



Hornet Infrastructure - Water Fund (EUR)

26th May 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 991.58
Fund volume / shares	EUR 26'477'169 / 26'702
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	1.85%	8.44%	11.35%	19.76%

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

Risk figures	YTD 2017	1 year	2 years	since 2007
Volatility p.a.	8.28%	9.80%	10.89%	9.46%
Correlation vs. MSCI World	0.66	0.87	0.77	0.71

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

Price performance in EUR / NAV



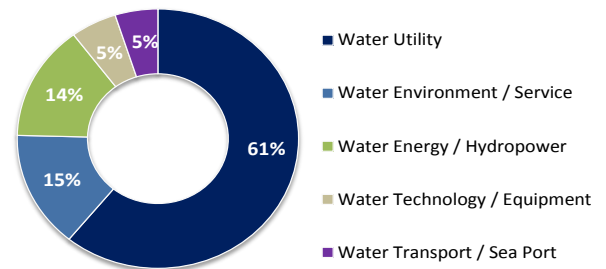
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Investment focus

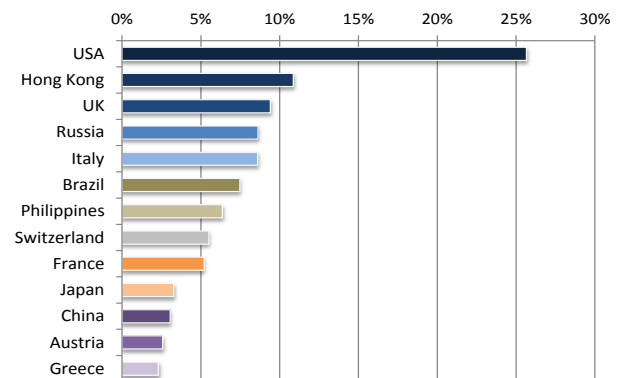
The fund invests its assets **solely in equity** of companies which are **active in the infrastructure sector**, such as water utilities, transportation, communication and social infrastructure facilities.

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

Suez	5.21%
SABESP Sp ADR	5.11%
ACEA N	4.97%
Novors Sp GDR Reg-S	4.86%
Pennon Grp Rg	4.52%
Aqua America Rg	4.43%
Guangdong Invest Rg	4.26%
American Water Works	3.94%
American Sts Wat Rg	3.86%
RusHydro Sp ADR	3.77%

General market review

In May, the stock markets slowed the uptrend, especially in Europe. In the USA, the indices are driven by only few sectors. However, political uncertainty was reflected above all in currencies. The EUR rose by a further +2.5% against the USD. The EUR appreciation is also supported by the stable economic recovery in Europe. GDP in the Eurozone is growing by +1.7% compared to last year. France is more and more becoming a driving factor in this upswing. For real value strategies, the inflation numbers, which have risen to +1.9% in the Eurozone, are also interesting and illustrate the ongoing money depreciation. In Japan, too, GDP is rising by +2.2% annually, reflecting the real economic growth.

Market review Infrastructure

In the USA, after a temporary downturn in transportation, the uptrend in the sector continued in the second half of the month. The subsector railroads are attracting new money from investors thanks to the comparatively cost and profit advantages as well as the global positive economic climate. The low real interest rates in the UK also allow the regulated water utilities to rise further, after the Bank of England has decided to leave the key rate at historically low 0.25%. However, the global infrastructure sector slightly consolidated in May in EUR terms.

GN Invest AG

Asset Manager
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Investment Portfolio

Our NAV fell by -1.72% in the month of May to EUR 991.58 and has increased by +1.85% since the beginning of the year. From a regional perspective, positions in Brazil have consolidated above-average, although valuations were already extremely attractive before political headlines. Inflation in Brazil has dropped to +4.1%, which is the lowest level in 10 years and at the same time, the economy is recovering from a multi-year recession. After all, the potential for interest rate reductions in Brazil should continue to increase in the medium term. On the other side, in the UK, but also in Europe, the water utilities and water environment & service companies are experiencing price increases, especially in France and Italy.

Acea SA / price EUR 14.56

Acea SA operates as a water company in Italy and supplies also electricity and gas to the Lazio / Rome region. It also provides other environmental services. Market capitalization amounts to approximately EUR 2.5bn and has strongly grown over the last few years. For the year 2016, the company reported an EBITDA of EUR 896.3mn, which is +22.4% above the level of 2015. The company also benefits from tariff increases in the water sector (+14.2% and 40% of EBITDA). The net result for 2016 is EUR 262.3mn. With an estimated P/E ratio of 12.65x or an EPS of EUR 1.15 for 2017, we consider the share price as attractive.

AC Partners AG

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