

UBS CBRE Global Infrastructure Securities Fund

January 2023

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).

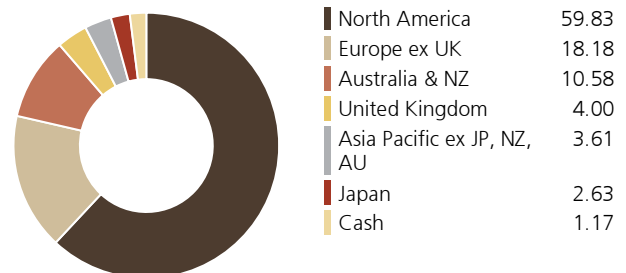
Top 10 positions by stock

Name	Country	Portfolio Weight (%)
American Tower Corporation	United States	5.21
Transurban Group Ltd.	Australia	5.07
NextEra Energy, Inc.	United States	4.98
Cellnex Telecom S.A.	Spain	4.07
WEC Energy Group Inc	United States	3.79
VINCI SA	France	3.56
American Electric Power Company, Inc.	United States	3.53
Ameren Corporation	United States	3.18
Enbridge Inc.	Canada	3.11
Atlas Arteria	Australia	3.02
Top 10 Total		39.52

Fund information

Inception date	4 August 2016
Fund size	\$ 159.7m
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	3.56
Cellnex Telecom S.A.	Spain	3.35
WEC Energy Group Inc	United States	2.63
Eiffage SA	France	2.41
Ameren Corporation	United States	2.31

Top 5 underweight by stocks

Name	Country	Active Weight (%)
Duke Energy Corporation	United States	(3.10)
Southern Company	United States	(1.81)
Airports of Thailand Public Co. Ltd.	Thailand	(1.69)
Dominion Energy Inc	United States	(1.45)
TC Energy Corporation	Canada	(1.44)

Investment performance

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	2.83	6.22	0.86	2.57	6.81	7.41
Benchmark**	1.43	4.56	(0.08)	0.66	5.33	6.01
Added Value	1.40	1.66	0.94	1.91	1.48	1.40

* 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.

Market performance review

Listed infrastructure traded up 1.4% (AUD, hedged) in January.

Listed infrastructure finished 1.4% higher in January. Continental Europe was the clear standout with a 12.4% gain. Asia Pacific and the U.K. also outperformed. Americas and Emerging Markets lagged, but both finished in positive territory. Continuing the momentum from year-end 2022, there was strong breadth in sector returns in January. Most long-term sovereign yields fell globally as signs of inflation moderating begin to form. Yield curves remain heavily inverted, however, keeping macro concerns in focus. Crude oil continues to hover near \$80 per barrel while natural gas continued to fall.

In Continental Europe, every sector outperformed global infrastructure with transportation leading the way. Communications was a standout sector as well with double digit returns. The U.K. outperformance was driven by solid utility returns which were in line with their European peers. Asia Pacific had most sectors outperform (rail being the exception) with transportation as the leader thanks to Australian and New Zealand stocks offsetting weaker Japanese passenger railroads. Most Japanese utilities finished higher pushing the sector to outperformance.

Americas was led by communications as tower stocks outperformed. Midstream outpaced global infrastructure as well despite falling commodity prices. Freight railroads reported results that included uncertain outlooks and finished the month negative. Utilities lagged to start the year after a solid 2022.

Portfolio performance

The Fund increased 2.83% in January, ahead of the index return.

The Fund's outperformance this month was driven by sector allocation while stock selection was a modest headwind to open the year. Continental Europe was the main contributing factor to the month's alpha, and it was the top returning region from an absolute basis. The Fund's overweight positioning in Europe favored returns as the region had each sector outperform global infrastructure on the back of the broader European market rebound. Sector allocation was also meaningfully positive in North America, with strength in communications the biggest contributor.

Stock selection had a negative impact overall, with strong performance of airport stocks in Europe the biggest drag as we are underweight, partially offset by positive impact of toll road exposure there and airport exposure elsewhere. Utilities in the Americas were a drag on stock selection as well, partially offset by strength in Emerging Market utilities with exposure to China. Midstream was a modest detractor from

relative performance as stock selection lagged due to names underperforming amidst challenges in the natural gas market.

Communications made a large positive contribution this month, with strength across the globe. Data center operator Equinix was again a leader in the U.S., while Cellnex in Europe was the best performing tower stock globally, benefiting from news reports of a potential takeover bid being considered by American Tower and Brookfield.

Market outlook

The outlook for infrastructure remains positive in 2023. The combination of compelling near-term opportunity and long-term tailwinds makes the sector attractive today. In the near-term, stability of fundamentals and earnings for infrastructure companies stands in stark contrast to broad equities. In the long-term, most 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.

The current environment offers several factors conducive to continued infrastructure outperformance, including:

- 1) Infrastructure's relative earnings momentum to broad equities is improving with stability a differentiator.
- 2) Above average inflation continues to support revenues given inherent inflation protection and inelastic demand.
- 3) Relative valuation compelling: while above historical averages, relative premiums tend to expand during periods of contracting economic growth.

The long-term consistent growth driven by the super cycle of infrastructure investment underpins our positive outlook. Infrastructure offers enduring risk-adjusted return characteristics that warrants a permanent spot in investor portfolios.

Infrastructure remains an area of consistent opportunity for active management. Our consistent process for evaluating risk, identifying investment themes, and picking stocks has led to consistent relative performance. Infrastructure is well-positioned for uncertainty of today, but the group also has stocks and sectors that benefit from more positive economic outlook, and through our active process we can tilt the portfolio in that direction when conditions warrant.

Client Services

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