

Investment objective

Aims to outperform the S&P Global Infrastructure Index (Net Total Return in \$A) 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	MAQ0825AU
Inception date	29 January 2014
Fund size	\$324.5m
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	6.51
Cheniere Energy Inc	5.50
TC Energy Corp	5.28
American Electric Power	4.75
Transurban Group	4.74
Aena Sme Sa	4.42
Enbridge Inc	3.99
Sydney Airport	3.96
Atlantia Spa	3.60
Enav Spa	3.60

Fund performance to 31 January 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-1.48	-1.57	-1.60	0.03
3 months (%)	2.20	1.94	4.00	-2.06
1 year (%)	-16.85	-17.70	-21.41	3.71
3 years (% pa)	5.69	4.64	2.47	2.17
5 years (% pa)	6.93	5.88	4.92	0.96
Since inception (% pa)	8.28	7.21	6.51	0.70

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	25.0
Electric Utility	19.4
Airports	15.0
Toll Roads	13.1
Electricity And Gas Distribution	11.3

Top countries

	%
United States	35.0
Canada	12.9
Italy	9.8
Australia	9.2
United Kingdom	8.8

Macquarie International Infrastructure Securities Fund (Unhedged)

Monthly report – 31 January 2021

Fund highlights

The Fund returned -1.57% (after fees), outperforming the benchmark which returned -1.60%.

The major contributors to the strategy's return were the Pipelines and Water sectors. The major detractors from the strategy's return were the Airports and Toll Roads sector. Relative to the S&P Global Infrastructure Index and in local currency terms, major stock contributors to the Fund's return included Cheniere Energy Inc, Getlink and United Utilities. Signature Aviation Plc, Aleatica and Sydney Airport 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 Airport sectors. Positions in the Toll Roads, Electric Utilities and Seaports detracted.

Key Contributors to Outperformance

1. Cheniere Energy, a North American liquified natural gas ("LNG") terminal owner and operator, rose during the month. The stock continued to be supported by strong global LNG prices. The increase in expected volume and value of exports continues to be driven by the LNG market's rebalancing due to a slowdown in new LNG liquefaction capacity additions combined with ongoing demand growth, notably in Asia. We maintain a favorable view of Cheniere as it remains a dominant LNG player in the US and is competitively well-positioned relative to peers given its existing platform with long dated, contracted cash flows. A large majority of the company's liquefaction capacity is sold under long-term contracts, supporting cash flows regardless of LNG price fluctuations. With the global LNG market recovering, we see attractive leverage to improving prices for the company's non-contracted exposure, coupled with downside protection provided by the existing contracts. Cheniere remains one of the largest positions in the portfolio, but we have reduced the position moderately during the month.
2. United Utilities rose during the month as investors were attracted to the company's stable long-term cash flows, relatively high dividend, and broad regulatory clarity after the sector's recent regulatory review. We retain our favorable view of this name.
3. TC Energy rose during the month as investors were attracted to its highly contracted cash within the Energy Infrastructure universe. The cancellation of the Keystone XL project by US President Biden removed an overhang and simplified the future "story" around the company. We maintain our positive view on TC Energy and it remains one of the largest positions in the portfolio.

Key Contributors to Underperformance

1. Aleatica SAB de CV, a Mexican toll road operator, retreated during the period after its strong recent performance. The stock had rebounded sharply from its March pandemic lows as investors recognised the attractive value of the company's toll road concessions and "looked through" the current economic weakness towards stronger activity on the back of the global rollout of coronavirus vaccines. We had reduced our holding slightly on the sharp rise but remain positive on this name.
2. Sydney Airport fell during the period as investors took profits after the company's prior bounce which was engendered by optimism surrounding global vaccine rollouts and a future demand recovery. Near term enthusiasm was dampened as the company guided to a longer recovery period for a return of long-haul travel through its airport. Our probability weighted scenario analysis always expected such long-haul travel to recover long after short-haul travel, so the announcement was in line with our expectations but created negative sentiment nonetheless. We retain our positive view on Sydney Airport.
3. Vinci stock retreated after a very strong rebound in prior months driven by investors' expectations of increased mobility engendered by the global vaccine rollout. We continue to maintain a positive view on Vinci and believe investors will be attracted to its diversified mix of global infrastructure assets, solid long-term cash flows and relatively low-levered balance sheet.

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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