Contactus@
ausbil.com.au

ausbil

Ausbil Global Essential Infrastructure Fund – Unhedged

Monthly performance update

August 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

'Despite the recent strong performance, our top-down valuation model is showing valuation for the asset class to be just above neutral'

Performance Review

Fund performance for the month ending August 2021 was +2.71% (net of fees) versus the benchmark return of +0.81%, as measured by the OECD G7 CPI Index plus 5.5%.

The Fund performed well in August. Markets in general rose on the back of supportive comments from Jerome Powell at the Jackson Hole symposium. The COVID-19 delta variant continues to be a significant concern, but it is encouraging to see that most large European countries have now vaccinated around 70% of their population.

Most sectors and regions were up for the month. Mobile phone towers continued their recent strength rising around 4% as a group. This is a long-term secular growth sector given the transition to 5G, internet-of-things and an increasingly mobile economy. Holdings such as Inwit, Cellnex and SBA Communications all rose around 5.5% during the month.

Utilities also performed well as a group, particularly those stocks exposed to the energy transition. NextEra rose over 8% in the month, Ørsted was also strong, rising 7.5% and Elia also rose close to 7%. Whilst we see global leaders in onshore wind (NextEra) and offshore wind (Ørsted) as clear beneficiaries of the energy transition, we also see electricity transmission companies such as Elia playing a crucial role in the renewables-integrated electricity web. Electricity transmission is not generally an area that gets investors overly excited, but to us this is an area that has many exciting roles to play as we move towards carbon neutrality.

On the negative side, UK utilities fell close to 1% giving up a small part of their recent gains. Pennon was the largest faller at -2.3%. Energy infrastructure in North America was also down for the month, falling -1.3%, and some of our European transport names, particularly those with airport exposure, were also weak. French airport group ADP was the weakest stock in the portfolio, falling by -2.7%. We remain supportive of our European transport names, encouraged by the high vaccination rates across Europe.

Outlook

Despite the recent strong performance, our top-down valuation model is showing valuation for the asset class to be just above neutral. In addition, our bottom-up modelling is showing that expected returns should be in excess of our long-term performance objective. This valuation support allied with the supportive macro environment leads us to remain positive on the asset class, and therefore we continue to run low cash levels.

At a sector and stock level, we are not currently having challenges finding attractive investment opportunities – from deep value COVID recovery plays like airports, to strong income generators such as utilities and energy infrastructure, and multi-decade secular growth stories like renewable energy and mobile phone towers.

As ever, the passionate 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 31 August 2021

Period	Fund Return % Net	Bench-mark[1] %	Out/Under Performance % Net
1 month	2.71	0.81	1.90
3 months	10.94	2.29	8.65
6 months	23.39	4.24	19.15
FYTD	8.23	1.56	6.68
CYTD	16.69	5.25	11.44
1 year	18.94	7.39	11.56
2 years pa	3.42	7.09	-3.67
Since inception pa Date: December 2018	12.18	7.08	5.09

Top 10 Stock Holdings

Name	Fund %
Nextera Energy	4.87
SBA Communications	4.66
Cellnex Telecom	4.57
Aeroports De Paris	4.56
Getlink	4.52
Aena SME	4.31
Transurban	4.27
Ameren	4.15
Sempra Energy	4.03
National Grid	3.91

Sector Allocation

Sector	Fund %
Communications Infrastructure	15.97
Energy Infrastructure	8.08
Transportation	28.79
Utilities	46.37
Cash	0.78
Total	**100.00**

Region Allocation

Country	Fund %
Asia Pacific	11.94
Europe	34.77
North America	41.48
United Kingdom	11.03
Cash	0.78
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

One of the interesting characteristics of Ausbil Essential Infrastructure's universe is that whilst we invest in similar companies in different countries, their share-price performance can be markedly different. For example, the share prices of water utilities in the UK have performed very differently from those in the US over the past few years. Politics and regulation at both the country and state level (particularly in the US) are crucial considerations when constructing an investment thesis on a stock. There are many such variations across our universe, and each area of Essential Infrastructure dances to its own beat.

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

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.