



Hornet Infrastructure - Water Fund (EUR)

29th November 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 1'125.60
Fondsvolumen / Anteile	EUR 34'859'832 / 30'970
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
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)

Performance in %

	YTD 2019	1 year	3 years	5 years	7 years
Hornet Infrastructure Water	12.72%	11.38%	16.08%	31.21%	65.69%
Net annual average performance			5.09%	5.58%	7.48%

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

Risk figures

	YTD 2019	1 year	3 years	5 years	7 years
Volatility p.a.	8.30%	9.26%	8.03%	9.73%	9.09%

Portfolio Beta versus MSCI World	0.17	0.07	0.22	0.24
Alpha p.a. vs. MSCI World	5.21%	1.90%	1.65%	1.60%
Treynor-Ratio Portfolio	0.50	0.35	0.15	0.16

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

Risk profile

Recommended investment horizon

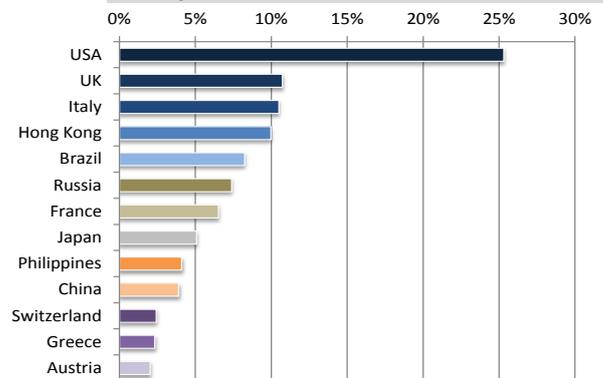
moderate	medium	high	3 years	5 years	7 years
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Price performance in EUR / NAV

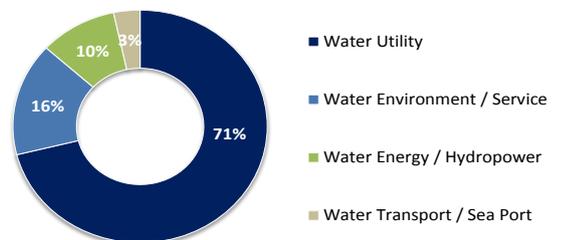


— H Infrastructure - Water Fund (EUR)

Country allocation



Sector allocation



The 10 largest equity positions

ACEA N	5.4%
Guangdong Invest Rg	5.4%
Aqua America Rg	5.2%
Kurita Water Ind Rg	5.1%
Hera Spa	5.1%
SJW Group	4.6%
Pennon Grp Rg	4.3%
SABESP Sp ADR	4.1%
RusHydro Sp ADR	4.1%
Middlesex Water	4.1%

General market review

Global equity markets rose significantly in November, particularly in Europe and in the US. The emerging markets could not keep up to the same extent. Uncertainties surrounding trade relations between the US and China, along with domestic events in Hong Kong are weighing on growth in the Asia-Pacific region. By contrast, the US GDP is rising in the third quarter of 2019 by +2.1% p.a. Durable goods orders also exceeded expectations at +0.6%. In addition, a rising oil price in November could also support the thesis of a strengthening of the global economy. Together with better macro economic figures, the monetary measures have again led to an improved equity market sentiment.

Investment portfolio

The Hornet Infrastructure - Water Fund's NAV fell by -1.99% to EUR 1'125.60 in November and climbs +12.72% YTD 2019. While our positions in the Emerging Markets as well as in China underperformed, water utility positions in Europe continued to perform above average, such as Acea (+5.1%) in Italy or Rushydro (+6.1%) in Russia. On the other hand, portfolio holdings such as American States Water (-9.4%) in the US had a negative effect on the performance. However, we have used the price volatility of up to 15% in the US water sector to increase positions such as California Water Service and are increasing positions in the water service and environment sector in Europe with new money inflow.

Market review Infrastructure

The cyclical rise in market indices did not impress the global infrastructure sector. It showed a decline of -1% in EUR in the month under review. The cyclical transport and energy sector clearly outperformed the defensive utility companies. The relative valuation of the utility sector as measured by the Dow Jones Utilities Index is currently showing a discount of 20-35% to the overall market at book value, EBITDA and cash flow levels. This may also indicate that the ultra-low interest rate environment is not priced in the infrastructure sector as much as the positive economic and monetary measures are in the broader stock market. Expected returns on the global infrastructure sector are currently in the range of 6-7% p.a. and thus clearly above other asset classes such as bonds or real estate.

Successful long-term story in Greece: EYDAP (Athens)

Market participants are currently looking at the different market scenarios for the year 2020. Many market participants are also holding a high cash position as political and economic uncertainties have dominated over recent times. We would therefore like to point out the success story EYDAP in the infrastructure sector in Greece and show how the performance of an urban water utility based on a solid balance sheet, stable prices and turnover is able to strongly outperform in the long-run in a country of economic crisis and deflation resp. stock market decline. The ASE index in Greece has lost 74.1% over 20 years. By contrast, EYDAP in Athens has been able to escape this crisis over the last 20 years and has achieved a total return (performance including dividends) of +91%. The increase in value amounts to +3.3% p.a., which in this example was significantly better than holding cash or investing in the stock index ASE.

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