

# Ausbil Global Essential Infrastructure Fund – Unhedged

Quarterly performance update

March 2022

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

‘Infrastructure is said to offer compelling protection for investor returns from rising and high inflation’

## Performance Review

Fund performance for the quarter ending March 2022 was +0.10% net of fees versus the benchmark return of +2.77%, as measured by the OECD G7 CPI Index plus 5.5%.

The first quarter of 2022 was a tumultuous and volatile month for markets. Earlier in the quarter, the focus was on rising inflation expectations and potential implications for interest rates. But this was overshadowed by the Russian invasion of Ukraine and its broader implications. Essential infrastructure was directly and indirectly impacted by these events. Pleasingly the asset class and Fund has delivered strong downside protection versus broader global equity indices during this volatile period.

On the negative side, the likelihood of higher inflation leading to higher interest rates impacted some of the longer-duration stocks in the Fund particularly earlier in the quarter. Cellnex Telecom was the stock that fell the most during the quarter, falling close to 15%. This was followed by American Tower at -14% and Ferrovial -12%.

On the positive side, it was energy infrastructure companies that performed most strongly on the back of significantly higher commodity prices. US LNG exporters, namely Cheniere Energy and Sempra, rose strongly, 37% and 28% respectively, as Europe sought to implement strategies to reduce its reliance on Russian imported gas with greater imported gas from the US. Similarly, Elia Group, owner of transmission grids in Belgium and Germany rose 19%, as Europe’s desire to further accelerate the investment in renewable energy is expected to support Elia’s growth prospects for grid investment.

## Outlook

Uncertainty and volatility are likely to remain the order of the day given the ongoing geopolitical situation in Europe and uncertain macroeconomic outlook.

The Portfolio has performed well during this period with Essential Infrastructure’s downside capture characteristics shining through. The outlook remains robust for the asset class. Essential infrastructure has superior inflationary protection characteristics and over the course of 2022 we expect these benefits come to the forefront even more so.

Significant dispersion in performance between Essential Infrastructure sectors and specific companies has continued. While this can hurt performance and introduce some volatility in portfolio returns over shorter time periods, for longer term infrastructure investors it leads to attractive investment opportunities. Our bottom-up analysis is continuing to providing us with some strong signals to capitalise on. We have been trimming some of our larger positions that have performed strongly, and recycling that capital into existing positions in order to further improve the value, quality and ESG attributes of the Portfolio but also being cognisant of the uncertain macro and geopolitical situation we face.

## Performance

Returns as at 31 March 2022

Period	Fund Return % Net	Bench- mark <sup>1</sup> %	Out/Under Performance %
1 month	3.24	0.98	2.27
3 months	0.10	2.77	-2.67
6 months	6.31	5.40	0.91
FYTD	12.01	7.84	4.17
CYTD	0.10	2.77	-2.67
1 year	19.34	10.04	9.31
2 years pa	8.56	8.12	0.43
3 years pa	7.54	7.83	-0.28
Since inception pa Date: December 2018	11.08	7.75	3.33

## Top 10 Stock Holdings

Name	Fund %
NextEra Energy	5.40
Cellnex Telecom	4.92
Transurban Group	4.43
Ameren Corporation	4.36
Getlink SE	4.28
Cheniere Energy	4.18
Aeroports De Paris	4.05
Sempra Energy	4.02
Ferrovial	4.00
Aena SME	4.00

## Sector Allocation

Sector	Fund %
Communications Infrastructure	16.63
Energy Infrastructure	8.88
Transportation	29.15
Utilities	44.33
Cash	1.01
<b>Total</b>	<b>100.00</b>

## Region Allocation

Country	Fund %
Asia Pacific	8.87
Europe	42.08
North America	39.75
United Kingdom	8.29
Cash	1.01
<b>Total</b>	<b>100.00</b>

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

Infrastructure is said to offer compelling protection for investor returns from rising and high inflation. This is due to explicit characteristics of regulation and how inflation is treated or in some instances the pass through of inflation into pricing outcomes. For more than three decades, we have experienced a low and sustained period of benign inflation and an associated low interest rate creating a macro tailwind for the asset class. This macro environment has been flipped on its head – for how long we do not know – but over the course of 2022 we are likely to witness first-hand the ultimate litmus test for the asset class – how will it perform in this high (even if somewhat transitory) inflationary environment? We have to wind the clock back to the 1970's for similar inflation outcomes, but back then the listed infrastructure asset class didn't exist in the way it does today. In recognition of this macro backdrop, we have been increasing positions in infrastructure companies that offer best in class protection to inflation. One such example is Terna, the owner of the Italian electricity transmission grid. By regulatory design, the Italian utilities offer explicit protection due to annual indexation of the Regulated Asset Base (RAB) and mechanisms to protect investor returns from sharply higher interest rates within their six-year regulatory periods. Terna has the added attraction of being at the forefront of the energy transition in Italy and Europe with an expectation of 7% CAGR in its RAB to 2026 supporting higher earnings and cash flow.

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](http://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/](http://www.oecd.org/std/prices-ppp/).