

# 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	9.77	9.63	10.60	(3.02)	2.07	(3.24)
AIAFF AUD Unhedged	11.73	11.65	11.53	8.01	7.03	(3.34)
G7 CPI + 5%	8.37	8.51	9.80	11.63	2.04	0.90
FTSE Developed Core 50/50 Infrastructure	4.20	4.77	4.59	(9.32)	(0.57)	(4.72)

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 fell 3.24% over the month of May, while the unhedged portfolio fell 3.34% (net of fees).

The largest contributions to the absolute portfolio return came from Norfolk Southern Corporation (+0.1%) and Hera (+0.1%). The main detractors were Edison International (-0.6%), United Utilities Group (-0.5%\*) and Enel (-0.4%).

On a relative basis, the portfolio's overweight to Europe (73% portfolio versus 18% benchmark) was positive to returns (+1.35%), and the lower allocation to the North American sector (21% portfolio versus 65% benchmark) added 0.78%, this was slightly offset by the lower allocation to Asia Pac (-0.63%). The portfolio benefited from exposure to UK/Europe Electric Utilities (+0.3%, driven by our holding in Terna and Hera) and European Communications (+0.2%, driven by our holding in SES and Eutelsat), and from being underweight in US Electric (+0.4%) and US Pipelines & Storage (+0.4%). Stock selection was relatively neutral, excluding Norfolk Southern Corporation which outperformed its sector average.

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

- In early May, a consortium of European satellite and Aerospace companies including **SES** (European satellites) and **Eutelsat** (European satellites) announced the formation of a consortium to bid for the EU IRIS project. The aim of the IRIS project is to ensure that the EU has access to secure, sovereign satellite-based communications and will not have to rely upon US or other non-EU systems (such as Elon Musk's Starlink). ATLAS sees the

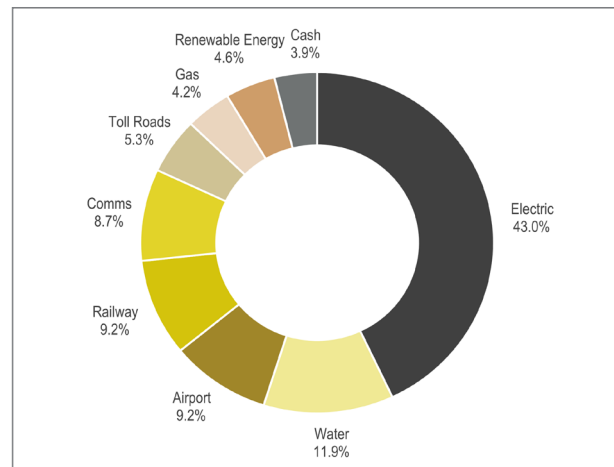
presence of both operators at this stage as a positive since it removes the risk of a competitive bidding process between Europe's two largest satellite operators. SES also reported its Q1 results during the month, reaffirming that the C-band clearance and subsequent US\$3bn payment remains on track for later this year. Management also confirmed they were engaging with Intelsat on a possible merger, however, there remains no certainty that a transaction will materialise.

- With energy prices falling across the European winter, we have seen earnings, working capital and leverage normalisation across the sector. **E.ON** (European Integrated Utility) reported its 1Q23 results, with stronger results across the business and a strong working capital reversion following additional requirements for hedging collateral and client contracts in 2022. The customer solutions business recovered well as higher tariffs were passed through to customers following energy price spikes across 2022. Management have also guided to stronger regulated asset base growth in the Networks business, driven by policy momentum from the German government.
- **Orsted** (European Renewables) signed an agreement to acquire Eversource Energy's (North American Utility) 50% interest in an uncontracted federal offshore wind lease area (187,000 acres) for US\$625m, which would allow for approximately 4GW of turbines once developed. This transaction continues a trend of regulated utilities selling down stakes in renewable assets post the Inflation Reduction Act and material changes in interest rates, as non-regulated operators are better able to utilise the tax-attributes of these projects.

“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.”

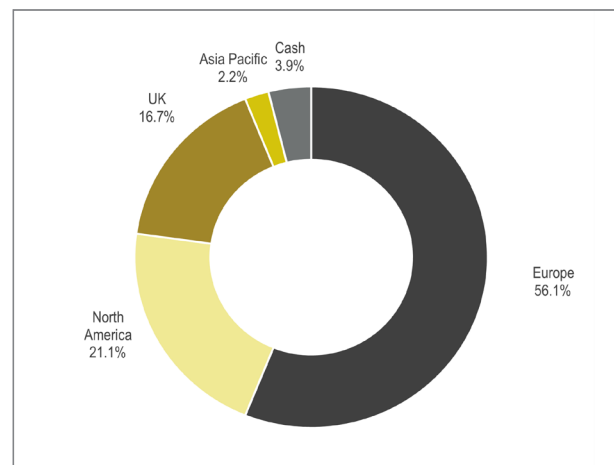
Matt Lorback, Partner,  
ATLAS Infrastructure

### SECTOR ALLOCATION



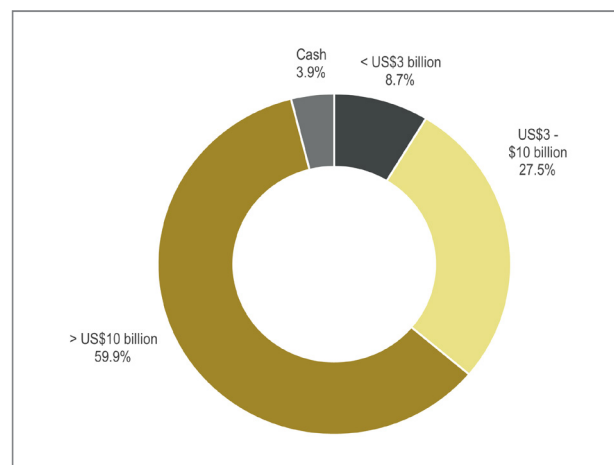
Source: ATLAS Infrastructure

### REGIONAL ALLOCATION



Source: ATLAS Infrastructure

### MARKET CAPITALISATION



Source: ATLAS Infrastructure

## FUND HOLDINGS

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

Stock	Fund %
Terna	7.8
Enel	7.7
Edison International	7.6
United Utilities	7.4
SES	7.3
National Grid	4.7
Norfolk Southern	4.7
Fraport	4.7
Aeroports de Paris	4.6
Orsted	4.5
<b>Total</b>	<b>61.0</b>
Number of stocks held	20

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
Enel
PG&E
<b>Top 3 Detractors</b>
SES
Eutelsat Communications
Avangrid

\*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 May 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 16 June 2023. ©2023 PAN-Tribal Asset Management Pty Ltd.

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