

Macquarie Global Infrastructure Securities Fund

(Hedged) – Class A Units

Monthly report – 31 October 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*	\$463.7m
Distribution frequency	Quarterly
Management fee*	0.80% pa
Minimum investment (Direct)	\$500,000
Unit prices and spreads	macquarie.com.au/unit_prices

*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 31 October 2022

	Total Class return (gross)	Total Class return (net)	Benchmark return	Total excess return (net)
1 month (%)	5.17	5.10	4.11	0.99
3 months (%)	-7.16	-6.56	-10.58	4.02
1 year (%)	3.52	2.68	-3.94	6.62
3 years (% pa)	4.42	3.45	1.08	2.37
5 years (% pa)	7.00	6.07	3.95	2.12
Since inception (% pa)	11.70	10.74	10.45	0.29

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

	%
Severn Trent Plc	3.44
SSE plc	3.18
PPL Corporation	3.00
Terna S.p.A.	2.76
ENAV S.p.A.	2.63
VINCI SA	2.45
Essential Utilities, Inc.	2.04
American Electric Power Company, Inc.	1.66
Cellnex Telecom S.A.	1.65
CLP Holdings Limited	1.53

Top 3 stock attribution (alphabetical)

	bps
Archaea Energy, Inc. Class A	101
American Tower Corporation	24
ENN Energy Holdings Limited	20

*Italics denotes underweight

Top underweight positions

	%
Williams Companies, Inc.	-3.14
Consolidated Edison, Inc.	-2.47
American Tower Corporation	-2.32
SBA Communications Corp. Class A	-2.30
American Water Works Company, Inc.	-2.09
PG&E Corporation	-1.93
Fortis Inc.	-1.84
Edison International	-1.81
Pembina Pipeline Corporation	-1.79
CenterPoint Energy, Inc.	-1.43

Bottom 3 stock attribution (alphabetical)

	bps
PG&E Corporation	-33
Williams Companies, Inc.	-28
CLP Holdings Limited	-22

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Sector allocation

Sector	Portfolio (%)	Benchmark (%)
Airports	4.73	3.43
Communications	14.90	17.66
Diversified	14.97	8.94
Oil, Gas Storage & Transportn	37.16	41.23
Ports	0.00	0.42
Toll Roads	3.28	5.01
Transmission & Distribution	13.18	17.47
Water	8.02	5.85
Cash	3.77	0.00

Regional allocation

Country	Portfolio (%)	Benchmark (%)
Australia	1.93	3.87
Belgium	0.00	0.45
Brazil	0.59	0.38
Canada	14.41	17.80
China	0.90	2.83
France	7.11	6.34
Germany	1.17	0.41
Hong Kong SAR	1.47	0.88
Italy	9.00	3.63
Mexico	0.00	1.18
Netherlands	1.09	0.13
New Zealand	0.00	0.52
Singapore	0.00	0.09
Spain	6.32	5.41
Switzerland	0.00	0.29
United Kingdom	13.46	6.60
United States	38.80	49.19
Cash	3.77	0.00

Market overview

After a bumpy start, stock markets ended October on a more positive footing. Developed market equities registered a healthy 7% return, although emerging market equities fell 3%, with Chinese indices coming under pressure. Bond yields continued to push higher, with global bonds delivering a -1% return. The combination of high inflation and solid labour markets continued to support hawkish action from central banks. The European Central Bank (ECB) announced another jumbo rate hike of 75 basis points (bps) on 27 October

A challenging economic outlook and geopolitical risks both continued to push the US dollar higher. Dollar strength was particularly notable against the Japanese yen and the Chinese renminbi, two currencies whose central banks continue to adopt a much more accommodative stance.

The Reserve Bank of Australia (RBA) delivered a 25-basis point hike, a step-down from the series of 50 basis point hikes as they slow the pace of tightening and take the overnight cash rate to 2.60%. The Australian consumer price index for Q3 came in at 1.8% quarter on quarter and 7.3% year on year, with the trimmed mean rising 1.8% quarter on quarter and 6.1% year on year.

Fund performance review

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

The top three individual contributors to relative performance in the period were from overweight positions in Archaea Energy and underweight positions in American Tower and ENN Energy. Archaea Energy, an industry-leading renewable natural gas company rose after it announced that it has agreed to be acquired by bp for approximately \$26 per Archaea Class A and Class B share in cash, or a total enterprise value of approximately \$4.1 billion, including approximately \$800 million of net debt. The cash consideration represents an approximately 38 percent premium to Archaea's volume weighted average share price for the 30 days ending October 14, 2022.

The bottom three individual contributors to relative performance during the period were from an underweight position in PG&E and Williams Inc. and an overweight position in CLP Holdings. CLP, a Hong Kong utility, fell on the back of rising interest rates which make its fixed return construct relatively less attractive.

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Market outlook and investment strategies

Geopolitical risks remained at the forefront of investors' minds, with tensions between Russia and Ukraine escalating further. However, there were some reasons for optimism. Global supply chain constraints continued to ease, and European governments took further steps to dampen the impact of the energy crisis and mitigate the risks of a harsh recession.

The conflict has served to invigorate the European Union's EU's energy transition plans, in the short term focusing on more reliable sources of natural gas, however the clear direction is a greater focus on zero carbon sources of primary energy supply into the EU.

We believe a thoughtful, active management approach is needed given today's increased political, economic, and market uncertainty. In our view, 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.

For more information speak to your financial adviser, call us on 1800 814 523, email mam.clientservice@macquarie.com or visit 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 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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