UBS CBRE Global Infrastructure Securities Fund

February 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.

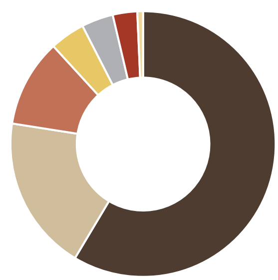
Top 10 positions by stock

Name	Country	Portfolio Weight (%)
Transurban Group Ltd.	Australia	5.19
American Tower Corporation	United States	5.12
NextEra Energy, Inc.	United States	5.11
Cellnex Telecom S.A.	Spain	4.16
WEC Energy Group Inc	United States	3.88
VINCI SA	France	3.74
Ameren Corporation	United States	3.19
Enbridge Inc.	Canada	3.14
Aena SME SA	Spain	3.13
National Grid plc	United Kingdom	3.07
Top 10 Total		39.73

Fund information

Inception date	4 August 2016
Fund size	$ 147.6m
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 (%)



North America	58.58
Europe ex UK	18.90
Australia & NZ	10.70
United Kingdom	4.27
Asia Pacific ex JP, NZ, AU	3.87
Japan	2.98
Cash	0.70

Top 5 overweight by stocks

Name	Country	Active Weight (%)
VINCI SA	France	3.74
Cellnex Telecom S.A.	Spain	3.43
WEC Energy Group Inc	United States	2.72
Eiffage SA	France	2.58
Ameren Corporation	United States	2.31

Top 5 underweight by stocks

Name	Country	Active Weight (%)
Duke Energy Corporation	United States	(3.00)
Dominion Energy Inc	United States	(1.92)
Southern Company	United States	(1.71)
Airports of Thailand Public Co. Ltd.	Thailand	(1.63)
TC Energy Corporation	Canada	(1.41)

Investment performance

Fund	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception* % pa
Total return	(3.00)	(3.68)	(2.53)	4.54	7.38	6.83
Benchmark**	(3.97)	(5.32)	(3.27)	2.27	5.45	5.29
Added Value	**0.97**	**1.64**	**0.74**	**2.27**	**1.93**	**1.54**

* 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 down 4% (AUD, hedged) in February.

Listed infrastructure traded down 4% in February. Europe was the best performing region, followed by Asia-Pacific. North America and emerging markets trailed, posting negative returns. Global sovereign yields shifted higher breaking their downward trend as inflation concerns and central bank actions continue to be top of mind for investors. Yield curves remained inverted. Natural gas had positive gains after the sharp selloff in prior months. Crude oil continued to trade rangebound.

Asia Pacific was led by its transportation sector. Specifically, airport and toll road stocks outperformed while Japan passenger railroads lagged. Utilities within the region were laggards.

The U.K. was positive due to favorable utility returns. Continental Europe had each sector outperform global infrastructure. Transportation was the best sector and one of the few areas with positive returns in the month. Utilities fared relatively well but lagged their U.K. peers.

Americas was the biggest laggard and had one sector outperform: transportation. Freight railroads showed resilience and had the best returns in the region. Midstream and utilities traded down in similar fashion. Midstream, after a strong 2022, faced declining commodity prices and utilities were weaker amidst an uncertain rate environment. Tower stocks trailed the most as the negative correlation trade to interest rates hurt the group.

Portfolio performance

The Fund declined 3.00% in February, ahead of the index return.

The Fund's outperformance this month was driven by strong stock selection and modest contribution from sector allocation. Stock selection was most positive from global transports and communications. Sector allocation benefitted from positioning in global transports and utilities, particularly those in Europe.

Transportation was the biggest contributor of relative performance in February. Positive contribution from toll road stock picks in Europe and Asia, airports within Europe and Mexico, and from underweight underperforming North American railroad stocks were all additive.

Communications contributed positively during the month which was due to positive stock selection slightly offset by negative sector allocation from U.S. exposure. However, data center holdings Equinix (U.S.) and NextDC (Australia) and European tower operator Inwit were strong performers and key contributors to relative performance.

Midstream also contributed positively with a positive contribution from stock selection. Cheniere Energy experienced some recovery in the month, posting positive returns when most midstream stocks were down mid-single digits on the month.

Utilities globally were a modest drag on stock selection overall, with positive impact from stock selection in China gas utilities and European holdings offset by modest weakness in North America and Asia-Pacific.

Market outlook

The outlook for infrastructure remains positive, especially when considering early underperformance compared with broad equities to start the year. 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 ongoing uncertainty for earnings of 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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