

# FUND MONTHLY REPORT

## ATLAS INFRASTRUCTURE




### INVESTMENT PERFORMANCE

Rolling Return	Since inception <sup>1</sup> % p.a.	5 years % p.a.	3 years % p.a.	1 year % p.a.	3 months %	1 month %
AIAFF AUD Hedged	9.98	10.56	13.35	(0.70)	7.32	1.54
AIAFF AUD Unhedged	11.53	11.59	11.09	10.34	10.68	4.04
G7 CPI + 5%	8.25	8.40	9.51	12.07	1.67	0.09
FTSE Developed Core 50/50 Infrastructure	4.79	5.93	9.29	(6.75)	0.76	1.85

Calendar Year Return	2022 %	2021 %	2020 %	2019 %
AIAFF AUD Hedged	(1.71)	14.86	(1.66)	27.71
AIAFF AUD Unhedged	1.86	16.83	(6.89)	27.28

<sup>1</sup> inception date - 3 October 2017; Source: ATLAS Infrastructure. Fund returns are calculated net of management fees and assume all distributions are reinvested. Past performance is not an indication of future performance.

### INVESTMENT OBJECTIVE

The ATLAS Infrastructure Australian Feeder Fund (AIAFF) aims to deliver a combination of capital appreciation and income over the medium to longer term.

### KEY FEATURES

- Provides investors with real, long term returns in excess of inflation through investment in a high conviction portfolio of the highest quality listed infrastructure companies across developed markets.
- Access to one of the largest investment teams specialising in listed infrastructure – globally.
- Robust and rigorous investment process delivering a high conviction, concentrated, index agnostic portfolio.
- An investment process that incorporates the impact of ESG factors on the cash flow of the companies it researches.

### MONTHLY COMMENTARY

In Australian dollar terms, the hedged portfolio rose 1.54% over the month of March, while the unhedged portfolio rose 4.04% (net of fees).

The largest contributions to the absolute portfolio return came from Edison International (+0.6%), E.ON (+0.5%) and Enel (+0.5%). The main detractors were Fraport (-0.5%), SES (-0.4%) and Norfolk Southern Corporation (-0.3%).

On a relative basis, the portfolio's overweight to Europe (73% portfolio versus 18% benchmark) detracted -0.9% to returns, and the lower allocation to the North American sector (22% portfolio versus 66% benchmark) detracted -0.5%. The portfolio benefited from exposure to UK/Europe Electric Utilities (+0.5% due to our holdings in E.ON, Enel and Terna) and being underweight in Asia-Pacific Toll Roads (+0.2%), however, stock selection in European Airports and Communications was negative with Fraport and SES underperforming their sector averages.

On a company level we would note the following key developments:

- At the end of March, **SES** (European Communications) was involved in press speculation with Bloomberg reporting that SES and Intelsat were in advanced talks to combine via a merger. This combination has been discussed before, with synergies and a lessening of competition in some markets discussed as the primary benefits of a deal. Intelsat emerged from bankruptcy in 2022, but continues to have a large debt balance, although this will be lessened by a US\$3.7bn payment it will receive later this year for US C-band clearance (SES to receive US\$3.0bn). ATLAS has been in formal

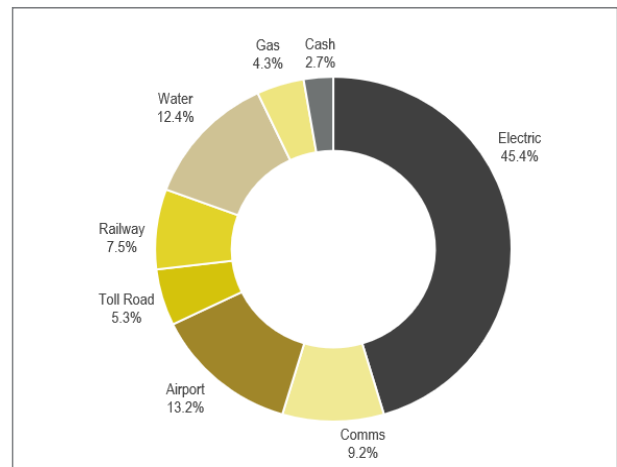
engagement with the company around reinvestment of these proceeds since early February and has communicated our expectations regarding acceptable deal parameters to management and the board of its position since this news article was released.

- Following the derailment of a **Norfolk Southern** (North American Rail) train hauling vinyl chloride and other products in East Palestine, Ohio, in early February, the company has remained a focus of the US press. This was exacerbated by a second minor derailment and a separate fatal incident involving NSC in Ohio in March. Derailments are fairly common (Canadian Pacific also experienced a derailment in late March). Since the last update, both the National Transportation Safety Board (NTSB) and the Federal Railroad Administration (FRA) have announced investigation and assessment into NSC's safety practices and culture. ATLAS is monitoring the evolving situation closely however noting the final report from the NTSB on the East Palestine incident is unlikely to be released for some time and that the impact of the additional safety spending and remediation plans to date are within the expectation for this type of incident.
- **Terna** (European electric transmission) released its updated 2023 development plan on the 15th March which detailed planned investment over the next 10 years. The plan represented a 17% increase over the previous 10 years with a total value of EUR21bn. The main driver of the increase is the need to connect new renewable resources and facilitate the removal of coal fired generation from Italy. ATLAS see this as an expected part of the investment needed for climate transition and a positive for the growth in Terna regulated asset base and regulated returns over the next 10 years.

“The firm’s objective is to bring to the listed market the same rigorous research and focus on cash flow analysis as a best-in-class private market investor.”

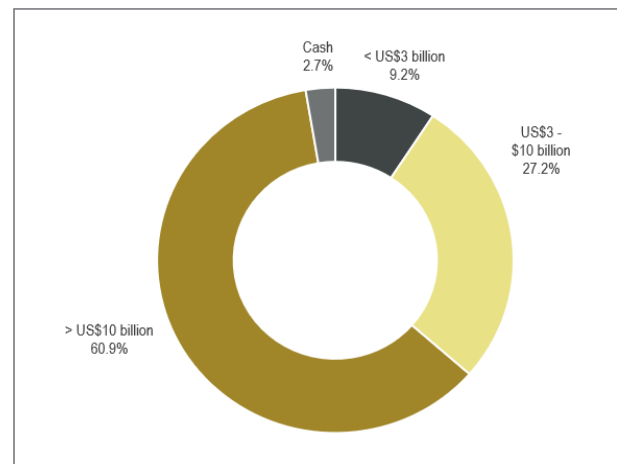
Matt Lorback, Partner,  
ATLAS Infrastructure

### SECTOR ALLOCATION



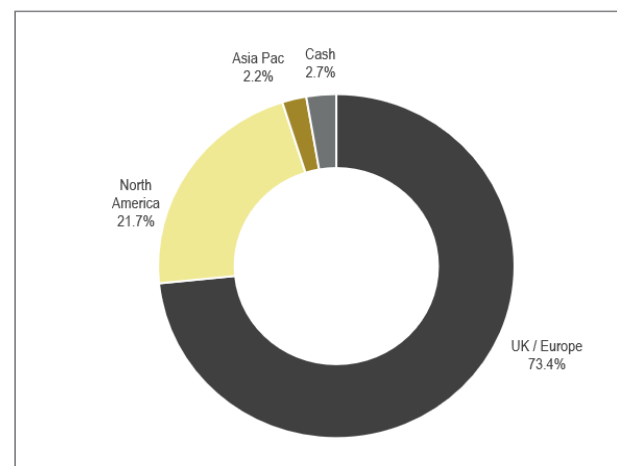
Source: ATLAS Infrastructure

### MARKET CAPITALISATION



Source: ATLAS Infrastructure

### REGIONAL ALLOCATION



Source: ATLAS Infrastructure

## FUND HOLDINGS

The Fund's top 10 holdings are shown in the following table:

Stock	Fund %
Enel	8.8
Edison International	7.9
United Utilities	7.7
Terna	7.7
SES	6.9
E.ON	4.8
National Grid	4.8
Severn Trent	4.7
Aena	4.7
Aeroports de Paris	4.3
<b>Total</b>	<b>62.3</b>
Number of stocks held	21

Source: ATLAS Infrastructure

## FUND ATTRIBUTION

The top contributors to and detractors from the Fund over the past rolling year are shown in the table below:

<b>Top 3 Contributors</b>
E.ON
Atlas Arteria
Enel SpA
<b>Top 3 Detractors</b>
SES
Eutelsat Communications
Norfolk Southern

\*Given the benchmark unaware nature of the Fund, absolute contribution rather than relative attribution is used.  
Source: ATLAS Infrastructure, FactSet.

## CONTACTS

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## RESEARCH OPINIONS

The Fund has been assessed by key research houses and has received the following ratings for both the hedged and unhedged Fund options as at 31 March 2023:

### Qualitative Ratings



## IMPORTANT INFORMATION

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ATLAS Infrastructure Australian Feeder Fund's Target Market Determination is available at <https://documents.feprecisionplus.com/Tmd/PCT/TMD/PVG8-PIM9253AU.pdf> for the AUD Hedged Class and at <https://documents.feprecisionplus.com/Tmd/PCT/TMD/PVG7-PIM6769AU.pdf> for the AUD Unhedged Class. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

This document has been prepared for use by sophisticated investors and investment professionals only and is solely for the use of the party to whom it is provided. Applications to invest in the Fund must be made on the application form which can be downloaded from [www.pantribal.com.au](http://www.pantribal.com.au) or obtained by contacting PAN-Tribal on (03) 9654 3015. This document is issued on 20 April 2023. ©2022 PAN-Tribal Asset Management Pty Ltd.

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