | Recommended investment horizon |
|---------------|--------------------------------|
| moderate | 3 years |
| medium | 5 years |
| high | 7 years |

Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

Sector allocation



The 10 largest equity positions

| | |
|----------------------|------|
| Suez | 6.7% |
| Aqua America Rg | 5.4% |
| Guangdong Invest Rg | 5.2% |
| American Water Works | 5.0% |
| ACEA N | 5.0% |
| RusHydro Sp ADR | 4.4% |
| Hera Spa | 4.4% |
| SJW Group | 4.3% |
| Kurita Water Ind Rg | 4.0% |
| Pennon Grp Rg | 3.7% |

General market review

Contrary to the market sentiment, which was characterized by the high volatility of recent months and the downward trend in economic data, global equity indices continued to rise in April between 2% and 4%. The corporate numbers have shown a mixed data picture so far. Although the US GDP growth rate for Q1-2019 was +3.2% versus + 2.2% in Q4-2018, the important consumption contribution has weakened relative to its last value. The increased inventory build-up also points to less sustainable growth. The trade disputes between the US and China remain unresolved. Due to lower trading volumes, the IMF is decreasing its estimates on global economic growth. In this market environment, the USD is still benefiting, especially against the EUR. In the Eurozone, the key interest rates remain at 0%.

Investment portfolio

The Hornet Infrastructure - Water Fund (EUR) NAV also increased with +0.26% to EUR 1'063.49 in April, or +6.49% YTD 2019. Apart from commodity-rich countries such as Brazil and Russia, positions in Emerging Markets, especially in Asia are currently underperforming also due to the geopolitical uncertainty. The positive index changes in China are barely reflected in the performance of our water & environment companies, which are showing attractive valuations. Thanks to higher investment and growth rates in the USA, we have increased our position in SJW Group. In Europe, the large portfolio weighting Suez performed positively, especially in the second half of the month after the release of the company figures. Their numbers were above the market estimates.

Market review Infrastructure

The infrastructure sector only rose slightly in April. Markets are currently being driven mostly by large-cap momentum shares. However, the transport sector benefited from the better than expected GDP data in Q1-2019 in the US. The rising oil price also had a positive impact on the energy infrastructure shares in April. However, the recent US sanctions imposed on Iran have not led to a rally in crude oil, which should increasingly be replaced by alternative sources of energy.

Is the economic recovery in Greece continuing?

Often, there are excellent investment opportunities in crisis situations, especially in the area of infrastructure, since the infrastructure assets fulfill an important service. In addition, they are real and durable. Greece came into severe recession due to excessive debt and credit policy in 2011/2012, with -10% GDP decline. In 2015, the GDP decline was still -2%. At the beginning of 2019, for the first time in several years, a positive value of +1.6% was achieved. We have been investing in EYDAP since 2013, which supplies water to the greater Athens region. EYDAP also suffered in this period, but achieved a positive total return thanks to a solid balance sheet with a high cash position and constant dividends. We expect a further recovery of Greece, which would require improved regulation for EYDAP and its long-term investment plans.

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