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Ausbil Global Essential Infrastructure Fund – Unhedged

Monthly performance update

November 2022

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Performance Review

Fund performance for the month ending November 2022 was +3.47% (net of fees) versus the benchmark return of +1.06%, as measured by the OECD G7 CPI Index plus 5.5%.

Markets continued to rebound in November, as inflation showed signs of easing around the world. This increased hopes that the Federal Reserve would slow the pace of interest rate hikes despite a continued hawkish stance by several voting members of the FOMC. This in turn led to weakening in the US dollar, and for the US yield curve to invert further. Employment in the US, a key metric for the Fed, remains stubbornly strong and needs to soften over the coming months for the Fed to change its hawkish stance.

During the month, infrastructure was buoyed by the positive sentiment and performed well across all major sectors and regions. Longer-dated assets such as Communications (+9%) and Utilities (5.6%) performed strongly. Utilities in the UK rose 9% on the back of a relief rally and a fiscally prudent mini-budget that was an almost complete U-turn from the Liz Truss/Kwasi Kwarteng budget just 2-months prior.

Looking at individual names, German company Vantage Towers was the best performer (+15%) in the month, rising strongly on the back of a takeover bid. This confirms our view that mobile-phone tower companies are trading at a steep discount to where the private market sees valuations. SBA Communications in the US, another mobile-phone tower operator, also performed strongly, rising 11%.

There was also a healthy group of utilities that all rose around 10% in the month. Names like Terna in Italy, Sempra, NextEra, Ameren and Centerpoint, all in the US, reflected broad strength across the sector.

On the negative side, renewable energy company Acciona Energia fell 5% after a very strong recent run. Strangely, in our view, Spanish mobile-phone tower company Cellnex fell 1% despite the positive sentiment to these assets and also the company announcing a very disciplined pivot away from acquisitions and towards increasing balance street strength. We see this as a positive move and we continue to like the name.

Portfolio Strategy

Despite the optimistic sentiment over the last couple of months, we remain of the view that markets are likely to stay volatile whilst the progression of inflation and interest rates remains uncertain. The market is pricing in further rate hikes by the Fed in December and early next year, and until inflation is reducing and the employment market loosens, the Fed is unlikely to soften its stance.

That said, as the market moves on the latest utterings of Fed members or economic data point, this allows us to take a longer-term view and 'cherry pick' opportunities that offer good value on our long-term valuation models. As we often say in the team, the next quarter for us is the next quarter-century, not the next three months.

Our modelling is showing that infrastructure continues to offer good long-term opportunities, and as a result we remain fully invested.

As always, the team 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.

Performance

Returns as at 30 November 2022

Period	Fund Return % Net	Bench-mark[1] %	Out/Under Performance % Net
1 month	3.47	1.06	2.41
3 months	1.65	3.23	-1.58
6 months	2.26	6.59	-4.34
1 year	9.43	12.82	-3.39
2 years pa	10.56	10.55	0.01
3 years pa	4.37	9.22	-4.84
Since inception pa Date: December 2018	10.32	8.69	1.63

Top 10 Stock Holdings

Name	Fund %
NextEra Energy	6.76
Cellnex Telecom	5.52
American Tower	5.34
Cheniere Energy	4.82
Ferrovial	4.71
Transurban Group	4.62
Ameren	4.43
Sempra Energy	4.41
Ørsted	4.30
Vinci	4.28

Sector Allocation

Sector	Fund %
Communications Infrastructure	16.73
Energy Infrastructure	8.25
Transportation	29.03
Utilities	45.15
Cash	0.84
Total	**100.00**

Region Allocation

Country	Fund %
Asia Pacific	10.26
Europe	36.11
North America	46.22
United Kingdom	6.57
Cash	0.84
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

It was good to spend time recently with management teams from Italian and Spanish infrastructure companies who were attending conferences in Sydney. A total of fourteen companies made it over, along with sell-side analysts, which made for a fruitful few days. Whilst we prefer to visit the assets and the people who operate them when we get the chance, it's always good to catch up on recent developments and also talk about the opportunities that 2023 holds.

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