

Ausbil Global Essential Infrastructure Fund – Unhedged

Monthly performance update

April 2021

Ausbil Investment Management Limited
ABN 26 076 316 473
AFSL 229722
Level 27
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200
Fax 61 2 9259 0222

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Performance Review

Fund performance for the month ending April 2021 was +2.98% (net of fees) versus the benchmark return of +0.60%, as measured by the OECD G7 CPI Index plus 5.5%.

The global backdrop during April was a solid one for Essential Infrastructure. US bond yields settled down after their recent sharp rise, and the vaccine rollout has gained momentum, particularly in Europe. Inflation expectations seem to be the biggest concern for the market at the moment, combined with the potential for a knock-on impact on interest rates, though this is not the house view. Ausbil does not expect inflation to threaten interest rates for some years. Transient rises in inflation are expected over the coming months.

During April, most sub-sectors of Essential Infrastructure achieved positive returns. North American communications (mobile-phone towers) were the strongest sector for the month as they continue their rebound from the lows seen in March. SBA Communications rose +8% during the month and American Tower rose +7%.

Similarly, our UK names rose strongly from recent lows, rising +6% as a group. UK water utility, Severn Trent, was the biggest gainer of the group, rising over +7% during the month. Despite a successful vaccine rollout and a reduction in post-Brexit border issues, the UK remains a cheap market in our view.

On the negative side, renewable energy stocks and those deemed to benefit from the energy transition, suffered during April. Orsted, the global leader in offshore wind development fell by around -12%, and Ormat, a global leader in geothermal energy, fell close to -8%. In the short term, whilst sentiment has turned negative on renewable energy, we see this as an attractive opportunity to increase our holdings in high quality global leaders that will undoubtedly benefit from the energy transition for many years to come.

Outlook

Whilst both our top-down and bottom-up tools are showing attractive valuations for Essential Infrastructure, the asset class has suffered recently as bond yields have risen sharply, in particular.

Fortunately, it now appears that bond yields have settled down and found a level. Investors can therefore return to focus on fundamentals, which are very strong for Essential Infrastructure given the global stimulus of 2020 and 2021, and Biden's US\$2.26 trillion infrastructure plan, which is expected to inspire other global policymakers to add support to the sector, especially towards the energy transition. Long-term secular trends such as the energy transition and the rollout of 5G should benefit the portfolio significantly over the next few years. In addition, the recovery in air and toll road traffic will be positive for airports and toll road companies in the shorter-term.

As ever, the team managing your money will continue to consistently and diligently apply the process we have developed, and scour the market for long-term opportunities in high-quality names that have attractive valuations and sound ESG credentials.

Performance

Returns as at 30 April 2021

Period	Fund Return	Benchmark ¹	Out/Under Performance
	Net		Net
1 month	2.98	0.60	2.39
3 months	5.77	1.69	4.09
6 months	5.88	3.22	2.65
FYTD	2.89	5.31	-2.42
CYTD	4.22	2.18	2.04
1 year	0.76	6.30	-5.54
2 years pa	3.15	6.75	-3.60
Since inception pa	8.71	6.78	1.92
Date: December 2018			

Top 10 Stock Holdings

Name	Fund
SBA Communication	5.41
Cellnex Telecom	4.65
Ameren	4.61
Aeroports De Paris	4.44
Nextera Energy	4.38
National Grid	4.31
Getlink SE	4.24
Sempra Energy	4.17
United Utilities Group	4.08
Aena Sme	3.99

Sector Allocation

Sector	Fund
Communications Infrastructure	16.58
Energy Infrastructure	10.00
Transportation	27.85
Utilities	44.30
Cash	1.26
Total	100.00

Region Allocation

Country	Fund
Asia Pacific	13.01
Europe	28.35
North America	45.20
United Kingdom	12.17
Cash	1.26
Total	100.00

1. The benchmark is the OECD G7 CPI Index plus 5.5 per annum, which is an accumulation index maintained by Ausbil. The OECD G7 CPI Index is published on a monthly basis, generally five weeks after the end of the period. Therefore, the benchmark return shown is an estimate based on the OECD G7 CPI Index for the previous published month.

Infra-know

President Biden has proposed a US\$2.26 trillion infrastructure plan. This represents around 1% of GDP per year, spent each year over 8 years. Whilst the plan is likely to change as it goes through Congress, several areas have received support from both Democrats and Republicans, and a meaningful outcome is likely. Biden's plan will benefit Essential Infrastructure companies across utilities and energy in particular, adding positively to the lifecycle risk-adjusted cash returns these assets can generate. The proposal to extend tax credits for clean energy generation and storage out to ten-years is also a significant boon for renewable energy companies operating in the US.

Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia
Toll Free 1800 287 245

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is prepared by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (Ausbil). Ausbil is the issuer of the Ausbil Global Essential Infrastructure Fund (ARSN 628 816 151) (Fund). References in this document to the Fund or Ausbil Global Essential Infrastructure Fund – Unhedged, accordingly refer to the unhedged class of units in the Fund as the context requires. This report contains general information only and the information provided is factual only and does not constitute financial product advice. It does not take account of your individual objectives, financial situation or needs. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested and should not be considered a recommendation to purchase, sell or hold any particular security. Holdings are subject to change daily. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Past performance is not a reliable indicator of future performance. Unless otherwise stated, performance figures are calculated net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100. No guarantee or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained herein (any of which may change without notice) and should not be relied upon as a representation express or implied as to any future or current matter. You should consider the Product Disclosure Statement which is available at www.ausbil.com.au before acquiring or investing in the fund. The OECD G7 CPI Index is published on a monthly basis (five weeks after the end of the period) and represents the weighted average changes in the prices of consumer goods and services purchased by households for the Group of 7 countries in the Organisation for Economic Co-operation and Development (OECD). The Group of 7 countries are Canada, France, Germany, Italy, Japan, United Kingdom and United States. Ausbil maintains an accumulation index calculated by converting the movement in OECD G7 CPI Index reported, plus 5.5 per annum into a daily return. As the OECD usually publishes the OECD G7 CPI Index around five weeks after the end of the period, eg the 31 December data will generally not be released by the OECD until the first week of February, the performance return for the benchmark in the table provided is estimated using the previous months OECD G7 CPI Index. As the OECD G7 CPI Index calculation methodology allows for historical revision of the index (such as when an included country revises their national accounts), at a minimum we will update any material revisions to reported OECD data first published during the previous six months when presenting performance data in Fund reports. However, we do not republish previously released reports due to OECD data revisions. The OECD G7 CPI Index is published on the OECD website at: www.oecd.org/std/prices-ppp/.

A short notice on the COVID-19 public health event, and how it can impact investments

Given the currently evolving issues around the Coronavirus (or Covid-19) globally, which has officially been designated a pandemic by the World Health Organisation, we wish to notify that, as with many firms, business may be disrupted. A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or Covid-19) in Australia, Italy, China, South Korea, the United States and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact investment returns in any of Ausbil Investment Management Limited's registered managed investment schemes (the Funds). Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, an inability on behalf of authorities to contain this pandemic) may adversely impact any investment, including by delaying or causing supply chain disruptions or by causing staffing shortages. The outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to any investment or fund performance.