

UBS CBRE Global Infrastructure Securities Fund

December 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 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.

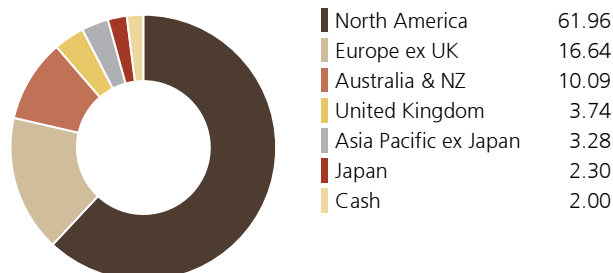
Top 10 positions by stock

Name	Country	Portfolio Weight (%)
NextEra Energy, Inc.	United States	5.44
American Tower Corporation	United States	5.18
Transurban Group Ltd.	Australia	4.69
WEC Energy Group Inc	United States	3.91
American Electric Power Company, Inc.	United States	3.74
Cellnex Telecom S.A.	Spain	3.61
Ameren Corporation	United States	3.33
VINCI SA	France	3.30
National Grid plc	United Kingdom	3.02
Atlas Arteria	Australia	3.02
Top 10 Total		39.24

Fund information

Inception date	4 August 2016
Fund size	\$ 155.7m
Management fee	1.00% pa
Minimum initial investment	\$ 50,000
Distributions	Quarterly
Buy/sell spread	+/- 0.20%
Currency management	Hedged
APIR code	UBS0064AU

Investment portfolio (%)



Top 5 overweight by stocks

Name	Country	Active Weight (%)
VINCI SA	France	3.30
Cellnex Telecom S.A.	Spain	2.99
WEC Energy Group Inc	United States	2.72
Ameren Corporation	United States	2.41
Eiffage SA	France	2.19

Top 5 underweight by stocks

Name	Country	Active Weight (%)
Duke Energy Corporation	United States	(3.20)
Southern Company	United States	(3.13)
Airports of Thailand Public Co. Ltd.	Thailand	(1.67)
Adani Ports & Special Economic Zone	India	(1.44)
TC Energy Corporation	Canada	(1.37)

Investment performance

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	(3.44)	6.78	(4.56)	2.86	5.98	7.05
Benchmark**	(2.80)	6.37	(4.19)	1.23	4.76	5.85
Added Value	(0.64)	0.41	(0.37)	1.63	1.22	1.20

* 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 performance

The Fund was down -3.44% for the month, trailing the index return.

Stock selection and sector allocation were both modestly negative for the month. Positive relative performance in Europe was offset by performance in the Americas and Asia. Meanwhile, positioning in the emerging markets was flat for the month. In the Americas, relative underperformance was due to positioning in the utilities sector, which overshadowed the benefit of positive positioning in the rail sector. In Asia, positioning in the utilities sector was the major source of underperformance, offsetting the value added from positioning in the rail sector. Europe was the bright spot for the month, led by positioning in the transportation, utilities and communication sectors.

Market performance review

Listed infrastructure was down -2.8% (AUD, hedged) in December.

Listed infrastructure traded down in December, as all regions were down for the month. In the Americas, the utilities sector delivered the best performance while midstream/pipelines underperformed. Communication stocks also lagged for the month. In Asia, the utilities and rail sectors were the outperformers for the month, while the transportation sector lagged. In Europe, U.K. utilities held up better than communication stocks, which underperformed. Meanwhile, communication stocks on the Continent held up better than transportation stocks.

Market outlook

The outlook for infrastructure remains positive into 2023, even after a strong year of relative performance. The combination of a compelling near-term opportunity and long-term tailwinds makes the sector attractive in the current environment. In the near-term, the stability of fundamentals and earnings for infrastructure companies stands in stark contrast to broad equities, where we expect ongoing earnings downgrades to continue as higher inflation and interest rates curb economic growth. In the long-term, 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.

We see the current environment as presenting several of the factors conducive to continued infrastructure outperformance, including:

- 1) Infrastructure's relative earnings momentum to broad equities is improving; the asset class is accelerating secular investment while global equities face significant margin pressure.
- 2) Inflation remains persistent, a boon to the revenues of an asset class with a history of inflation protection and price inelastic demand.
- 3) Relative valuation is compelling: while above historical averages, relative premiums have more than doubled from current levels during prior periods of contracting economic growth.

The long-term consistent growth driven by the supercycle of infrastructure investment underpins our positive outlook into the future and our belief that infrastructure offers enduring risk-adjusted return characteristics that warrants a permanent spot in investor portfolios.

As an added bonus, the prospects for active management of the infrastructure asset class are bright. Infrastructure is a niche asset class that is both underfollowed and under-owned by generalists, while listed assets are informed by a vast private market that managers with integrated public-private research platforms can research to drive alpha. We continue to employ our consistent process for evaluating risk, identifying investment themes, and picking stocks best positioned to benefit from those themes. That process has led to consistent relative performance, and we expect that to continue.

Client Services

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