



# UBS Clarion Global Infrastructure Securities Fund

May 2021

## Fund description

The Fund is an actively managed fund investing in global listed infrastructure securities across a range of geographic regions and infrastructure sectors which may include utilities, transportation, energy infrastructure and communication infrastructure.

## Investment strategy

The Fund will invest in listed infrastructure securities issued by global infrastructure companies, which are entities located throughout the world that derive at least 50% of their revenues or profits from, or devote at least 50% of their assets to, the ownership, management, development or operation of infrastructure assets.

## Investment return objective

The Fund aims to provide a total return consisting of capital growth and income that outperforms (after management costs) the FTSE Global Core Infrastructure 50/50 Index (Net) AUD Hedged over rolling three year periods.

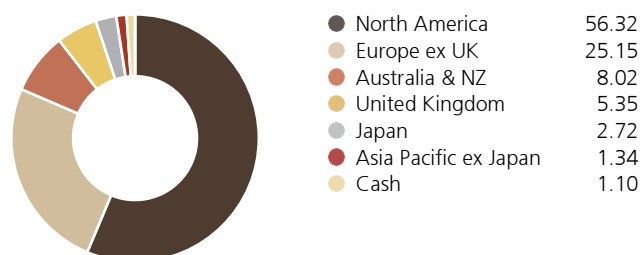
## Top 10 positions by stock

Name	Country
American Tower Corporation	United States
Enel SpA	Italy
Cellnex Telecom S.A.	Spain
American Electric Power Company	United States
VINCI SA	France
Crown Castle International	United States
NextEra Energy	United States
Union Pacific Corporation	United States
Transurban Group	Australia
Ameren Corporation	United States

## Fund information

Inception date	4 August 2016
Fund size	\$88.1 m
Management fee	1.00% pa
Minimum initial investment	\$10,000 (via mFund and online application \$5,000)
Distributions	Quarterly
Buy/sell spread	+/- 0.20%
Currency management	Hedged
APIR code	UBS0064AU
mFund code	UAM12

## Investment portfolio (%)



Note: Data is inclusive of pending transactions.

## Investment performance

Fund	1 month %	3 months %	1 year %	2 years % pa	3 years % pa	Since inception* % pa
Total return	0.71	12.67	15.69	7.88	9.95	8.88
Benchmark**	(0.03)	10.70	12.21	4.57	7.71	7.12
<b>Added Value</b>	<b>0.74</b>	<b>1.97</b>	<b>3.48</b>	<b>3.31</b>	<b>2.24</b>	<b>1.76</b>

\*Inception date: 4 August 2016. \*\*FTSE Global Core Infrastructure 50/50 Index (Net) (AUD Hedged). Performance figures are net of ongoing fees and expenses. The performance figures quoted are historical, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. Performance can be volatile and future returns can vary from past returns.

## Portfolio review

Outperformance in the month was due to both stock selection and sector allocation. All developed regions were positive contributors to relative performance while limited exposure to Emerging Markets detracted as the region outperformed global infrastructure.

An overweight to utilities in Continental Europe and underweight to utilities in U.S. were the two largest positive contributors to sector allocation.

Stock selection was strongest in the Americas, positive across all sectors but strongest is midstream and utilities. Within midstream, the biggest contributors to outperformance were overweight exposure to Cheniere Energy and underweight to Enbridge. Cheniere reported strong 1Q results and benefitted from strength in the global LNG market. Enbridge lagged as investor focus remains more on cyclical midstream stocks with more exposure to the recovery in energy prices and demand. Utilities-based stock picking benefited from a number of key holdings including Alliant Energy (midwestern regulated), Exelon (integrated with clean energy) and FirstEnergy (Ohio based regulated) while avoiding declines in underperforming PG&E (California regulated) which was down more than 10% in the month as the stock continues to exhibit volatility in the aftermath of its bankruptcy emergence in 2020.

Other notable contributors during the month in the portfolio were an overweight to China Resources Gas, which traded up 16.9% in May, and its position in Australian-listed toll road operator Atlas Arteria which outperformed its peer group. Both stocks benefitted from improving global economic outlook as the vaccine rollout continues.

## Market review

Listed infrastructure traded up 0.03% (AUD, Hedged) in May. Europe, Hong Kong and Emerging Markets were leaders this month while Australia, Japan and the U.S. were laggards. Sovereign yields traded down in May although inflation expectations increased and become a more central focus across the market. This dynamic helped boost returns from more cyclical areas of the infrastructure space.

Emerging Markets was the best performing region with strength among transportation stocks including airports, rail and ports. Strength in Hong Kong was primarily the result of the utilities while European outperformance was helped by broad participation across toll roads, airports, communications and utilities.

The U.S. lagged for the month which was entirely attributable to inferior utility performance while more GDP sensitive sectors such as transports and midstream, performed well. Midstream continued to rally on strength in commodity prices and the improving outlook for energy demand. In Asia-Pacific ex Hong Kong, weakness from the region largely stemmed from transportation companies listed in Australia and utilities in both Australia and Japan.

## Outlook

We continue to see value in infrastructure stocks globally, as evidenced by the persistent discount to global equities and to the private market, combined with high visibility for growth driven by secular trends of decarbonization and digital transformation, plus the near-term recovery in economic activity that will benefit transportation infrastructure.

Sentiment towards infrastructure remains positive. The American Jobs Plan continues to evolve as it works its way through Congress but continues to include elements supportive of infrastructure spending. The proposed bill will face challenges, but we believe the odds are in favour of some infrastructure package passing by the end of Q3 this year. We view the spending package positively, particularly as the bill supports our 3 key investment themes: Ageing Infrastructure, Decarbonization and Digital Transformation.

The Federal level support for investment in our themes provides confidence in our near-term forecasts and also provides visibility for the longer-term as the spending takes us to near the end of the decade. If passed, our forecasts would likely increase for selected companies with exposure to these key areas of investment while our risk assumptions would decline, leading to higher valuations.

We will continue to monitor the situation as it evolves and as negotiations change the plan. Our view is that this plan would be positive for listed infrastructure and would especially benefit key themes targeted in the Fund. The plan is not priced into the stocks and while there may be changes to the final plan, the outcome would likely still be positive and increase the potential upside.

## Client Services

Telephone: (03) 9046 4041 Freecall: 1800 572 018 Email: [ubs@unitregistry.com.au](mailto:ubs@unitregistry.com.au) [www.ubs.com/am-australia](http://www.ubs.com/am-australia)

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