

UBS CBRE Global Infrastructure Securities Fund

October 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).

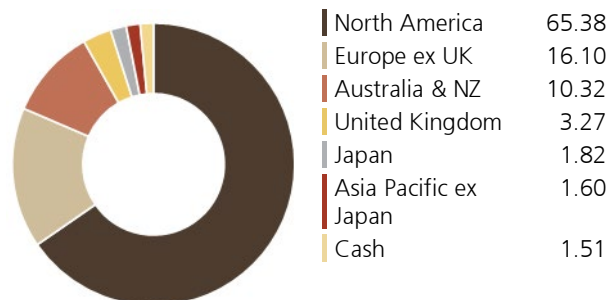
Top 10 positions by stock

Name	Country	Profile Weight (%)
NextEra Energy	United States	5.42
American Tower Corporation	United States	5.07
Transurban Group	Australia	4.67
American Electric Power Company	United States	4.60
WEC Energy Group	United States	4.06
Cellnex Telecom	Spain	3.70
Cheniere Energy	United States	3.54
Atlas Arteria	Australia	3.41
VINCI SA	France	3.23
Ameren Corporation	United States	3.17
Top 10 Total		40.88

Fund information

Inception date	4 August 2016
Fund size	\$ 150.1m
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 (%)



Top 5 overweight by stocks

Name	Country	Active Weight (%)
VINCI	France	3.23
Cellnex Telecom	Spain	3.01
WEC Energy Group	United States	2.87
American Electric Power Company	United States	2.73
AES Corporation	United States	2.69

Top 5 underweight by stocks

Name	Country	Active Weight (%)
Duke Energy Corporation	United States	-2.97
Southern Company	United States	-2.88
Atlantia	Italy	-2.21
TC Energy Corporation	Canada	-1.55
Airports of Thailand Public Co	Thailand	-1.54

Investment portfolio (%)

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	3.37	(9.64)	(4.62)	2.36	5.57	6.69
Benchmark**	3.19	(8.90)	(3.27)	0.92	4.03	5.50
Added Value	0.18	(0.74)	(1.35)	1.44	1.53	1.19

*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 increased 3.37% in October, ahead of the index return.

The Fund benefited from positive sector allocation, while stock selection had a neutral impact. Positive sector allocation was led by an overweight to Europe, the best performing region. Negative impact from an underweight to emerging markets offset some of our positive allocation. Stock selection was most positive in the Americas.

Stock selection in utilities globally was a highlight this month. Utilities in the Fund with exposure to recent energy security and decarbonization legislation continued to benefit, including standout performers AES Corp. and Constellation Energy. In Europe, integrated utility and renewable development leader Enel contributed positively.

In midstream, outperformance of U.S. companies has benefited the portfolio, including Targa, which was added to the S&P 500 this month. Midstream 3Q results thus far have been positive despite weaker natural gas and NGL prices.

Global transports had a positive impact on relative performance this month, with contributions from stock selection from out-of-index European toll road stocks and the Fund's sole European airport holding Aena. Australian toll road operators and Japan rail operators were positive performers as well, offsetting modest negative impact from underweight to rails in the Americas.

Communications stocks were mixed, with a bounce back in Cellnex on recovery in European stocks and steady interest rates, while overweight to U.S. communications stocks was a drag.

Market review

Listed infrastructure traded up 3.2% (AUD, hedged) in October.

Listed infrastructure had a solid start to Q4 gaining 3.2% in October. Continental Europe led the month, closing over 6% higher. Emerging Markets and the U.K. also outperformed. Americas and Asia Pacific trailed, though finished in positive territory. Transportation stocks traded well while other sectors were more mixed globally. While inflation remains high broadly, sovereign yields began to diverge from each other across countries. U.S. rates continued to rise while the U.K.'s fell and other markets saw more muted changes by month-end. Commodities were also quieter compared to prior months this year, with crude oil and natural gas trading rangebound.

Continental Europe and the U.K. returns were supported by outperformance from utilities and towers, but the region saw outperformance from transports as well. In general, ongoing energy and economic concerns abated as gas storage levels in the region appear strong into winter and the U.K. political landscape shifted back to a more market friendly tact.

Americas had mixed returns across sectors. Midstream and freight railroads performed well and led the region with high single-digit returns. Utilities rebounded modestly from their weak September but ultimately trailed. Tower stocks ended lower bringing down the communications sector.

Asia Pacific was the biggest laggard in October due to weaker Japanese utilities, which was one of the few areas with negative returns in global infrastructure. Transportation fared better, with Japan passenger rails and Australia.

Outlook

Earnings estimates across broad equities are being revised lower while infrastructure companies continue to demonstrate earnings stability and generally remain optimistic in the outlook despite recession looming. The majority of infrastructure stocks are seeing counter-cyclical investment opportunities given the need for energy security, clean energy generation, broad decarbonization and digitalization on a global scale. As a result, we are seeing earnings resiliency and consistency of forward outlooks, which we believe will continue in 2023, supporting the investment case for listed infrastructure.

We believe the asset class is attractively priced heading into a period of economic contraction where history shows the group typically sustains a material premium valuation versus broad equities which has reached as high as nearly 40%. We attribute such a relationship to the durability and consistency of earnings and cash flow growth in periods of economic uncertainty. Current levels range between 15-20%. History also shows that infrastructure has delivered modestly positive returns in periods of economic contraction versus negative returns in the broad market, providing investors shelter amidst economic uncertainty.

We remain highly convicted in the fundamental positioning of our infrastructure fund. Valuations remain attractive on absolute terms and historically cheap versus private markets. We expect our companies to generate consistently positive earnings growth the next several years, even allowing for higher rates and weaker economic conditions.

Client Services

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

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