

Ausbil Global Essential Infrastructure Fund – Unhedged

Quarterly performance update

September 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

‘From a top-down view, we see the infrastructure asset class as supportive’

Performance Review

Fund performance for the quarter ending September 2021 was +5.37% (net of fees) versus the benchmark return of +2.32%, as measured by the OECD G7 CPI Index plus 5.5%.

This market continues to be exciting and with inflation pointing higher, everything seems to be more expensive today than a year ago... including some much-loved listed infrastructure companies listed in Australia. This past quarter we saw a flurry of M&A activity with bids for AusNet Services, Spark Infrastructure and Sydney Airport despite the huge challenges facing the locked-down economy. While we don't speculate on whether or not a company could become a takeover target, these transactions highlight the demand by private investors for high-quality essential infrastructure assets and the big premiums they are willing to pay to attain them.

During the quarter, all sectors positively contributed to performance but the COVID-reopening sectors were the outperformers with Energy infrastructure rising +9.2% and Transportation infrastructure up +8.4% during the quarter. Cheniere Energy continues to move from strength to strength, advancing +17% higher in the period as the recent global gas price spike has put renewed focus on secured, large-scale capacity as the company's new LNG export terminals come online. Sydney Airport rose over +42% in the quarter following the takeover bid from private infrastructure investors, and as countries continue to increase the visibility for borders to re-open once again. Both Communications and Utilities traded higher in the period, up +4.7% and +4.2% respectively with the longer-term secular drivers of 5G rollout and energy transition lifting the sectors higher.

Outlook

From a top-down view, we see the infrastructure asset class as supportive. Our proprietary modelling shows valuations close to neutral overall, and our macro outlook remains positive for the sector.

From a bottom-up perspective, we continue to see attractive investment opportunities across the asset class to support our long-term investment goals. For example, the COVID reopening positions remain high-conviction holdings in the portfolio as the markets, particularly in Europe, continue to overly discount the impact of COVID on long-term cash flows. We are also excited about the secular growth opportunities presented by the asset class, most notably renewable energy companies and energy transition leaders within the Utilities sector, but also mobile tower companies as they continue to benefit from co-location opportunities and the roll-out of 5G technology.

Infra-know

Australia's ASX-listed infrastructure space, at its height just 10-15 years ago, had over 15 listed companies, now there are only 4; Transurban, Atlas Arteria, APA Group and Auckland International Airport. This assumes the acquisitions of AusNet Services, Spark infrastructure and Sydney Airport complete. On a sector view, this leaves investors with two toll roads (one with foreign toll roads), a pipeline company and an airport that is not Australian, but a New Zealand asset. In terms of true Australian-domiciled infrastructure, it really just leaves two: Transurban and APA Group. Investors seeking listed infrastructure exposure are now compelled to look globally. Fortunately, the opportunities are bright for infrastructure around the world. Read more of our thoughts on the countdown to zero for Australian infrastructure [here](#).

Performance

Returns as at 30 September 2021

Period	Fund Return % Net	Bench-mark ¹ %	Out/Under Performance % Net
1 month	-2.65	0.76	-3.41
3 months	5.37	2.32	3.05
6 months	12.26	4.40	7.86
FYTD	5.37	2.32	3.05
CYTD	13.60	6.04	7.56
1 year	15.50	7.65	7.86
2 years pa	1.44	7.18	-5.74
Since inception pa Date: December 2018	10.72	7.15	3.57

Top 10 Stock Holdings

Name	Fund %
Aeroport De Paris	5.21
Aena SME	4.87
Nextera Energy	4.76
Getlink SE	4.56
Transurban Group	4.41
Ameren Corporaiton	4.32
Cellnex Telecom	4.23
Sempra Energy	4.18
National Grid	4.03
SBA Communications	3.86

Sector Allocation

Sector	Fund %
Communications Infrastructure	15.40
Energy Infrastructure	8.78
Transportation	30.63
Utilities	44.10
Cash	1.09
Total	100.00

Region Allocation

Country	Fund %
Asia Pacific	10.29
Europe	39.29
North America	40.63
United Kingdom	8.70
Cash	1.09
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.



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

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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.