



Hornet Infrastructure - Water Fund (EUR)

30th August 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

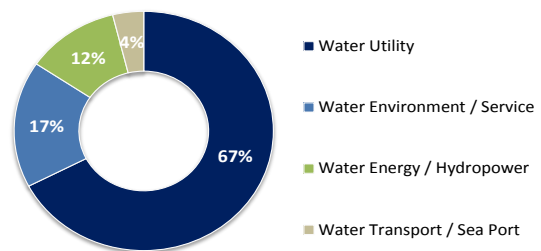
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 926.68
Fund volume / shares	EUR 27'040'522 / 29'180
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	-5.48%	-5.76%	-1.87%	9.17%	25.63%

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

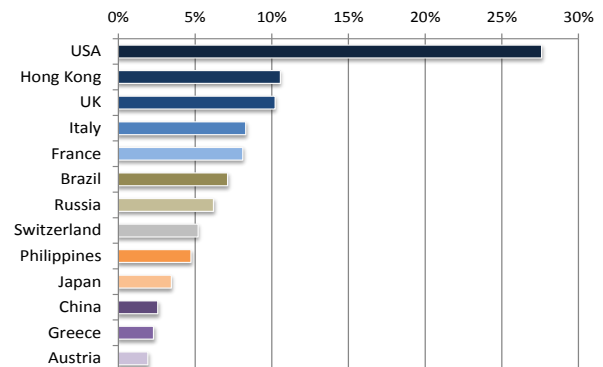
Risk figures

	YTD 2018	1 year	2 years	3 years nce 2007
Volatility p.a.	7.83%	6.89%	7.63%	9.47%
Correlation vs. MSCI World	-0.02	-0.37	-0.01	0.73

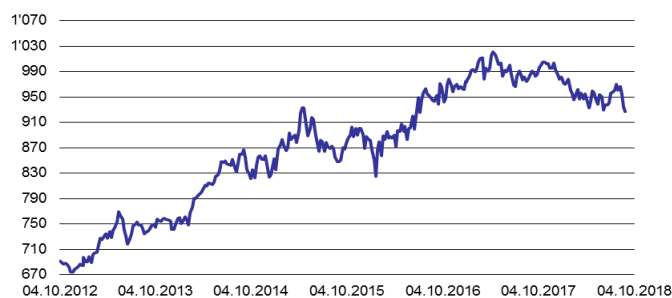
Risk profile

	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

Suez	8.1%
Guangdong Invest Rg	5.5%
SABESP Sp ADR	5.2%
American Sts Wat Rg	4.8%
American Water Works	4.8%
Aqua America Rg	4.7%
ACEA N	4.6%
Pennon Grp Rg	4.1%
Novors Sp GDR Reg-S	3.8%
Hera Spa	3.7%

General market review

The stock markets are currently burdened by enormous divergences. While the EuroStoxx50 had a 4-5% fluctuation in August and was clearly negative, indices in the USA rose to new record highs. The index momentum in the US equity market is pushed by the IT sector, which is driven in particular by passive index strategies forced to buy large cap companies regardless of the valuation level. On the other hand, the emerging markets are shunned by political uncertainties and falling currencies. This is partially justified, as the example of Turkey shows. In structurally better-off countries, we believe the political risks are currently over-weighted.

Investment portfolio

In August, the Hornet Infrastructure - Water Funds (EUR) NAV drops to EUR 926.68, reflecting the current high volatility in the emerging markets as well as the major performance divergences across sectors. At the stock level, China EB Int. in China, which suffered -28.7% price decline after a surprise capital increase contributed negatively to the performance, as did the positions in Italy Acea -7.5% and Hera -4.5%. In contrast, Suez +3.8% in France and our water utilities in the UK gained around +5% despite unresolved "Brexit" discussions. As far as the currency situation in the emerging markets is concerned, we note that countries with at least partly privatised infrastructure investments are relatively less affected by structural risks.

Market review Infrastructure

By mid-August, the cyclical transport subsector has been positive, especially in the US. After that, the entire sector was struggling with a lower USD. The interest rate curve has flattened further in the USA, reflecting a gloomier picture of the economy. However, as long as the global economy does not weaken as a result of an effective trade war, the more stable sectors, such as utilities, are being underweighted by the market. In many emerging markets, however, medium-term growth opportunities in infrastructure are underestimated and short-term risks overstated. This led to significant price declines, but also to high expected returns, which in the medium term might offset the risks compared to the developed markets.

Do current market prices in China offer opportunities?

While US-China trade disputes have weighed on equity markets over the last few months, a more detailed analysis of China's economic data shows a mixed picture: GDP growth was +6.7% in line with expectations and inflation was +2.1% below the government target of +3%. In contrast, the trade surplus in July was below expectations and the leading indicator PMI Industrie is showing less growth at 50.8. For value-oriented investors, weaker market development offers attractive opportunities for entry into existing positions. Our quantitative chance-risk tool confirms, that there is exceptionally great potential for a recovery in individual Chinese stocks.

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