



Hornet Infrastructure - Water Fund (EUR)

26th July 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

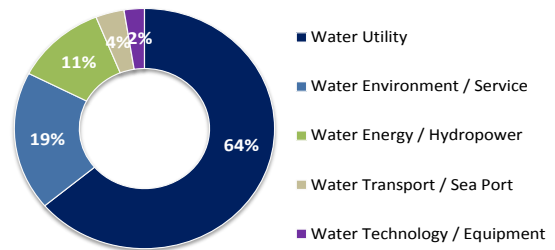
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 970.25 |
| Fund volume / shares | EUR 29'123'024 / 30'016 |
| 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 | -1.03% | -1.52% | 0.77% | 11.71% | 28.88% |

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

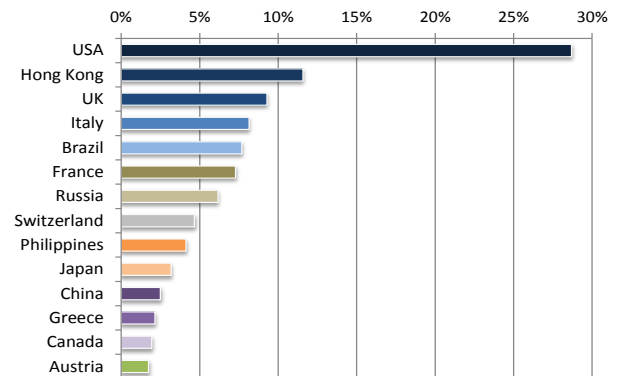
Risk figures

| | YTD 2018 | 1 year | 2 years | 3 years nce 2007 |
|----------------------------|----------|--------|---------|------------------|
| Volatility p.a. | 7.66% | 6.45% | 7.45% | 9.41% |
| Correlation vs. MSCI World | 0.10 | -0.31 | 0.16 | 0.76 |

Risk profile

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

Country allocation



Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

The 10 largest equity positions

| | |
|----------------------|------|
| Suez | 7.3% |
| SABESP Sp ADR | 5.5% |
| Guangdong Invest Rg | 5.1% |
| ACEA N | 4.6% |
| American Sts Wat Rg | 4.5% |
| American Water Works | 4.4% |
| Aqua America Rg | 4.4% |
| SJW Group | 3.8% |
| Pennon Grp Rg | 3.8% |
| China EB Intl Rg | 3.6% |

General market review

Global equity markets rebounded around +2.9% in July, after a slight correction in the previous month. Both positive economic data in the US and Europe as well as company-specific numbers have reduced uncertainty in the markets. The trade conflict between the US, China and other countries has therefore taken a back seat. From a regional perspective, the markets have developed positively to a similar extent, with the emerging markets outperforming. While US President Donald Trump is initiating trade disputes, the EU and Japan have signed a free trade agreement. The agreement is said to be the largest, that the EU has ever completed, reducing tariffs and other trade barriers between the two trading partners.

Investment portfolio

The Hornet Infrastructure - Water Funds (EUR) NAV rose +3.13% to EUR 970.25 in the month under review. Even after this positive performance, the fair value of the portfolio is more than 11% above the current price (NAV). In particular, we see attractive upside potential in Europe and the emerging markets. In Europe, we were able to increase our portfolio position Suez at favorable price as well as Sabesp in Brazil. Suez gained around +9% in July and Sabesp over +11%. Acea, the water utility company in Italy, also outperformed with a price increase of more than +6% and Guangdong in Hong Kong with over +7%. In the US, the water utility American States Water contributed positively to our performance with a price increase of more than +5%.

Market review Infrastructure

Bond yields on global markets increased overall during the month, but the spread between US long-term and US short-term maturities remained more or less unchanged. Thus, the occurrence of an inverse yield curve has not moved closer, in July. Nevertheless, the market environment led the infrastructure sector to a performance similarly well to the broad and cyclical stock market. Within the sector, transport companies have risen above average, especially in the US as well as water environment companies in Europe.

Tariffs with little impact on water infrastructure sector

In recent months, US President Donald Trump has started disputes with various trading partners about the "fair" trade and threatened punitive tariffs on an increasing scale and sometimes imposed. If this trend continues, the consequences for economic growth and thus also corporate profits and other economic variables will be negative in the medium term. Currently, many internationally oriented companies have to deal internally with the subject of additional tariffs and trade restrictions. By contrast, the locally serving water utilities are affected only a little by the commercial disputes and then at most indirectly, e.g. due to increased import prices on infrastructure material. Compared to the market as a whole, we expect our sector to be less vulnerable to protectionism.

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