

# UBS Clarion Global Infrastructure Securities Fund

August 2021

## 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.

## 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.

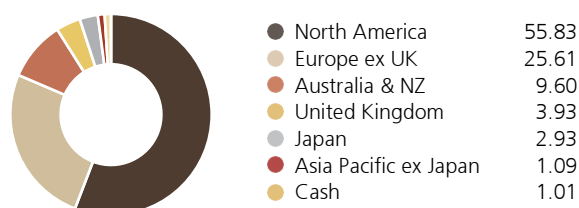
## Top 10 positions by stock

Name	Country
American Electric Power Company	United States
NextEra Energy	United States
Cellnex Telecom S.A.	Spain
American Tower Corporation	United States
Enel SpA	Italy
VINCI SA	France
Union Pacific Corporation	United States
National Grid	United Kingdom
Crown Castle International	United States
ENGIE S.A	France

## Fund information

Inception date	4 August 2016
Fund size	\$ 108.2m
Management fee	1.00% pa
Minimum initial investment	\$10,000
Distributions	Quarterly
Buy/sell spread	+/- 0.20%
Currency management	Hedged
APIR code	UBS0064AU

## Investment portfolio (%)



## Investment performance

Fund	1 month %	3 months %	1 year %	2 years % pa	3 years % pa	Since inception* % pa
Total return	2.71	3.87	20.25	6.78	9.85	9.23
Benchmark**	2.31	3.72	18.00	4.05	7.78	7.52
<b>Added Value</b>	<b>0.40</b>	<b>0.15</b>	<b>2.25</b>	<b>2.73</b>	<b>2.07</b>	<b>1.71</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 rose 2.71% in August, outperforming the Index return. Strong stock selection carried performance while weaker sector allocation somewhat offset relative gains. Stock selection was most positive in Continental Europe due to favorable stock picking in utilities there. Developed Asia and the U.S. also had positive stock selection, due to strength in transports in both regions. Sector allocation impact was modest in most regions, with underweight exposure to Emerging Markets the biggest detractor as that region outperformed.

Utilities stock selection contributed positively this month, especially in Europe and the U.S. Key out-of-index integrated utility holdings ENGIE (France), EDP (Portugal), Iberdrola (Spain) and Exelon (U.S.) all outperformed this month helping drive positive stock selection from the group. In the U.S., utility stock selection also benefited from underweight exposure to some of the large, regulated utilities that underperformed this month.

Transportation also contributed positively to stock selection. Core holding Atlas Arteria responded well to positive earnings and outlook for traffic recovery on its French toll road network. In the U.S., the Fund benefited from overweight exposure to Canadian National and Kansas City Southern. The merger of the two rails broke down this month, which was a positive catalyst for both stocks.

## Market review

Listed infrastructure traded up 2.3% (AUD, Hedged) in August. All regions were positive, with Emerging Markets and the U.S. outperforming other regions across the globe. No dominant themes emerged in August resulting in mixed sector returns globally. Global sovereign yields drifted higher from multi-year lows in recent months. Crude oil declined while natural gas prices continued to surge globally.

Americas' outperformance was driven by utilities and communication sectors. Utilities posted solid 2Q earnings and benefitted from rotation this month after underperforming the broader market. Towers continued their recent positive momentum. Midstream finished negative as oil price weakness impacted energy stocks broadly. Rails were positive, but weekly volumes are slowing and are feeling the effects of supply chain challenges globally.

Continental Europe underperformed this month, but communications was a bright spot, with strong returns from towers and satellites. Asia lagged, with mixed results across utilities and transportation stocks in the region. Emerging Markets strength was led by port and airport stocks that benefitted from supply chain demand and improved travel outlooks.

## Outlook

We continue to see value in infrastructure stocks globally, as evidenced by the persistent discount to global equities and to the private market. Year-to-date transaction activity in the infrastructure market supports our view that assets in the listed infrastructure space are cheap and that there is a re-rating opportunity ahead. Based on our analysis we believe there is a 25-35% multiple re-rating opportunity that will accrue to listed infrastructure investors over time as listed market multiples begin to reflect asset valuations being paid in the private market.

In addition to attractive valuation, the fundamental outlook for infrastructure stocks is strong, with resilient and growing cash flows expected to continue. Growth is supported by the ongoing need to invest in aging infrastructure and the secular trends of decarbonization and digital transformation. Accelerating demand for infrastructure investment, combined with accommodative policy and global economic rebound post-pandemic will drive dividend growth CAGR of more than 8% for the next 3 years.

We find the combination of attractive valuation and improving fundamentals make for an attractive outlook for listed infrastructure. The strong underlying secular trends in place are likely to further strengthen the durability of future cash flow streams and increase investment opportunities. Our investment process is designed to identify the best risk-adjusted returns versus the global infrastructure universe. Integrating private infrastructure information is core to our process at CBRE Clarion. We believe this provides us with a differentiated approach to investing and supports our ability to consistently add value.

## Client Services

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