



Hornet Infrastructure - Water Fund (EUR)

31st May 2019

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

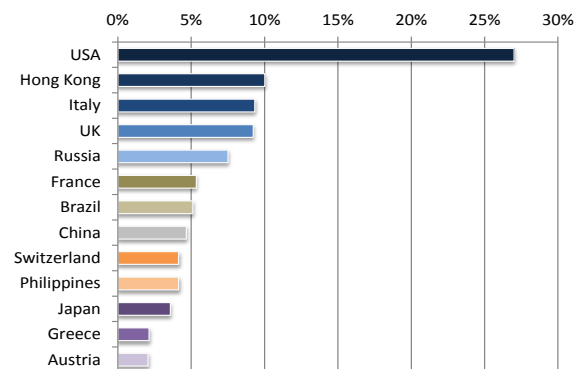
The fund invests its assets solely in **equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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

NAV / Nettoinventarwert	EUR 1'099.34
Fondsvolumen / Anteile	EUR 33'293'512 / 30'285
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
Depositary 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.
Depositary 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)

Country allocation



Performance in %

	YTD 2019	1 year	3 years	5 years	7 years
Hornet Infrastructure Water	10.09%	15.29%	22.06%	32.78%	54.53%
			6.87%	5.83%	6.41%

Source: IFM (fund performance cum. & p.a. after administrative costs resp. net of fees)

Risk figures

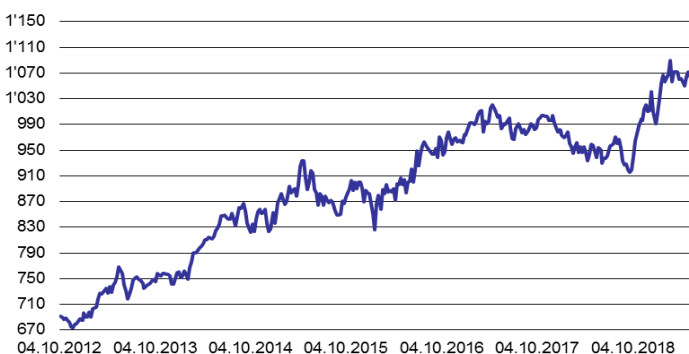
	YTD 2019	1 year	3 years	5 years	s. 2007
Volatility p.a.	9.31%	9.79%	8.85%	9.83%	9.27%
Correlation vs. MSCI World	0.67	0.05	0.46	0.82	0.82

Source: IFM Vaduz AG / Bloomberg data

Risk profile

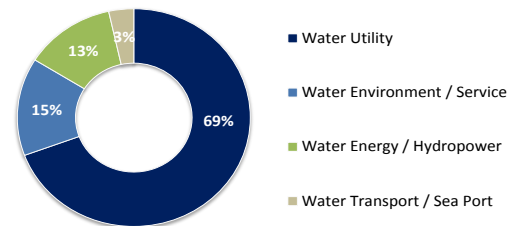
	Recommended investment horizon
moderate	3 years
medium	5 years
high	7 years

Price performance in EUR / NAV



— H Infrastructure - Water Fund (EUR)

Sector allocation



The 10 largest equity positions

Suez	5.4%
Guangdong Invest Rg	5.3%
Aqua America Rg	5.3%
American Water Works	5.2%
ACEA N	5.0%
Hera Spa	4.3%
RusHydro Sp ADR	4.2%
SJW Group	4.1%
SABESP Sp ADR	3.6%
Kurita Water Ind Rg	3.6%

General market review

In May, political risks between the US and China continued to increase. The unresolved trade dispute now increasingly affects the supply chains of large IT companies. In addition, the economic signals from the raw materials sector (eg oil price: -14%) also weakened further and are getting reflected in the global equity market performance. The MSCI World (EUR) fell by over -4%. This was mainly driven by the S&P 500 Index (-5.3%) and the Nasdaq (-6.5%). Price declines in Europe were also over -7% and around -9% in Hong Kong. Key US retail sales fell -0.2% in April versus an increase of +1.6% in the previous month. This environment caused the 10Y treasury yield to fall 0.37% from 2.50% at the end of April to 2.13%.

Investment portfolio

Thanks to our strategic focus on the water sector, the NAV of the Hornet Infrastructure - Water Fund (EUR) increased by +3.37% to EUR 1'099.34 or +10.09% YTD 2019 in May. This is mainly due to our regulated water utilities in the US, which are currently delivering strong earnings growth, and our positions in Europe. In Italy, our large positions Acea and Hera Spa appreciated by around +2%, vs. the negative market trend. The falling local interest rates, which have decreased to the level of +2.7%, also have a supportive effect. This is significantly higher than the negative key interest rate environment in Europe and illustrates the fact, that it makes (risk-adjusted) much more sense to invest directly in local and inflation-protected infrastructure operators than in regional government bonds.

Market review Infrastructure

The declining global interest rate environment is currently favoring more non-cyclical and cashflow oriented sectors such as infrastructure, especially from a relative perspective. In the sub-sectors, the operators of telecom towers and also the water utilities in the US developed positively, as well as local road operators in Australia and listed infrastructure networks in Italy. However, the broader transport sub-sector fell by around 10% in May. Consolidated, the infrastructure sector was more or less stable in the month under review, with -1.1% performance in EUR terms.

Strong relative earnings-growth within the utility sector

For the first time in 10 years, the earnings growth of expected +10% p.a. over the next 2-3 years of the utilities sector in Europe (Stoxx 600 Utilities) outstrips the expected earnings growth of the entire market (Stoxx 600). This is a historical constellation, which on the one hand explains the good performance over the last 12 months of the sector, but on the other hand may also anticipate the expected performance against the broad market. Most European positions in our portfolio are also included in the Stoxx 600 Utilities. We also expect the earnings and cash flow growth of our US operations to exceed the market average in the near term, thanks to an improved water investment cycle.

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