

# UBS CBRE Global Infrastructure Securities Fund

May 2023

## Fund description

The Fund is an actively managed fund investing in global listed infrastructure securities across a range of geographic regions and infrastructure sectors which may include utilities, transportation, energy infrastructure and communication infrastructure.

## Target market

The Target Market Determination (TMD) for the Fund sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. To access to the TMD and other Fund documentation visit our website.

## Investment strategy

The Fund will invest in listed infrastructure securities issued by global infrastructure companies, which are entities located throughout the world that derive at least 50% of their revenues or profits from, or devote at least 50% of their assets to, the ownership, management, development, or operation of infrastructure assets.

## Investment objective

The Fund aims to provide a total return consisting of capital growth and income that outperforms (after management costs) the FTSE Global Core Infrastructure 50/50 Index (Net) AUD Hedged over rolling three-year periods.

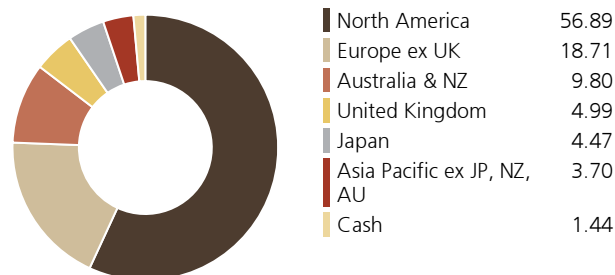
## Top 10 positions by stock

Name	Country	Portfolio Weight (%)
NextEra Energy, Inc.	United States	5.15
Transurban Group Ltd.	Australia	4.90
American Tower Corporation	United States	4.77
Cellnex Telecom S.A.	Spain	4.42
VINCI SA	France	3.82
WEC Energy Group Inc	United States	3.70
National Grid plc	United Kingdom	3.19
Enbridge Inc.	Canada	3.16
Aena SME SA	Spain	3.10
Ameren Corporation	United States	3.03
<b>Top 10 Total</b>		<b>39.24</b>

## Fund information

Inception date	4 August 2016
Fund size	\$ 153.3m
Management fee	1.00% pa
Minimum initial investment	\$ 50,000
Distributions	Quarterly
Buy/sell spread	+/- 0.20%
Currency management	Hedged
APIR code	UBS0064AU

## Investment portfolio (%)



## Top 5 overweight by stocks

Name	Country	Active Weight (%)
VINCI SA	France	3.82
Cellnex Telecom S.A.	Spain	3.60
WEC Energy Group Inc	United States	2.58
Enel SpA	Italy	2.55
Central Japan Railway Company	Japan	2.54

## Top 5 underweight by stocks

Name	Country	Active Weight (%)
Duke Energy Corporation	United States	(2.81)
Dominion Energy Inc	United States	(1.71)
Exelon Corporation	United States	(1.61)
Airports of Thailand Public Co. Ltd.	Thailand	(1.49)
TC Energy Corporation	Canada	(1.42)

## Investment performance

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	(4.60)	(0.11)	(6.76)	5.78	6.34	6.55
Benchmark**	(4.67)	(0.47)	(9.50)	3.99	4.60	5.01
<b>Added Value</b>	<b>0.07</b>	<b>0.36</b>	<b>2.74</b>	<b>1.79</b>	<b>1.74</b>	<b>1.54</b>

\* Inception date: 4 August 2016.

\*\* FTSE Global Core Infrastructure 50/50 Index (Net) (AUD Hedged).

Performance figures are net of ongoing fees and expenses. The performance figures quoted are historical, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. Performance can be volatile and future returns can vary from past returns.

## MARKET PERFORMANCE REVIEW

Listed infrastructure traded -4.7% (AUD, hedged) in May.

Listed infrastructure lost 4.5% (local) in May as large cap tech names rallied while most other sectors fell behind. All regions finished in negative territory within infrastructure, except Asia Pacific, which traded up 0.3%. Continental Europe and Emerging Markets outperformed, while the Americas performed worst, down 6.4%. 10-year global sovereign yields were generally flat to higher. Inflationary prints and central bank actions continue to vary across regions. Crude oil traded in a tight range near recent lows while natural gas rallied from depressed levels. Earnings season within infrastructure was positive, yet most names outside of data centers did not benefit as the market focused its attention elsewhere.

Asia Pacific benefited from stronger utility returns. The sector was mixed but ultimately Japanese electrics led the group to positive gains, one of the few areas globally to finish the month in positive territory. Communications and transports also outperformed albeit ended the month negative.

Continental Europe's best sector was transportation, where a few airports held up relatively better than global infrastructure. Communications followed behind thanks to towers. Utilities were the laggard for the region and trailed the index. U.K. utilities fared better and slightly outperformed.

The only sector to outperform in the Americas was transportation. Freight railroads showed resilience and led the region although closed lower for the month. Utilities lagged with only a few positive stocks in the group. Midstream trailed and the communications sector was the biggest laggard.

## PORTFOLIO PERFORMANCE

The Fund decreased -4.60% in May, in line with the index.

The Fund's modestly negative relative performance resulted from positive sector allocation impacts which was more than offset by negative stock selection. Sector allocation was most positive in Europe, while Emerging Markets was a modest drag. Positive stock picking across communications was more than offset by negative stock picking in utilities and transportation.

Communications was a bright spot for stock selection globally, with continued strength from NextDC in Australia and strong performance from Equinix in the U.S. as sentiment for data centers surged amid enthusiasm for artificial intelligence. Towers in Europe outperformed other sectors in that region.

Transportation stocks globally had a mixed impact. Rail positioning was beneficial with a positive impact from Japan partially offset by underweight exposure to North American railroads. Toll road stock picks, especially in Europe, were detractors.

Global utility impacts were a drag overall, with weak stock selection across regions, despite some strength in contracted power and nuclear utility exposure within the Americas. Weakness in European integrated utility positions also hurt relative performance. Underweight positioning in Japan utilities detracted as the sector was one of the few areas of positive absolute returns.

## MARKET OUTLOOK

The outlook for infrastructure remains positive, especially when considering underperformance compared with broad equities this year. The market is underappreciating risks to economic and earnings outlooks, while narrowly focusing on the potential for a near-term Fed pivot and the potential for AI. Equity indexes globally are up, but on limited breadth. With the potential for a recession, we see risks to broad market earnings, while we see stability for infrastructure. The setup seems conducive to infrastructure outperformance. Infrastructure's multiple is now at a one standard deviation discount to global equities relative to its long-term average multiple.

Q1 earnings season affirmed our positive outlook, with 100% of our portfolio maintaining or raising guidance for the year, adding to our conviction in the fundamental outlook from here. Access to capital remains unimpeded and infrastructure balance sheets are healthy. Our forecasts have already absorbed the impact of higher rates, while inflation passthrough remains an attractive feature for the asset class. We expect mid to high single-digit growth potential from listed infrastructure in 2023 and 2024, with growing dividends for investors.

The long-term consistent growth driven by the super cycle of infrastructure investment underpins our positive outlook. Infrastructure offers enduring risk-adjusted return characteristics that warrant a permanent spot in investor portfolios. Infrastructure remains an area of consistent opportunity for active management. Our process for evaluating risk, identifying investment themes, and picking stocks has led to consistent outperformance.

### Client Services

**Telephone:** (03) 9046 4041 **Freecall:** 1800 572 018 **Email:** [ubs@unitregistry.com.au](mailto:ubs@unitregistry.com.au) [www.ubs.com/am-australia](http://www.ubs.com/am-australia)

Any financial product advice in this document is general advice only and has been prepared without taking into account your personal objectives, financial situation or particular needs. Therefore, before acting on any advice, you should consider the appropriateness of the advice in light of your own or your client's objectives, financial situation or needs. Investors should consider the PDS and seek professional financial and taxation advice before deciding whether the product is appropriate for them and whether to acquire, or to continue to hold the investment. Your investment in the Fund does not represent deposits or other liabilities of UBS AG or any member company of the UBS Group including UBS Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFS Licence No. 222605), the issuer and responsible entity of the Funds. Your investment is subject to investment risk, including possible delays in repayment and loss of income and capital invested. The repayment of capital or income is not guaranteed by any company in the UBS Group. Offers of interests in the Fund including the details of the management fee received by the responsible entity are contained in the Product Disclosure Statement (PDS) dated 26 September 2022. The responsible entity has also issued a target market determination (TMD) that describes the class of consumers that comprises the target market for the Fund and matters relevant to its distribution and review. A copy of the PDS (including the PDS additional information booklet) and TMD are available on our website at <https://www.ubs.com/au/en/asset-management.html> or by calling (03) 9046 4041 or 1800 572 018.

The PDS and application form is only available to persons receiving it (electronically or otherwise) while physically in Australia, unless expressly authorised by us in writing. The offer does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. The Fund (or the PDS) has not been registered under the laws of any jurisdiction outside Australia. The Fund may not be offered or sold in the United States of America or to 'U.S. Persons' (as defined in 'Regulation S' of the Securities Act of 1933, as amended).

This document may not be reproduced or copies circulated without prior written authority from UBS Asset Management (Australia) Ltd.

CBRE Investment Management (CBRE) is the portfolio manager of the Fund and receives a fee that is paid from the fee received by the responsible entity and described in the PDS. Investment opinions expressed in this document represent the opinions of CBRE which are subject to change and are not intended as a forecast or guarantee of future results. Stated information is provided for informational purposes only, and should not be perceived as investment advice or a recommendation for any security. It is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CBRE believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

Past performance of various investment strategies, sectors, vehicles and indices are not indicative of future results. Investing in infrastructure securities involves risk including potential loss of principal. Infrastructure equities are subject to risks similar to those associated with the direct ownership of infrastructure assets. Portfolios concentrated in infrastructure securities may experience price volatility and other risks associated with non-diversification. While equities may offer the potential for greater long-term growth than some debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. There is no guarantee that risk can be managed successfully. There are no assurances performance will match or outperform any particular benchmark. Indices are unmanaged and not available for direct investment.

