



Hornet Infrastructure - Water Fund (EUR)

27th July 2017

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.

Fund details

Net Asset Value (NAV)	EUR 985.19
Fund volume / shares	EUR 26'312'455 / 26'708
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)

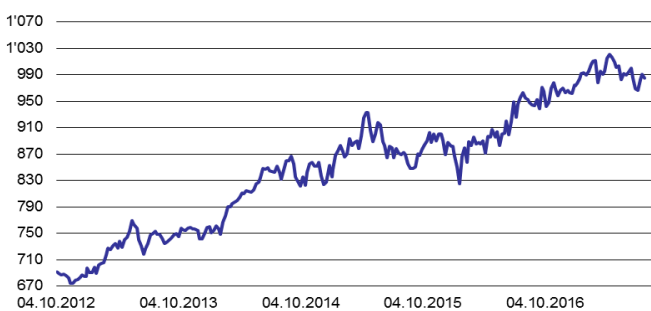
Performance in %	YTD 2017	1 year	2 years	3 years
Hornet Infrastructure - Water	1.19%	2.33%	13.43%	16.94%

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

Risk figures	YTD 2017	1 year	2 years	since 2007
Volatility p.a.	8.00%	9.11%	10.54%	9.42%
Correlation vs. MSCI World	0.69	0.86	0.81	0.72

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

Price performance in EUR / NAV



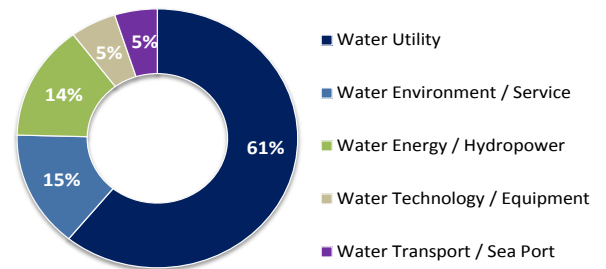
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Investment focus

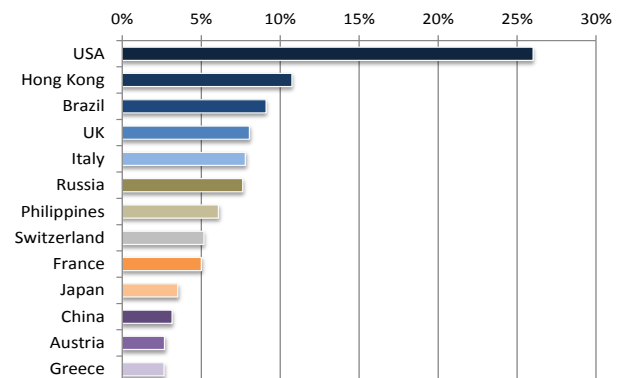
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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.

Sector allocation



Country allocation



The 10 largest equity positions

SABESP Sp ADR	6.01%
Suez	5.00%
Novors Sp GDR Reg-S	4.48%
Aqua America Rg	4.34%
ACEA N	4.33%
Guangdong Invest Rg	4.02%
American Water Works	3.98%
American Sts Wat Rg	3.94%
CK Infrastructur Rg	3.92%
Pennon Grp Rg	3.83%

General market review

In July, the stock markets consolidated mainly in Europe, although the Eurozone improved across the board. This is due to the strong EUR, which rose again by +2.05% against the USD. On the other hand, the US markets as well as most emerging markets were able to perform well. According to the IMF, the global economic output indicates a growth of +3.5% for 2017. On a year-on-year comparison, GDP in the Eurozone also increased by +2.1%. The MSCI World (EUR) recorded a performance of +0.19% in July, and +1.37% YTD 2017. However, the EUR has risen by 10.94% against the USD since the beginning of the year.

Market review Infrastructure

The broad infrastructure sector fell by -2.5% in July, mainly due to the cyclical transport and energy sector, and is thus responding to the recently lower US economic indicators. The crude oil price is only recovering slowly based on the increased supply of non-OPEC countries. This is also a key factor, why the inflation rate remained stable at +1.6% in the US and +1.3% in the Eurozone, despite better labour markets. The infrastructure sector is characterized by constructively regulated price mechanisms that take into account not only the investment amounts, but also the capital costs and the inflation. This secures the cash flows of the operating infrastructure companies over a longer period of time.

GN Invest AG

Asset Manager
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Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) rose by +1.74% in July, with the temporary USD currency hedge providing a performance contribution of +0.50%. The stable water utility and growing water environment companies performed well in China, the US and Brazil. In Brazil, the central bank has cut the key interest rate by 100bps from +10.25% to +9.25%, which will be further beneficial for our portfolio positions Sabesp and Cemig. However, the investment needs in the water sector also increase in China independently of the recently improved export and import figures, which improves the relative performance potential of the infrastructure portfolio.

Economic outlook shows potential for infrastructure

The global economy is currently showing a positive picture, particularly thanks to the solid growth figures in the US and Europe. However, the investment environment becomes more selective and 3 reasons speak for the active infrastructure portfolio: 1. Our macroanalysis is indicating an increased probability that the US economy will reach a "peak" over the next few months. In the medium term, the infrastructure sector has a lower sensitivity to the economic cycles. 2. The yield curves became flatter in the US, reflecting lower inflation and economic growth. In many emerging markets there is also significant, converging interest rate reduction potential. 3. The valuation of the actively constructed infrastructure portfolio is more attractive compared to the overall market.

AC Partners AG

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