



## Hornet Infrastructure - Water Fund (EUR)

29th September 2016

### 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 investment 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

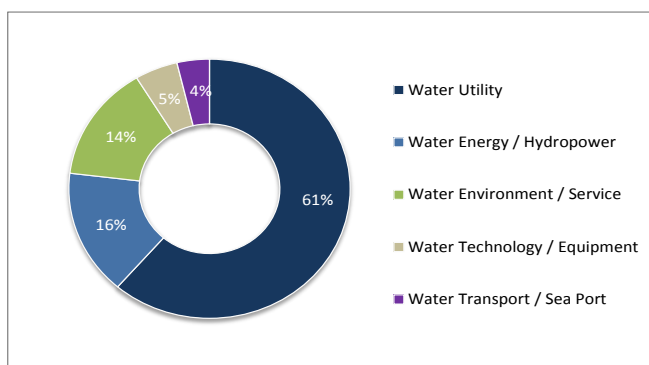
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

The focus is on **operational, regulated water utilities, which own the 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 & service.

### Fund details

<b>Net Asset Value (NAV)</b>	<b>EUR 965.50</b>
Fund volume / shares	EUR 23'095'726 / 23'921
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 IV (since 3rd May 2013)
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 2016	1 year	2 years	3 years
Hornet Infrastructure - Water	9.46%	11.30%	16.59%	28.81%

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

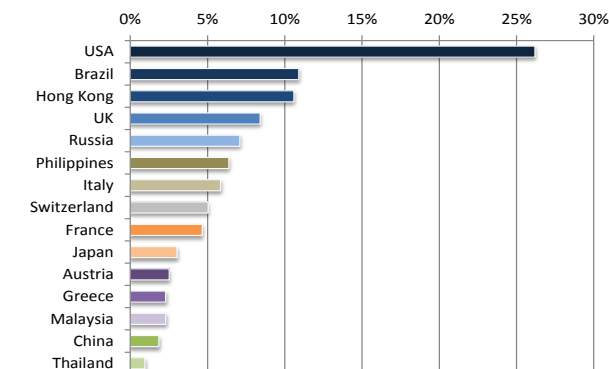
### Risk figures

	YTD 2016	1 year	2 years	since 2007
Volatility (annualised / p.a.)	13.48%	12.53%	11.77%	9.54%
Correlation vs. MSCI World	0.80	0.59	0.56	0.61
Portfolio Beta versus local market				0.67

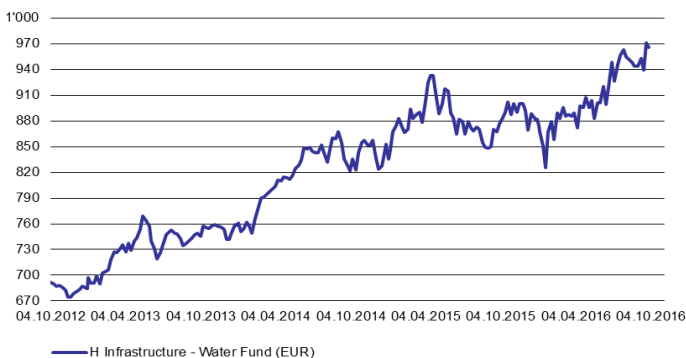
### Risk profile

Risk profile	Recommended investment horizon
moderate	3 years
<b>medium</b>	<b>5 years</b>
high	7 years

### Country allocation



### Price performance in EUR / NAV



### The 10 largest equity positions

SABESP Sp ADR	6.64%
American Water Works	5.02%
Guangdong Invest	4.94%
Aqua America	4.79%
Suez	4.67%
CEMIG Sp ADR	4.28%
Pennon Grp	4.10%
American Sts Water	3.83%
Novors Sp GDR Reg-S	3.65%
Manila Water	3.51%

#### General market review

In early September, the market and currency volatility increased slightly due to the interest rate decision in the US. The US FED kept the interest rate at 0.25%, although the pressure on the next rate move is increasing. The US economy is on track and the labor market environment has improved accordingly. The Bank of Japan also continues the expansive monetary policy by introducing a so-called "yield curve controlling", which should push down the interest rates at the long end. In Europe, we saw slightly improved consumer confidence, but also increased risks in the banking sector. Simultaneously, the political uncertainty is also being reflected in a higher EUR/USD volatility. On the other hand, currencies in the emerging markets tended to strengthen.

#### Market review Infrastructure

In the infrastructure sector, the operating water utilities rose again after the interest rate decision in the US. The positions in the emerging markets have also continued to outperform. The postponed interest rate hike in the US was only one reason. More importantly, valuations are significantly lower relative to the developed markets and therefore emerging markets tend to have more upside potential. At the same time, emerging markets currencies are recovering with speculations about a higher oil price - driven by the discussions of the OPEC members. Infrastructure companies in the field of hydropower benefited on the one hand from the political efforts for a CO2-free energy balance, on the other hand from a slight increase in primary energy prices.

#### GN Invest AG

Asset Manager  
Tel. +423 239 32 33

#### Investment Portfolio

The Hornet Infrastructure - Water Fund (EUR) rose by +2.24% to a net asset value of EUR 965.50 in September and with +9.46% YTD 2016 outperforming the broader markets. Ahead of the FED meeting, the market had priced in higher risk premiums for the water utility sector. However, the uncertainty has been transformed into positive price moves thereafter. In Russia, the portfolio positions benefited from a stronger currency as well as from the lack of relevant negative political and economic news. In Brazil and Hong Kong, the regulated utilities also increased above average, except port operators in China, which are currently suffering from overcapacity. Here, we have reduced positions in favour of European water environment and services as well as hydropower companies.

#### Position Guangdong Investment Ltd. / HKD 12.80

In our infrastructure water portfolio, the Hong Kong listed Guangdong Investment company has been a core holding for several years. The water utility company shows impressively high and stable EBITDA margins of over 50% and a solid balance sheet. The debt-to-equity ratio stands at only 25%. In a very constructive regulatory environment, water sales revenues have increased by 5% p.a. over the last years, resulting in high operating cashflows. GDI possess a 30-year concession contract, which includes the right to deliver the raw water of the Donjang River as drinking water into the region of Guangdong / Hong Kong to 2030.

#### AC Partners AG

Investment Advisor  
Tel. +41 41 711 10 20

This document has been forwarded to you upon request. It is for information purposes only and does not constitute an offer to acquire, any investment advice or recommendation and it is not an independent financial analysis. It does not replace any individual and professional advice from an investment advisor. The information has been compiled with care. However, no guarantee can be given for the correctness and completeness of the information. The prospectus as well as the annual report from the HORNET Infrastructure - Water Fund (EUR) are available for free at GN Invest AG, Vaduz or on the homepage of the IFM Independent Fund Management AG ([www.ifm.li](http://www.ifm.li)). For a detailed risk explanation, please see our fund prospectus.