

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	\$251.3m
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.

Fund performance to 31 July 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	2.22	2.14	1.22	0.92
3 months (%)	2.43	2.17	0.70	1.47
1 year (%)	19.70	18.52	17.79	0.73
3 years (% pa)	7.38	6.31	3.21	3.10
5 years (% pa)	7.56	6.49	4.54	1.95
Since inception (% pa)	8.65	7.51	7.32	0.19

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 10 stocks

	%
TC Energy Corp	6.1
Sempra Energy	6.0
Transurban Group	5.7
Aena SME SA	5.1
American Electric Power	4.8
National Grid plc	4.5
Enbridge Inc	4.3
ENAV Spa	3.5
Cheniere Energy Inc	3.4
Nextera Energy Inc	3.4

Top sectors

	%
Electric Utility	26.5
Energy Infrastructure	21.3
Toll Roads	14.6
Airports	13.8
Electricity and Gas Distribution	8.9

Top countries

	%
United States	32.4
Canada	13.6
Australia	11.7
United Kingdom	10.0
Italy	9.6

Macquarie International Infrastructure Securities Fund (Hedged)

Monthly report – 31 July 2021

Fund highlights

The Fund returned 2.14% (after fees), outperforming the benchmark which returned 1.22%. 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 Electric Utilities sectors. The major detractors from the strategy's return were the Electricity Generation 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 Sydney Airport, Severn Trent, and Williams Companies. East Japan Railway, Duke Energy and West Japan Railway were among the significant detractors. Relative to the S&P Global Infrastructure Index, the major positive contributors were positions in the Airports and Water sectors. Positions in the Rail/Other transportation, Electric Utilities and Electricity and Gas Distribution sectors detracted.

Key Contributors to Outperformance

1. **Sydney Airport** rose sharply after receiving an indication of interest from a consortium led by IFM to take the company private at A\$8.25 per share, a premium of around 40% from its last trading price. Sydney Airport's fundamentals are mixed, with domestic travel recovering nicely while international travel is still highly curtailed. At the moment the company and the bidding consortium are each positioning themselves to attempt to negotiate their own respective best outcomes.
2. **Severn Trent**, a regulated UK water utility, reported full year results in late May. The company is performing well regarding their operating and financing efficiency targets for the first year of the five-year regulatory agreement through 2025. The UK water regulator, OFWAT, also handed down an initial determination regarding additional capital investment the sector may undertake in the current regulatory period. Listed UK water companies will be able to spend an additional £700m to fund the "green economic recovery." Investments will be made in the areas of river quality, flood resilience, storm overflows, decarbonising and fixing of pipes.
3. **Williams Companies**, a US energy infrastructure company (not held), pulled back amongst general profit taking in the US energy midstream sector after recent strong performance driven by improving fundamentals.

Key Contributors to Underperformance

1. Japanese Rail Companies, **East Japan Railway** and **West Japan Railway** both retreated after their very strong performance in prior months as investors became concerned again around rising Covid case numbers. We remain confident in the outlook given rising vaccination rates across Japan.
2. **Duke Energy** performed well due to 3 main contributing factors: 1) Consistent with the US utility group, Duke benefited from a 25-basis point reduction in the US 10-year rate, 2) Favourable energy legislation in North Carolina (Duke's largest service territory) gained momentum and support during the month, 3) an activist investor tied to Duke continued pushing management to analyse portfolio optimisation strategies including Board changes. The fund did not hold a position in the stock.

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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