



Hornet Infrastructure - Water Fund (EUR)

25th August 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

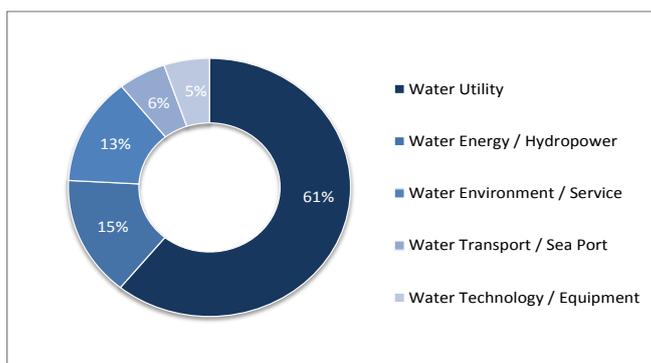
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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

Net Asset Value (NAV)	EUR 944.33
Fund volume / shares	EUR 22'052'939 / 23'353
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 IV (since 3rd May 2013)
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 2016	1 year	2 years	3 years
Hornet Infrastructure - Water	7.06%	11.25%	9.86%	28.02%

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

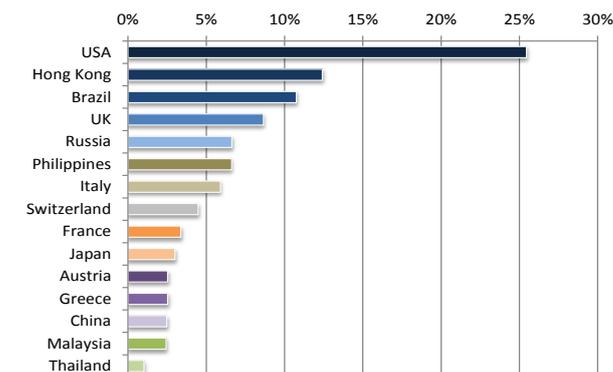
Risk figures

	YTD 2016	1 year	2 years	since 2007
Volatility (annualised / p.a.)	13.66%	12.31%	11.71%	9.51%
Correlation vs. MSCI World	0.77	0.55	0.60	0.60
Portfolio Beta versus local market				0.67

Risk profile

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

Country allocation



Price performance in EUR / NAV



The 10 largest equity positions

SABESP Sp ADR	6.43%
American Water Works	5.21%
Aqua America	5.05%
Guangdong Invest	4.86%
CEMIG Sp ADR	4.34%
Pennon Grp	4.23%
American Sts Water	4.09%
Acea	3.72%
C K Infra	3.49%
Manila Water	3.48%

General market review

Global stock markets have experienced a consolidation phase in August. The global economic data showed little change. However, the consumption data in the United States are more constructive after the real incomes have increased in recent months. The Bank of England responded to the "Brexit" decision with a rate cut of -0.25% to 0.25% and increased the monetary stimulus through government bond purchases by GBP 60bn. In addition, a credit program was launched to promote lending, in order to pass on the favorable liquidity access of commercial banks to the real economy. The depreciation of the GBP has stabilized in August and UK shares, measured by the FTSE 100, have further increased and thus offset the nominal changes.

Market review Infrastructure

Also the infrastructure sector consolidated slightly in the month of August, with cyclical sectors such as transport and energy, e.g. hydropower, outperformed the defensive water utilities, which have experienced a strong positive price move over the last few months. With the discussion of central bankers in Jackson Hole / USA, current USD Libor rates have increased somewhat, especially as the markets look for a further rate hike in September after Janet Yellen's statement. This debate on the short-term interest rates has a marginal impact on the global sector insofar, as a stronger USD is an essential driver of performance and long duration infrastructure assets are usually financed on a long-term basis.

GN Invest AG

Asset Manager
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Investment Portfolio

However, the NAV of the infrastructure portfolio consolidated also in August and stands at EUR 944.33; YTD 2016 +7.06%. While the portfolio positions in emerging countries such as China or Russia could perform above average based on higher market liquidity and attractive valuations, the US water utilities as well as the USD are in a consolidation phase. Even water services and environmental companies in Europe have further corrected, whereas the hydropower companies, such as Rushydro have positively reacted on earnings numbers. The recent performance of the sea port operators as well as the cyclical water technology positions confirmed the higher growth worldwide. The EUR increased slightly against the USD and CHF.

Attractive portfolio valuation absolute and relative

Based on steady profit increases of the operating water utilities, together with the attractive market prices in emerging markets such as Brazil, China or Russia, the consolidated valuation multiple of the infrastructure portfolio shows a 13-14x price / earnings ratio. This implies a current earnings yield of +7.4% (100/13.5), against the background of stable cash flows and margins of infrastructure companies. These valuation metrics show, that the portfolio has not only an attractive absolute return, but also a relative one to other asset classes such as bonds or real estate, but also relatively to the broad stock market.

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