

# UBS CBRE Global Infrastructure Securities Fund

August 2022

## 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.

## Target market

The Target Market Determination (TMD) for the Fund sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. To access to the TMD and other Fund documentation visit our [website](#).

## 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.

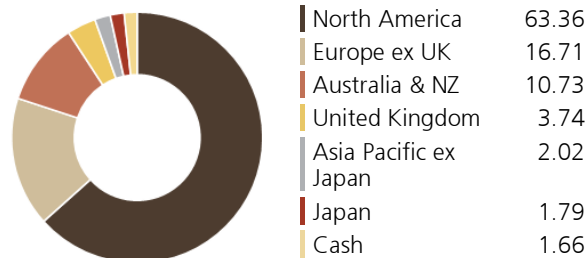
## Top 10 positions by stock

Name	Country
NextEra Energy	United States
American Electric Power Company	United States
Transurban Group	Australia
Cheniere Energy	United States
Atlas Arteria	Australia
Cellnex Telecom S.A.	Spain
WEC Energy Group	United States
Ameren Corporation	United States
VINCI SA	France
Crown Castle	United States

## Fund information

Inception date	4 August 2016
Fund size	\$ 167.9 m
Management fee	1.00% pa
Minimum initial investment	\$50,000
Distributions	Quarterly
Buy/sell spread	+/- 0.20%
Currency management	Hedged
APIR code	UBS0064AU
Inception date	4 August 2016

## Investment portfolio (%)



## Investment portfolio (%)

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	(1.34)	(1.09)	4.48	6.01	7.59	8.43
Benchmark**	(0.95)	(1.55)	5.10	4.40	5.94	7.12
<b>Added Value</b>	<b>(0.39)</b>	<b>0.46</b>	<b>(0.62)</b>	<b>1.61</b>	<b>1.65</b>	<b>1.31</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

The Fund decreased 1.34% in August, underperforming the index return.

The Fund had positive stock selection this month, which was more than offset by negative sector allocation. Positive stock selection was driven by Americas where utilities and midstream stock picking shined. Emerging markets were the largest source of negative sector allocation as it was the only positive region in the month and the fund remains underweight. Continental Europe and the U.K. were a drag on relative performance as well.

The passing of the Inflation Reduction Act in the U.S. was positive for utilities in the Fund exposed to renewable development. AES Corp. and Constellation Energy were standout contributors to stock selection as both are leading clean energy companies within the region. However, utilities in other regions posted less attractive returns and contributed little by way of stock picking.

In midstream, positive returns from Cheniere Energy and no position in TC Energy, which sharply underperformed, were the primary drivers of positive stock selection from the group while sector allocation was neutral.

Global transports had a mixed impact on relative performance this month, with strong stock selection in toll roads and passenger rail in Asia more than offset by weakness in transportation stocks in Europe and underweight Emerging Markets transportation stocks that outperformed.

Communications stocks were a drag during the month as the stocks underperformed globally. The Fund's overweight positions in Europe and Asia were the largest headwinds as they gave back gains seen a month earlier amidst a rapid rising rate environment.

### Market review

Listed infrastructure traded down 0.9% (AUD, hedged) in August.

Listed infrastructure, based on the FTSE Global Core Infrastructure 50/50, ended August -0.9% (AUD, hedged) while the Fund return was -1.3%. Listed infrastructure cooled off this month, but outperformed broad equities which declined 3.4%, local. Emerging Markets was the clear leader and was the only region to outperform global infrastructure and finish in positive territory. Americas was the next best performer and marginally trailed global infrastructure. Europe and Asia Pacific underperformed modestly. There was no winning thematic among sectors as returns varied across regions. The energy crisis in Europe continues to be an overhang for the region. Natural gas and crude oil prices remain elevated, although crude oil prices fell in August.

As central banks try to fight inflation, sovereign yields returned to their upward trajectory after falling in June and July.

Americas best performing sector was utilities which finished marginally negative. The group benefited from the passage of the Inflation Reduction Act, which aims to spur renewable development and support for clean energy. Freight railroads lagged with the U.S. names besting their Canadian peers. Communication stocks were weaker in the face of rising rates, and midstream lagged with oil price weakness.

Asia Pacific lacked a winning sector as transportation and utilities both traded down. Japan passenger rail was a bright spot and had positive gains. Almost all utilities finished negative with most underperforming global infrastructure.

Continental Europe was led by its transportation sector as airports outperformed. With the energy crisis overhang ongoing, utilities underperformed. Tower stocks were weak with rising rates reappearing as a headwind. Regulated utilities in the U.K. trailed their European peers for the month.

### Outlook

We remain optimistic in our outlook for listed infrastructure and believe we are well positioned to outperform the infrastructure benchmarks. Recognition of the importance of infrastructure is growing in the market as broader macro concerns have become more apparent. Infrastructure cash flows are rising to meet investor expectations for stability and growth driven by secular and inelastic demand.

Valuations remain attractive on absolute terms and cheap versus private markets. We see ongoing strength in fundamentals and long-term drivers of investment as improving. Signals from second quarter earnings releases reaffirmed our view in the stability of underlying cash flows amidst macroeconomic uncertainty. These cash flow streams tend to have inflation-protection mechanisms in place and the consistent demand profile benefits the essential assets infrastructure companies own and operate.

We take further comfort in the fact that key long term demand drivers remain in place. In the U.S., the Inflation Reduction Act, with its \$369bn dedicated to "energy security and clean energy" is just another example of how we believe policy globally will evolve over time to support investment into decarbonization and energy security – two themes for which the portfolio is poised to benefit.

## 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)

Any financial product advice in this document is general advice only and has been prepared without taking into account your personal objectives, financial situation or particular needs. Therefore, before acting on any advice, you should consider the appropriateness of the advice in light of your own or your client's objectives, financial situation or needs. Investors should consider the PDS and seek professional financial and taxation advice before deciding whether the product is appropriate for them and whether to acquire, or to continue to hold the investment. Your investment in the Fund does not represent deposits or other liabilities of UBS AG or any member company of the UBS Group including UBS Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFS Licence No. 222605), the issuer and responsible entity of the Funds. Your investment is subject to investment risk, including possible delays in repayment and loss of income and capital invested. The repayment of capital or income is not guaranteed by any company in the UBS Group. Offers of interests in the Fund including the details of the management fee received by the responsible entity are contained in the Product Disclosure Statement (PDS) dated 29 September 2021. The responsible entity has also issued a target market determination (TMD) that describes the class of consumers that comprises the target market for the Fund and matters relevant to its distribution and review. A copy of the PDS (including the PDS additional information booklet) and TMD are available on our website at <https://www.ubs.com/au/en/asset-management.html> or by calling (03) 9046 4041 or 1800 572 018.

The PDS and application form is only available to persons receiving it (electronically or otherwise) while physically in Australia, unless expressly authorised by us in writing. The offer does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. The Fund (or the PDS) has not been registered under the laws of any jurisdiction outside Australia. The Fund may not be offered or sold in the United States of America or to 'U.S. Persons' (as defined in 'Regulation S' of the Securities Act of 1933, as amended).

This document may not be reproduced or copies circulated without prior written authority from UBS Asset Management (Australia) Ltd.

CBRE Investment Management (CBRE) is the portfolio manager of the Fund and receives a fee that is paid from the fee received by the responsible entity and described in the PDS. Investment opinions expressed in this document represent the opinions of CBRE which are subject to change and are not intended as a forecast or guarantee of future results. Stated information is provided for informational purposes only, and should not be perceived as investment advice or a recommendation for any security. It is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CBRE believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

Past performance of various investment strategies, sectors, vehicles and indices are not indicative of future results. Investing in infrastructure securities involves risk including potential loss of principal. Infrastructure equities are subject to risks similar to those associated with the direct ownership of infrastructure assets. Portfolios concentrated in infrastructure securities may experience price volatility and other risks associated with non-diversification. While equities may offer the potential for greater long-term growth than some debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. There is no guarantee that risk can be managed successfully. There are no assurances performance will match or outperform any particular benchmark. Indices are unmanaged and not available for direct investment.

