ausbil

Ausbil Global Essential Infrastructure Fund – Unhedged

Monthly performance update

August 2022

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'We believe the portfolio is well positioned to negotiate the economic cycle given infrastructure's inherent inflation protection, the stability of cash flows, and secular growth opportunities'

Performance Review

Fund performance for the month ending August 2022 was -2.16% (net of fees) versus the benchmark return of +1.15%, as measured by the OECD G7 CPI Index plus 5.5%.

The global equity market roller coaster ride continued in August, with a reversal of the strong recovery made in July. In his much-anticipated annual policy speech at Jackson Hole, US Federal Reserve Chair Jerome Powell affirmed the need to continue fighting inflation. Expectations for a pause and reversal in interest rate hikes are now very much diminished until inflation moves down closer to the Fed's 2% long-range goal. The Fed's hawkish tone at Jackson Hole caught bond and equity markets off guard, and the longer duration sectors within listed infrastructure were negatively impacted.

Markets were also impacted in August by continuing European energy supply woes, with Russia limiting supplies and concerns around storage levels heading into the northern hemisphere winter driving prices higher. At month end, it appears that the European Union is preparing to intervene in order to bring some relief to the soaring power costs for consumers.

Essential Infrastructure exhibited its defensive characteristics during the month, falling far less than global equities. On the positive side, US LNG export operator Cheniere Energy was the best performer, rising over 9% as it provided a positive update to full-year guidance and submitted a regulatory filing for an expansion project at its Corpus Christi liquefaction facility. Renewable names Ormat and NextEra also rose during the month on the back of the US Inflation Reduction Act being passed, which has positive implications for clean energy companies.

On the negative side, European offshore wind operator Ørsted was the weakest name in the portfolio falling over 13% after a poorly received quarterly update. We continue to view the company positively over the long term and we added to the holding on weakness. Additionally, European mobile phone tower companies Cellnex and Vantage both fell over 10% during the month on higher interest rates and recession concerns.

Outlook

Macro uncertainty remains the order of the day. We continue to closely watch global macro developments as they are likely to shape views on the valuation of the Essential Infrastructure asset class moving forward.

The energy situation and the cost of living crisis in Europe and the UK remains in sharp focus as we are witnessing growing political and regulatory uncertainty as it relates to the energy and utility sectors. Our Essential Infrastructure approach largely mitigates these risks, and the longer-term growth outlook for many regulated utilities and renewable energy companies in Europe and the UK has improved with REPowerEU. That said, we are cognisant that the energy situation is unprecedented and with risks elevated, some caution is warranted in this regard.

It is, however, important to reiterate our long-term approach to investing, especially while there is heightened near-term economic uncertainty. We believe Ausbil's Essential Infrastructure portfolio is well positioned to negotiate the economic cycle given infrastructure's inherent inflation protection, the stability of cash flows, and secular growth opportunities.

Performance

Returns as at 31 August 2022

Period	Fund Return % Net	Bench-mark[1] %	Out/Under Performance % Net
1 month	-2.16	1.15	-3.31
3 months	0.60	3.26	-2.66
6 months	6.06	6.42	-0.37
1 year	6.31	11.92	-5.61
2 years pa	12.45	9.63	2.82
3 years pa	4.38	8.67	-4.30
Since inception pa Date: December 2018	10.56	8.37	2.20

Top 10 Stock Holdings

Name	Fund %
NextEra Energy	5.82
Cellnex Telecom	5.27
Vinci	4.58
Cheniere Energy	4.47
Transurban Group	4.36
Ferrovial	4.35
Ameren	4.34
Sempra Energy	4.30
Getlink	4.06
Aena SME	4.05

Sector Allocation

Sector	Fund %
Communications Infrastructure	16.90
Energy Infrastructure	7.07
Transportation	31.24
Utilities	43.04
Cash	1.76
Total	**100.00**

Region Allocation

Country	Fund %
Asia Pacific	10.22
Europe	42.38
North America	37.30
United Kingdom	8.34
Cash	1.76
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

The world's largest offshore wind farm, Hornsea 2, became fully operational at the end of August. Owned and operated by Ørsted, the facility sits roughly 89 kilometres off the coast of Yorkshire, England and boasts 165 turbines over an area of 462 square kilometres. That's more than half the size of New York City! It has a capacity of more than 1.3 gigawatts and is set to help power in excess of 1.4 million UK homes. As a result, Hornsea 2 should help drive down soaring power costs for UK consumers in the coming months.

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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** 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**/.