Contactus@
ausbil.com.au

ausbil

Ausbil Global Essential Infrastructure Fund – Unhedged

Monthly performance update

October 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, our proprietary modelling shows valuations close to neutral overall'

Performance Review

Fund performance for the month ending October 2021 was -0.71% (net of fees) versus the benchmark return of +0.75%, as measured by the OECD G7 CPI Index plus 5.5%.

The global backdrop during October was accommodative for Essential Infrastructure. Inflation expectations continue to be the biggest concern for the market at the moment, combined-with the knock-on impact on interest rates. However, this has been well-flagged, and we continue to expect transient rises in inflation over the coming months.

During October, the performance across regions and sub-sectors of Essential Infrastructure was mixed. North American Energy Infrastructure was the strongest sector for the month, rising around 6% as a group as the energy complex in general rebounded on the back of stronger commodity prices. Our European and UK utility holdings also compounded on their strong run from last quarter, rising 6% and 5% as a group, respectively.

On the negative side, transportation stocks in Europe and Australia paired back recent gains. Spanish airport group AENA fell close to 5% during the month after its regulator approved the company's Airport Regulation Document for 2022-26, but with a slightly lower tariff adjustment than the company and market anticipated. Australian toll road company Transurban also fell around 5% after successfully completing its takeover of WestConnex during the month. With the lifting of COVID-lockdowns in the states of NSW and Victoria in October, we should see an immediate benefit to traffic across Transurban's toll road network.

Outlook

From a top-down view, our proprietary modelling shows valuations close to neutral overall. The performance of Essential Infrastructure has been muted recently with the rise in bond yields, however, the relative yield of the asset class remains attractive and we think investors should focus on fundamentals.

From a bottom-up perspective, we continue to look for opportunities to increase exposure in the portfolio to the long-term secular growth opportunities we see within the asset class. The energy transition, the beneficial impact of 5G on mobile phone towers, and the recovery in air and toll road traffic as the world begins to reopen are just some of the global trends the team are focused on.

As always, we will continue to apply the process we have developed in a consistent manner as we seek attractive investment opportunities in high-quality names that also have sound ESG credentials.

Infra-know

The US titan NextEra (NYSE: NEE), a key holding of the Ausbil Global Essential Infrastructure portfolio has enjoyed profound growth, rising to become the preeminent power in North American alternative and renewable energy infrastructure, and one of the leading renewable energy firms globally. 10 years ago, investors with a little patience and some obvious foresight could have set themselves up for a 6-fold increase in their investment with NEE, a relatively low-risk, high cash flow utility investment building the renewable arm of their business, once the venerable Florida Power and Light Company founded in 1925. Back in December 2010, investment firms were downgrading NextEra, fearing low growth prospects in renewable energy and predicting a series of earnings downgrades. The typical analyst on the Street with their short-term view did not have the same horizon or patience longer-term infrastructure investors can take, many foregoing the incredible compound return NEE has generated since then, a circa 25% CAGR (compound annual growth rate). Never underestimate the power of steadily growing long-term cash flows.

Performance

Returns as at 31 October 2021

Period	Fund Return % Net	Bench-mark[1] %	Out/Under Performance % Net
1 month	-0.71	0.75	-1.46
3 months	-0.72	2.32	-3.04
6 months	8.23	4.55	3.67
FYTD	4.61	3.08	1.53
CYTD	12.79	6.83	5.96
1 year	14.59	7.92	6.66
2 years pa	1.47	7.28	-5.81
Since inception pa Date: December 2018	10.12	7.21	2.90

Top 10 Stock Holdings

Name	Fund %
Transurban Group	5.18
Aeroports De Paris	5.12
Nextera Energy	4.91
Ameren	4.49
Cellnex Telecom	4.43
Aena Sme	4.38
Getlink	4.24
Sempra Energy	4.20
Sba Communications	4.15
National Grid	4.11

Sector Allocation

Sector	Fund %
Communications Infrastructure	15.96
Energy Infrastructure	9.02
Transportation	29.18
Utilities	45.24
Cash	0.60
Total	**100.00**

Region Allocation

Country	Fund %
Asia Pacific	9.72
Europe	39.02
North America	41.86
United Kingdom	8.80
Cash	0.60
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

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** and the target market determination which is available at **https://www.ausbil.com.au/invest-with-us/design-and-distribution-obligations/fund-tmds** 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.