



Hornet Infrastructure - Water Fund (EUR)

29th November 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

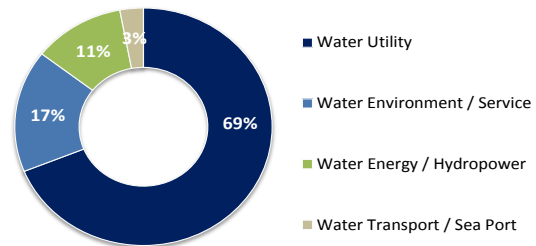
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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 1010.60
Fund volume / shares	EUR 28'773'803 / 28'472
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	3.08%	0.70%	4.22%	12.29%	34.04%

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

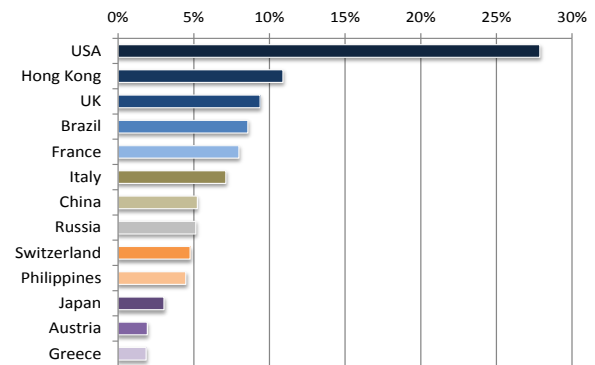
Risk figures

	YTD 2018	1 year	2 years	3 years	nce 2007
Volatility p.a.	8.25%	8.05%	7.34%	9.51%	9.19%
Correlation vs. MSCI World	-0.19	-0.24	-0.39	0.64	0.79

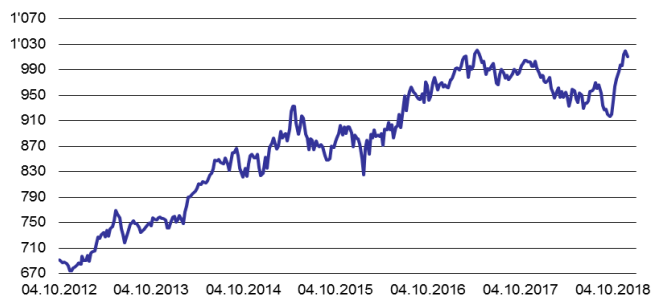
Risk profile

	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	8.0%
SABESP Sp ADR	6.1%
Guangdong Invest Rg	5.9%
American Sts Wat Rg	5.1%
American Water Works	4.8%
Aqua America Rg	4.1%
ACEA N	4.0%
Middlesex Water	3.9%
Pennon Grp Rg	3.7%
York Water Rg	3.5%

General market review

In November, the global stock markets were characterized by strong price fluctuation. The MSCI World Index (EUR) recovered from the previous month's sell-off in early November, before falling again by around 5%. Based on economic concerns, growth stocks in the US were mainly hit with negative price changes. Important economic leading indicators in the US, e.g. from the industry or the housing market are currently anticipating a slowdown. In the financial markets, this environment is also being reflected by a flattening US yield curve. The emerging markets have been able to perform relatively well, both in Latin America and Asia. So did Japan.

Investment portfolio

The NAV of the Hornet Infrastructure - Water Fund (EUR) rose +2.34% to EUR 1'010.60 in November, up +3.08% YTD 2018. In addition to the stable water utilities in the US, equities from emerging markets rose in particular in the month under review. In Hong Kong, our important position Guangdong Inv. increased over +7% to a new record high of HKD 15.10. In China, we have increased our exposure with China Water Aff. due to the attractive valuation. In Europe, Suez was able to outperform UK stocks. The "Brexit" discussions are currently weighing on market prices, though UK water companies are delivering good corporate numbers. Manila Water made a positive contribution to performance after a long period of consolidation with a price increase of more than +8%.

Market review Infrastructure

The infrastructure sector was able to increase steadily in November and achieved a positive performance. In addition to utilities, the cyclical transport sector has also performed positively as well as infrastructure operators in the energy sector. This comes against lower oil prices. In the current economic environment, infrastructure companies benefit from stable cash flows and the sector as a whole from a market rotation, in which stable sectors with inflation protection are preferred. Contrary to the anecdotal evidence, the infrastructure sector is absorbing the rising US interest rates well in absolute terms and also compared to the global bond markets.

Manila Water / Price PHP 26.95

The regulated infrastructure operator Manila Waters supplies mainly the eastern half of Greater Manila with water. Over the past few months, the stock has had to cope with a key rate hike of 3% to +4.75%. In a politically difficult environment with an inflation rate rising to +6.7%, the Philippine Peso also weakened. In addition to the solid balance sheet, Manila Water benefits from the long-term concession contracts and the recently agreed price increases until 2022. There is great potential in expanding the infrastructure. The stock has currently an attractive valuation with an alpha of +5.6% and a P/E of less than 10x.

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