



Hornet Infrastructure - Water Fund (EUR)

31st January 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

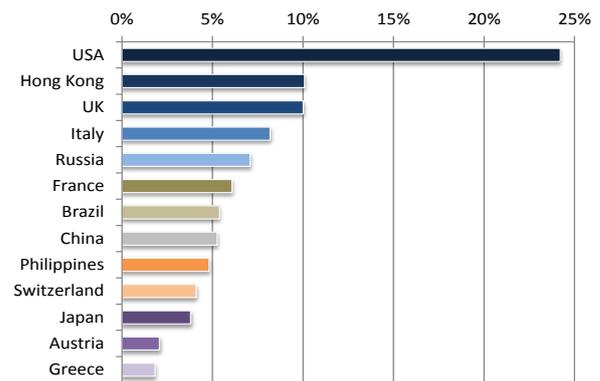
The fund invests its assets solely in **equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 1'056.09
Fondsvolumen / Anteile	EUR 32'152'660 / 30'445
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)

Country allocation

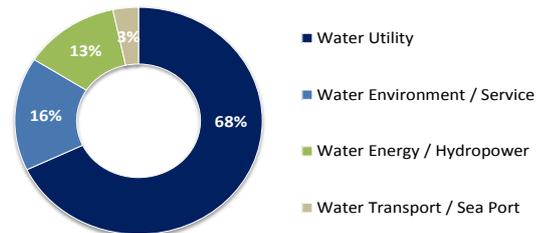


Performance in %	YTD 2019	1 year	3 years	5 years	7 years
Hornet Infrastructure - Water	5.75%	7.99%	21.81%	39.47%	51.43%

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

Risk figures	YTD 2019	1 year	3 years	5 years	s. 2007
Volatility p.a.	8.46%	9.62%	9.62%	9.69%	9.27%
Correlation vs. MSCI World	0.94	-0.38	0.55	0.84	0.80

Sector allocation



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

Price performance in EUR / NAV



The 10 largest equity positions

Suez	6.1%
Guangdong Invest Rg	5.2%
Aqua America Rg	4.8%
American Water Works	4.4%
ACEA N	4.1%
Hera Spa	4.0%
RusHydro Sp ADR	4.0%
SABESP Sp ADR	3.9%
Pennon Grp Rg	3.8%
Kurita Water Ind Rg	3.8%

General market review

The stock markets started the year 2019 very positively after the exceptionally weak December. The S&P 500 Index gained more than 7.8% in January, although estimates of economic and earnings growth continued to decline. One major reason for the strong rebound were the so far published corporate figures, of which majority met expectations. At the same time, many market participants are hoping for further positive talks between the US and China. As expected, the FED did not raise interest rates at the end of January and also signaled that economic developments are being closely monitored with regard to further interest rate steps. The monetary measures of the Chinese Central Bank also had a positive impact on global markets.

Investment portfolio

The Hornet Infrastructure - Water Fund (EUR) NAV rises 5.75% to EUR 1'056.09 in January, after it closed the difficult investment year of 2018 with +1.86%. The main reason for the rising NAV development is the attractive valuation of the portfolio. We are currently able to actively use the price volatilities in the individual markets. For example, we were able to reduce our Sabesp ADR position at around fair value of USD 11.50, which we bought at USD 6.20 in the summer of 2018. On the other hand, we increased our positions in the UK, Italy, Japan, China and Russia - also with new money inflows. Due to economic and political uncertainties in these countries, the risk premiums priced in in the infrastructure sector are currently too high. With our long-term investment horizon we are able to profit from the current circumstances while at the same time supporting the operating infrastructure companies.

Market review Infrastructure

The global infrastructure sector rose in January as strongly as global equity markets. This after the sector closed the year 2018 positively. The cyclical transportation subsector saw a strong rebound together with the energy sector. In the United States, the stable, non-cyclical water utilities also increased, especially after the FED decision. This comes mainly because of the flattening and falling yield curve as well as the current market cycle, which is looking for value against a background of slowing economic growth.

Value is being favoured in the current market cycle

Since September 2018, our focused infrastructure portfolio has also benefited from the fact that value is preferred over growth in the current market cycle. Growth stocks, mostly from the IT sector, have been able to outperform value stocks over a period of several years, respectively since the 2008 financial crisis. This is based on new innovations in various important sectors, but also thanks to high and passive capital flows into a few large companies. Value stocks, as we define them, are characterized by a stable business model based on a solid balance sheet with real and long-term assets, and whose cash flows are less cyclical than the broad market.

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