



Hornet Infrastructure - Water Fund (EUR)

26th April 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

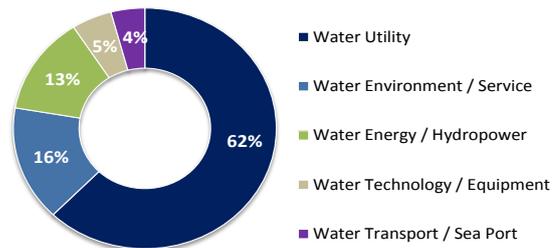
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 958.94
Fund volume / shares	EUR 29'265'890 / 30'519
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 2018	1 year	2 years	3 years	5 years
Hornet Infrastructure - Water	-2.19%	-4.96%	5.70%	5.83%	29.56%

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

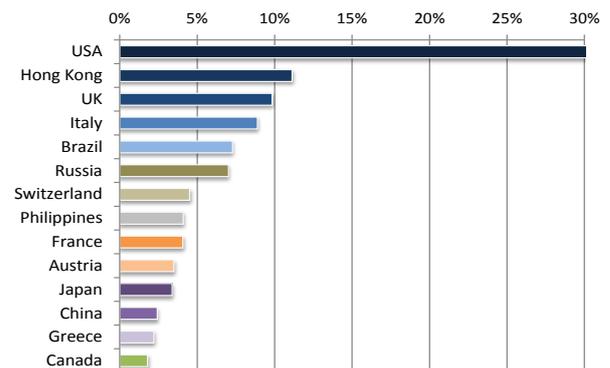
Risk figures

	YTD 2018	1 year	2 years	3 years nce 2007	5 years
Volatility p.a.	7.63%	6.44%	8.47%	9.86%	9.22%
Correlation vs. MSCI World	0.74	0.12	0.74	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

ACEA N	5.0%
SABESP Sp ADR	4.9%
SJW Group	4.6%
Guangdong Invest Rg	4.4%
Novors Sp GDR Reg-S	4.2%
American Water Works	4.1%
Suez	4.1%
Pennon Grp Rg	4.1%
American Sts Wat Rg	4.0%
Aqua America Rg	3.9%

General market review

In April, global equity markets recovered slightly. Energy, Materials and Utilities delivered positive performance due to the attractive valuation and constructive fundamentals. Macroeconomic data continues to show positive and global economic growth. However, the probability of a cyclical peak has further increased. For example, the leading economic indicator in the Euro area measured by the Purchasing Managers Index (PMI) is still on an expansionary course. However, the PMI has dropped from 60.6 in November 2017 to 58.6. Globally, the PMI shows stability at 54.2 points, which is supported by the US and the emerging markets such as Brazil or China.

Market review Infrastructure

Although the infrastructure sector shows less cyclical sensitivity, the sector gained in April thanks to its relative valuation advantages. Markets appear to have started (valuation) contraction and a normalization phase based on the rising interest rates in the US. However, the infrastructure sector is likely to have priced in a large proportion of interest rate and economic risks compared to broader equity markets. We also believe, that the USD yield curve will be flattening in the medium term, especially because of the upcoming US Fed rate hikes. A resulting economic slowdown would then primarily favor the utility sector with the relatively stable cash flows.

Investment portfolio

The Hornet Infrastructure - Water Fund (EUR) NAV rose slightly +0.38% to EUR 958.94. At the end of April, positions in the emerging markets noted higher again, after the geopolitical risks in Asia eased to some extent. However, political risks, such as US and UK sanctions against Russia had a negative impact on the performance of Russian positions only in the short term. For us, sustainability of our infrastructure positions in combination with an attractive valuation is crucial in the medium and long term. Therefore, the aim of our portfolio construction is to achieve an attractive absolute and relative portfolio valuation. The consolidated price / earnings ratio (P/E) is currently 12.76x, which corresponds to an earnings yield of +7.84%.

Low cyclical exposure of 22.2%

In addition to the portfolio valuation, we conducted an analysis on the cyclicity of the portfolio. For this purpose, we have subdivided our sub-sectors Water Utility, Water Service / Environment, Water Energy, Water Technology / Equipment, and Water Transport into a minimum and maximum sensitivity to the economic cycle. Based on the individual company figures, this resulted in a cyclical exposure of 22.2% of our portfolio, excluding cash and market hedging. This is an additional measure, that underlines the expected stability of our infrastructure portfolio focused on water utilities, especially to the broader stock market.

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