



## Hornet Infrastructure - Water Fund (EUR)

29th March 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

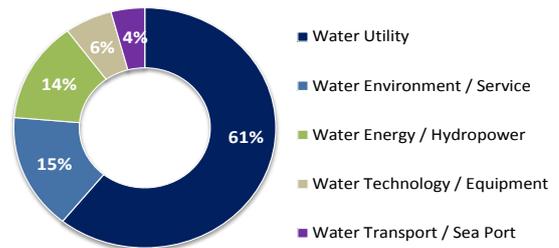
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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

<b>Net Asset Value (NAV)</b>	<b>EUR 955.26</b>
Fund volume / shares	EUR 29'392'395 / 30'769
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	-2.56%	-4.01%	7.38%	8.77%	29.93%

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

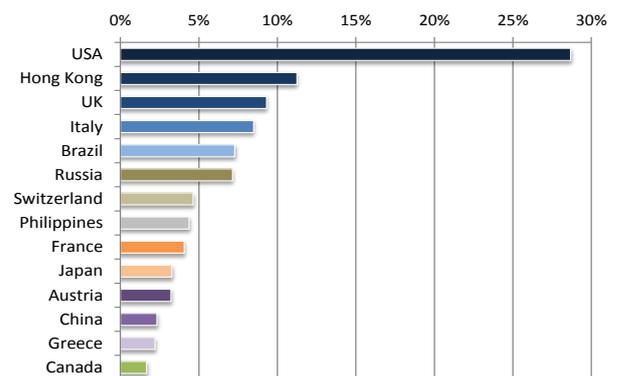
### Risk figures

	YTD 2018	1 year	2 years	3 years nce 2007	5 years
Volatility p.a.	6.93%	6.31%	8.63%	9.98%	9.22%
Correlation vs. MSCI World	0.74	0.12	0.81	0.80	0.77

### 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

SABESP Sp ADR	4.9%
ACEA N	4.7%
Guangdong Invest Rg	4.4%
Novors Sp GDR Reg-S	4.1%
Suez	4.1%
SJW Group	4.0%
China EB Intl Rg	3.9%
American Water Works	3.8%
Hera Spa	3.8%
Pennon Grp Rg	3.8%

### General market review

In the month of March, US stock indices saw a downturn of up to -3%, as especially large cap stocks from the IT sector corrected. The MSCI World (EUR) lost -2.27% in March. Factors such as protectionism and other political or geopolitical risks have unsettled the markets. In Europe less so than in the US, since the EUR/USD exchange rate remained virtually unchanged during the month under review. However, the probability continues to increase, that the world economy has reached a "peak" in the business cycle. The US yield curve continuous to flatten. Cyclical sectors such as banking, chemicals or technology are particularly affected by this trend.

### Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund remained virtually unchanged at EUR 955.26 versus last month. The stability of the fund is currently based not only on the relatively lower cyclical dependence of most portfolio holdings, but also on the relative valuation advantage over large indices. We used the market phase to increase our UK water utilities companies such as Pennon Group, Severn Trent and United Utilities on the back of historically low valuations. The country, regulatory and currency risks are currently well compensated. On the other hand, we have reduced more cyclical water industry exposure in the US.

### Market review Infrastructure

The infrastructure sector was less impacted by the current risks, in March. The sector likely has priced in a large proportion of the interest and valuation risks compared to the broad equity markets. Our analysis has also shown that the USD yield curve has flattened even further compared to the beginning of the year. We therefore assume, that we will have an inverse yield curve in the US in mid-2018. A resulting economic slowdown would then affect transport and energy in the infrastructure sector in particular and favor the utilities sector with relatively stable cash flows.

### Takeover of Connecticut Water Service through SJW Group

Our position Connecticut Water Service (2.5% portfolio weighting) rose from USD 49.11 to over USD 61 in March after it was announced that the SJW Group, based in California, would buy the water utility on the east coast at USD 61.68 per share. The takeover price is +10.1% above our fair value of USD 56. SJW Group has a market capitalization of USD 1bn and has a solid long-term growth strategy with attractive EBITDA margins. The company has been continuously paying dividends for 74 years and has been able to raise them annually over the past 50 years. Following the planned acquisition by the end of 2018, customers in several US states will be served with fresh water and wastewater services and constructively regulated infrastructure investment returns will be earned.

### 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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