

Investment objective

Aims to outperform the S&P Global Infrastructure Index (Net Total Return \$A Hedged) over the medium to long term (before fees). It aims to provide a return comprising both income and capital growth.

Key information

Fund details	
APIR code	MAQ0423AU
Inception date	29 September 2005
Fund size	\$251.5m
Distribution frequency	Quarterly
Management fee*	1.00% pa
Minimum investment (Direct)	\$20,000
Unit prices and spreads	macquarie.com.au/unit_prices

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

Top 10 stocks

	%
Sempra Energy	6.2
TC Energy Corp	5.3
Transurban Group	4.9
Aena SME SA	4.9
Cheniere Energy Inc	4.9
American Electric Power	4.5
Sydney Airport	4.1
Atlantia Spa	4.1
Enbridge Inc	4.1
Enav Spa	3.7

Fund performance to 28 February 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	0.59	0.52	0.48	0.04
3 months (%)	-0.55	-0.79	-0.01	-0.78
1 year (%)	-1.86	-2.84	-7.13	4.29
3 years (% pa)	6.28	5.23	2.58	2.65
5 years (% pa)	8.03	6.96	5.66	1.30
Since inception (% pa)	8.07	6.93	6.94	-0.01

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 Fund 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.

Top sectors

	%
Pipelines	24.5
Electric Utility	19.8
Airports	15.9
Toll Roads	14.5
Electricity and Gas Distribution	10.4

Top countries

	%
United States	34.0
Canada	12.8
Australia	10.4
Italy	10.3
United Kingdom	8.4

Macquarie International Infrastructure Securities Fund (Hedged)

Monthly report – 28 February 2021

Fund highlights

The Fund returned 0.52% (after fees), outperforming the benchmark which returned 0.48%. As the Fund's foreign currency exposure is hedged, Australian dollar movements do not materially affect its return.

The major contributors to the strategy's return were the Airports and Toll Roads sectors. The major detractors from the strategy's return were the Seaports and Diversified Infrastructure sectors. Relative to the S&P Global Infrastructure Index and in local currency terms, major stock contributors to the Fund's return included ENAV, West Japan Railway and Vinci. Sempra Energy, United Utilities and American Electric Power were among the significant detractors. Relative to the S&P Global Infrastructure Index, the major positive contributors were positions in the Rail and Other Transportation, and Electric Utilities sectors. Positions in the Water, Pipelines and Electricity and Gas Distribution sectors detracted.

Key Contributors to Outperformance

1. **ENAV** outperformed as it caught up to other air travel-related infrastructure assets around the world. With global vaccine rollouts foreshadowing an eventual sharp rebound in air travel, the stock rallied "looking through" to a more normalised operating environment.
2. **Vinci**: Compared to other transportation infrastructure names, Vinci has a relatively attractive risk/reward profile given its attractive assets and relatively low levels of financial leverage. With global vaccine rollouts progressing, the stock rallied on this "look through" trade. We had added to the position on weakness and remain positively positioned.
3. **West Japan Railway**, a Japanese railway company, outperformed during the period. The stock rebounded after weak performance in 2020 driven by passenger volume declines caused by the pandemic. JR West was a notable laggard relative to other global transport infrastructure assets in the early stages of the "look through" trade. While we maintain our positive view, the extreme valuation disconnect has narrowed and we have moderated our position as a result.

Key Contributors to Underperformance

1. **Sempra Energy**, which owns a number of assets including utilities in California and Texas, lagged along with the global utility sector as rising long-term interest rates provided a headwind to valuations. Sempra remains one of our highest conviction holdings driven by its high quality business mix, attractive valuation and upcoming catalysts with the partial sale of Sempra Infrastructure Partners.
2. **United Utilities**, a UK water utility, lagged along with the global utility sector. UU remains one of our highest conviction holdings driven by its known and stable regulatory path and attractive valuation. It, along with other UK regulated utilities is relatively insulated against rising interest rates due a periodic reset in allowed financial returns and this acts as hedge against a higher cost of capital.
3. **American Electric Power**, which owns a number of utilities in multiple US states, lagged along with the global utility sector as rising long-term interest rates provided a headwind to valuation. We expect the market to find AEP increasingly attractive over the coming years as the company continues to improve its ESG profile including additional investments in renewables.

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

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