



Hornet Infrastructure - Water Fund (EUR)

31st December 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 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

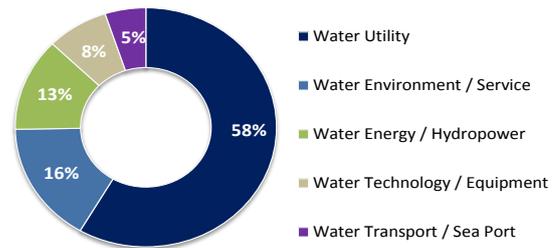
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 980.38
Fund volume / shares	EUR 29'566'300 / 30'158
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 2017	1 year	2 years	3 years	5 years
Hornet Infrastructure - Water	0.70%	0.70%	11.15%	15.97%	43.17%

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

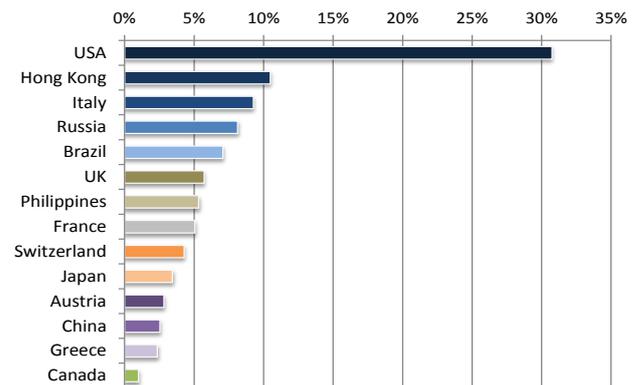
Risk figures

	YTD 2017	1 year	2 years	3 years nce 2007	5 years
Volatility p.a.	6.67%	6.67%	9.95%	10.13%	9.26%
Correlation vs. MSCI World	0.50	0.50	0.91	0.81	0.76

Risk profile

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

Country allocation



Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

The 10 largest equity positions

ACEA N	5.47%
Suez	5.06%
SABESP Sp ADR	5.00%
Novors Sp GDR Reg-S	4.96%
Aqua America Rg	4.27%
American Water Works	4.17%
China EB Intl Rg	4.03%
American Sts Wat Rg	3.93%
Hera Spa	3.81%
SJW Group	3.44%

General market review

In the US, the economic data has surged once again. After leading indicators consolidated in October and November, the PMI manufacturing rose again in December from 58.2 to 59.7 points. The US stock markets reacted positively, especially cyclical and sensitive stocks, as the tax reform and the global economy should lead to further increases in profits. The US Fed has been able to raise interest rates by +0.25% to +1.25% / +1.50% as US inflation has risen slightly to +2.2%. In Japan and Europe, too, real economic data outperforms expectations as well as in China, where the economy continues to develop solidly after the 19th party congress in autumn 2017. The EUR is still in a cyclical upswing.

Investment portfolio

The focused Hornet Infrastructure - Water Fund (EUR) consolidated in December and achieved a performance of +0.70% in 2017. Most of the positions in the emerging markets, as well as in Europe or the US are invested in the stable water utility sector, which could not profit from the market environment at the end of the year. On the other hand, the more cyclical water technology companies such as Crane Co. or Pentair Rg have shown a positive price performance. The EUR has appreciated further against most currencies, which currently has a slightly negative impact on the NAV development. Thanks to the EUR/USD hedge position of around 40%, we currently have a EUR exposure of 60%.

Market review Infrastructure

Compared with the overall market, the stable infrastructure sector priced in higher opportunity costs, especially versus cyclical and risky sectors during the month of December. The potential interest rate risks were also reflected above average in the market prices, although the US yield curves tend to be flat. The infrastructure sector declined in December relative to the overall market and in absolute terms by -2.80%. The strong transport and energy infrastructure stocks did not bring the sector into positive territory in December.

Market & Investment outlook

The good start of equity markets into the year 2018 reflects the attractive relative valuations of equities compared to other asset classes such as bonds or cash. The central banks are still very expansionary and only the US Fed has started to normalize the money supply. The fact that interest rates are extremely low by historical standards, both in the US and in Europe, favors equity valuations and should lead to a further expansion of valuation metrics against a backdrop of growing corporate earnings. On the other hand, the continuing trend towards a flat yield curve in the US would harbor the risk of an inverse yield curve. Should this be the case in mid-2018, that would indicate a possible economic slowdown.

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