

Ausbil Global Essential Infrastructure Fund – Unhedged

Monthly performance update

May 2021

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Performance Review

Fund performance for the month ending May 2021 was +0.93% (net of fees) versus the benchmark return of +0.70%, as measured by the OECD G7 CPI Index plus 5.5%.

May continued the supportive environment seen in April. Bond yields remained stable, economic activity continued to rebound in the developed markets and the vaccine rollout gathered pace. The two biggest issues at the moment are new strains of the virus hampering re-opening efforts and some inflation concerns. However, the market appears to have become more sanguine about the persistence of inflation over the past few weeks.

May was a mixed month for Essential Infrastructure performance. Europe and the UK performed well, with French Airport group Aéroports de Paris rising over 6% on the back of easing travel restrictions, which we expect to be a feature of future months as vaccinations increase. Cellnex, a consolidator in the nascent European mobile phone tower sector rose over 4% over the month, as both consolidation and 5G rollout gather pace.

In North America, there was a bifurcation between sectors. Energy infrastructure rose by over 3% as a group, with LNG export terminal operator Cheniere, being the top performer in the fund, rising by over 9% in the month. Gas transmission company Williams, also continued its strong run, gaining a further 8%.

On the negative side, utilities in North America suffered most, falling close to 2% as a group. Renewable energy related utilities, whilst clearly long-term beneficiaries of the energy transition away from coal and gas, and towards renewables, particularly suffered from short-term share-price falls. Companies such as NextEra, the global leader in on-shore wind generation, fell by over 5%. Moves such as this do not reflect the long-term fundamentals of companies in our view and therefore provide a long-term opportunity for investors.

Elsewhere, we saw weakness in some of our Australasian transportation names, particularly Sydney Airport and Auckland Airport. These names appear to be in a holding pattern whilst we wait to see how international borders will be re-opened.

Outlook

We think the outlook for Essential Infrastructure is positive. The macro environment is supportive and hopefully now that the short, sharp rise in bond yields is behind us, and economic activity is accelerating, it remains a very supportive environment for infrastructure.

Our view is that Essential infrastructure valuations are still attractive, whether looking from a top-down perspective, or from a bottom-up company level. We are still finding plenty of companies within our universe whose share prices are not reflecting long-term fundamentals.

Whether it is the energy transition, the rollout of 5G networks around the world, or the recovery of airport and toll road traffic as borders eventually reopen and restrictions ease, there is an abundance of opportunities within the Essential Infrastructure universe.

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

Performance

Returns as at 31 May 2021

Period	Fund Return	Benchmark ¹	Out/Under Performance
	Net		Net
1 month	0.93	0.70	0.23
3 months	11.22	1.90	9.32
6 months	1.96	3.41	-1.46
FYTD	3.84	6.04	-2.20
CYTD	5.19	2.89	2.29
1 year	-1.12	6.56	-7.68
2 years pa	2.67	6.81	-4.13
Since inception pa	8.80	6.85	1.96

Date: December 2018

Top 10 Stock Holdings

Name	Fund
SBA Communications	5.30
Cellnex Telecom	4.76
Aéroports De Paris	4.75
Nextera Energy	4.60
Ameren Corporation	4.51
Sempra Energy	4.43
National Grid	4.41
AENA SME	4.15
Getlink	4.12
United Utilities Group	4.12

Sector Allocation

Sector	Fund
Communications Infrastructure	16.77
Energy Infrastructure	9.58
Transportation	27.04
Utilities	45.37
Cash	1.24
Total	100.00

Region Allocation

Country	Fund
Asia Pacific	11.84
Europe	29.15
North America	45.46
United Kingdom	12.31
Cash	1.24
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

Getlink, one of the companies in our portfolio, owns the concession to operate the Channel Tunnel rail link between England and France until 2086. The tunnel itself is 37.9 kilometres (23.5 miles) long. Tunnelling began in 1988, and opened in 1994. Eleven tunnel boring machines were used, tunnelling from both the UK and France. The two tunnels eventually met, with just a 36cm offset between the two. The line is electrified and as renewable electricity generation increases, it will allow for a much more environmentally friendly travel route between London and Paris (and beyond), when compared to planes, or ferries.

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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.