

# Macquarie Global Infrastructure Securities Fund

## (Hedged) – Class A Units

Monthly report – 30 November 2022

### Investment objective

Aims to provide total returns (income and capital growth) after costs and before tax, above the Dow Jones Brookfield Global Infrastructure Net Total Return Index Australian Dollar Hedged (Benchmark) over the long term.

### Key information

#### Fund details

APIR code (Class A Units)	AMP1595AU
Inception date	15 July 2010
Fund size*	\$488.8m
Distribution frequency	Quarterly
Management fee*	0.80% pa
Minimum investment (Direct)	\$500,000
Unit prices and spreads	<a href="https://www.macquarie.com.au/unit_prices">macquarie.com.au/unit_prices</a>

\*Read the Product Disclosure Statement for more details on fees and costs.

\*As the Fund has one or more classes of units on issue, this figure represents the assets under management (AUM) of the Fund as a whole (rather than the AUM attributable to the class of units specified in this report).

### Class performance to 30 November 2022

	Total Class return (gross)	Total Class return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	6.54	6.48	6.63	-0.15
<b>3 months (%)</b>	0.79	0.62	-1.91	2.53
<b>1 year (%)</b>	13.82	12.91	5.41	7.50
<b>3 years (% pa)</b>	6.35	5.37	3.66	1.71
<b>5 years (% pa)</b>	8.04	7.09	5.01	2.08
<b>Since inception (% pa)</b>	12.20	11.23	10.96	0.27

#### Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Class returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

Macquarie Investment Management Global Limited (MIMGL) was appointed as the investment manager of the Fund from 26 March 2022 and Macquarie Investment Management Australia Limited (MIMAL) was appointed as the responsible entity of the Fund from 26 April 2022. Prior to these dates, the fund was managed or operated by another entity or entities. Please see the offer document of the Fund or contact Client Service on 1800 814 523 for further information.

### Top overweight positions

	%
Cellnex Telecom Sa	3.24
Severn Trent Plc	3.15
SSE Plc	2.99
PPL Corp	2.89
ENAV SPA	2.56
Terna-Rete Elettrica Naziona	2.56
East Japan Railway Co	2.53
Essential Utilities Inc	2.08
Vinci Sa	1.97
CLP Holdings Ltd	1.95

### Top 3 stock attribution (alphabetical)

	bps
Royal Vopak NV	37
ENAV S.p.A.	13
<i>PG&amp;E Corporation</i>	12

\*Italics denotes underweight

### Top underweight positions

	%
Williams Cos Inc	-3.11
Consolidated Edison Inc	-2.56
American Tower Corp	-2.52
SBA Communications Corp	-2.38
American Water Works Co Inc	-2.03
Edison International	-1.87
P G & E Corp	-1.86
Pembina Pipeline Corp	-1.82
Fortis Inc	-1.73
Cellnex Telecom Sa	-1.73

### Bottom 3 stock attribution (alphabetical)

	bps
<i>ENN Energy Holdings Limited</i>	-14
Cellnex Telecom S.A.	-10
<i>Consolidated Edison, Inc.</i>	-09

\*Italics denotes underweight

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### Sector allocation

Sector	Portfolio (%)	Benchmark (%)
Airports	4.81	3.53
Communications	14.24	17.76
Diversified	14.94	8.94
Oil, Gas Storage & Transportn	36.96	41.25
Ports	0.00	0.45
Toll Roads	3.27	4.86
Transmission & Distribution	13.24	17.41
Water	8.11	5.81
Cash	4.44	0.00

### Regional allocation

Country	Portfolio (%)	Benchmark (%)
Australia	1.96	3.97
Belgium	0.00	0.47
Brazil	0.54	0.36
Canada	14.42	17.90
China	0.95	2.96
France	7.10	6.38
Germany	0.52	0.45
Hong Kong SAR	1.48	0.89
Italy	9.18	3.49
Mexico	0.00	1.21
Netherlands	1.30	0.15
New Zealand	0.00	0.54
Singapore	0.00	0.08
Spain	6.39	5.52
Switzerland	0.00	0.29
United Kingdom	13.69	6.75
United States	38.04	48.59
Cash	4.44	0.00

### Market overview

The US Federal Reserve (FED) maintained their aggressive tightening stance by increasing target rates by 0.75% to 4.0%. There was some good news on inflation, with the month-on-month rise in both headline and core consumer price index both coming in better than expected, which pushed the year-on-year rates lower. However, the employment data continues to portray a tight labour market, which is underpinning higher wages growth. While real incomes remain under pressure, the combination of tight labour markets and robust nominal wage growth underpinned much stronger than expected wages growth in October.

All eyes are on China, not for economic reasons, but because the policy of persisting with the regressive zero-Covid policy has ignited civil protests in the country. The world is watching because what happens next could have significant implications for the global economic environment. Doubling-down on the zero-Covid approach could impact global supply – and therefore reignite inflation. Conversely, if the government policy eases up on Covid, particularly if combined with further policy easing measures, this could ignite a rebound in economic activity.

The Reserve Bank of Australia (RBA) delivered a 25-basis point hike in the November meeting, as they slow the pace of tightening and take the overnight cash rate to 2.85%.

### Fund performance review

The Fund has an overweight allocation to diversified, airports, and water sectors. It has an underweight allocation to communications, transmission & distribution, oil, gas storage & transportation, toll roads and ports.

In local terms, relative to the benchmark and stripping out the effect of any currency movements, the Fund produced above benchmark contributions from transmission and distribution, oil, gas storage & transportation, diversified, communications, water, airports, and toll road sectors. Below benchmark contributions came from the ports sector.

From a stock selection perspective, there were positive effects from oil, gas storage & transportation, transmission, and distribution, diversified, water and airports. There were negative effects from the Communications sector. There was a neutral effect from the ports and toll roads sector.

The top three individual contributors to relative performance in the period were from overweight positions in Royal Vopak NV in the oil, gas storage & transportation sector and ENAV in the Airports sector and an underweight position in PG&E in the transmission and distribution

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sector. Vopak, performed well after announcing Q3 2022 results that were better than expected and the company upgraded its FY 2022 guidance, which was a big surprise given the prevailing narrative in the oil market.

The bottom three individual contributors to relative performance during the period were from an underweight position in ENN Energy in the Oil and Gas Storage and Transportation sector and Consolidated Edison in the Transmission and distribution sector and an overweight position in Cellnex Telecom in the communications sector.

### Market outlook and investment strategies

At a headline level, we continue to notice investors in listed infrastructure markets overemphasising near-term activity whereas our process seeks to value assets over at least 10 years. We believe a thoughtful, active management approach is needed given today's increased political, economic, and market uncertainty. Vigilant and continuous assessment of the current market environment may offer opportunities to take advantage of market dislocations and has the potential to achieve attractive risk-adjusted returns for investors with a keen focus on sustainable, steady growth in capital and income over time.

Some key factors which contribute to our positive outlook for the asset class and the portfolio are:

- Recent market dynamics- We believe both currency (USD) and energy prices have now reached significant extremes and have the potential for mean reversion in the near term which should be supportive of performance for the strategy.
- Valuation opportunities – We are seeing significant valuation opportunities both within the listed infrastructure universe but also relative to unlisted assets

**For more information speak to your financial adviser, call us on 1800 814 523, email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) or visit [macquarieim.com](http://macquarieim.com)**

#### Important information

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFS Licence 238321 is the issuer of units in, and responsible entity of the Fund. Macquarie Investment Management Global Limited ABN 90 086 159 060 AFSL 237843 is the investment manager of the Fund.

The above information is not personal advice and does not take into account the investment objectives, financial situation or needs of any person. The Fund is designed for investors who are seeking capital growth and income distribution, are intending to use the Fund as a satellite within a portfolio, have a medium to long-term investment timeframe, have a high or very high risk/return profile and require the ability to have daily access to capital. Please review the Target Market Determination available at [macquarieim.com/TMD](http://macquarieim.com/TMD) and consider if the Fund may be suitable for you. Investors should consider the offer document relating to the Fund in deciding whether to acquire or continue to hold units in the Fund. The offer document is available by contacting us on 1800 814 523.

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