



## Hornet Infrastructure - Water Fund (EUR)

25th October 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

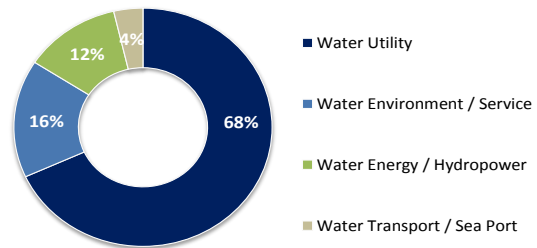
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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

<b>Net Asset Value (NAV)</b>	<b>EUR 987.54</b>
Fund volume / shares	EUR 28'810'492 / 29'174
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
<b>Hornet Infrastructure - Water</b>	<b>0.73%</b>	<b>-1.66%</b>	<b>0.98%</b>	<b>11.23%</b>	<b>30.34%</b>

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

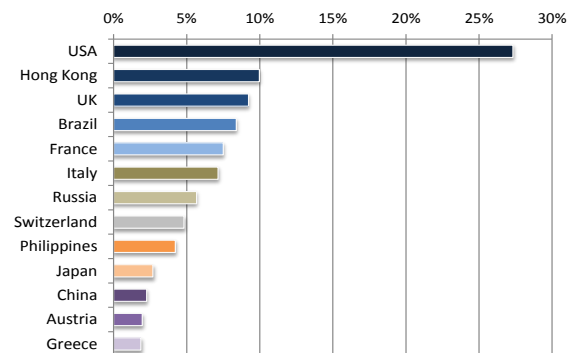
### Risk figures

	YTD 2018	1 year	2 years	3 years nce 2007	5 years
<b>Volatility p.a.</b>	<b>8.35%</b>	<b>7.74%</b>	<b>7.32%</b>	<b>9.58%</b>	<b>9.20%</b>
Correlation vs. MSCI World	-0.26	-0.37	-0.38	0.63	0.79

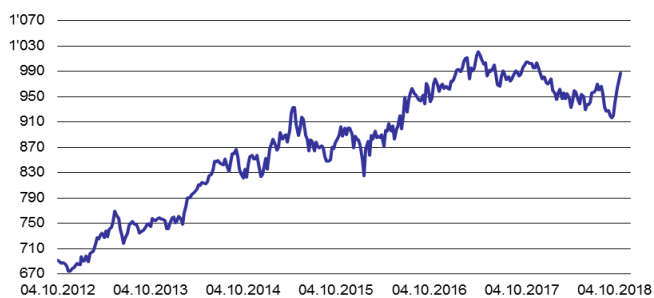
### Risk profile

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

### Country allocation



### Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

### The 10 largest equity positions

Suez	7.5%
SABESP Sp ADR	6.1%
Guangdong Invest Rg	5.3%
American Sts Wat Rg	4.7%
American Water Works	4.7%
Aqua America Rg	4.2%
ACEA N	3.9%
SJW Group	3.8%
Pennon Grp Rg	3.7%
Middlesex Water	3.5%

## General market review

Global equity markets have undergone a significant correction in October. The US stock index S&P 500 lost -9% in the month under review, as did the German stock index DAX with -10% or the Eurostoxx with -8%. This comes despite continued good economic data from the US. In Q3 2018, US GDP rose +3.5%, which has been driven by strong consumer spending. The export figures came in at -3.5%, which is significantly lower than in Q2 2018 (+9.3%) and mainly caused by the trade dispute with China. In the month under review, indices in the emerging markets were able to outperform clearly, such as the Brazilian Bovespa with +7% or the PSE index in the Philippines, which finished more or less unchanged. Consolidated, the MSCI World P Index lost EUR -5.9%.

## Market review Infrastructure

The infrastructure sector was a significant counterpoint to the overall market, also in October, and closed the month almost unchanged. This was mainly due to the stable utility sector in the US, which was able to escape the market trend and gained more than +2%. By contrast, the cyclical subindex transport lost around -15%. The infrastructure sector as a whole is benefiting from market rotation as market participants invest in stable and sustainable sectors with inflation protection. In contrast to bond investments, well-regulated infrastructure investments also offer inflation protection in countries with higher political risks, as examples in Brazil or China shows.

## Investment portfolio

The Hornet Infrastructure - Water Fund (EUR) NAV climbs +7.36% to EUR 987.54 in October and YTD 2018 +0.73%. In addition to good stock selection, the performance is currently being driven by the market's rotation from growth to value as well as the attractive valuation of our global portfolio. Our market hedge has also contributed to the performance together with a strengthening USD. In the month under review, the USD rose by around +2.5% against the EUR. In addition, the emerging markets currencies, relevant to us, have recovered. The global infrastructure portfolio absorbed the political upheavals in Italy and according to the latest numbers is about 8.5% below the fair value.

## Attractive NAV / price potential for the infrastructure portfolio

Despite the significant outperformance of the portfolio in the month under review, there is still good upside potential: taking the current weighted undervaluation of the portfolio against the fair value of each company we calculate, we see a short-term undervaluation of around 8.5%. If we compare our portfolio with the investable universe in terms of price / earnings ratio (P/E ratio) for 2019, this results in a discount of almost 17%. Based on our dynamic asset pricing model, the portfolio has a required return of 6.7% p.a. and an alpha yield of 3.2% p.a., which implies a medium-term performance potential of around 10% p.a.

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