

# UBS CBRE Global Infrastructure Securities Fund

September 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.

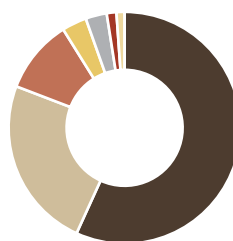
## Top 10 positions by stock

Name	Country
NextEra Energy	United States
American Electric Power Company	United States
Cellnex Telecom S.A.	Spain
American Tower Corporation	United States
VINCI SA	France
Cheniere Energy	United States
Union Pacific Corporation	United States
National Grid	United Kingdom
Crown Castle International	United States
Atlas Arteria	Australia

## Fund information

Inception date	4 August 2016
Fund size	\$ 115.5 m
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	56.80
Europe ex UK	24.02
Australia & NZ	10.30
United Kingdom	3.45
Japan	2.96
Cash	1.35
Asia Pacific ex Japan	1.13

## Investment performance

Fund	1 month %	3 months %	1 year %	2 years % pa	3 years % pa	Since inception* % pa
Total return	(3.86)	(0.04)	17.64	3.67	8.85	8.25
Benchmark**	(3.03)	0.79	14.84	1.53	6.86	6.76
<b>Added Value</b>	<b>(0.83)</b>	<b>(0.83)</b>	<b>2.80</b>	<b>2.14</b>	<b>1.99</b>	<b>1.49</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 decreased by -0.04% in 3Q 2021, underperforming the Index return by 83bps.

In a reversal from 2Q, sector allocation was only a modest positive contributor to relative performance this quarter, and that was more than offset by poor stock selection. Stock selection impact was primarily from Continental Europe due to poor stock picking in utilities and toll road stocks. The U.S. was a bright spot for stock selection, with strength in midstream and railroads.

Midstream was a key contributor to stock selection in the quarter, driven primarily by the Fund's largest midstream holding Cheniere Energy. Cheniere owns and operates LNG export facilities and while the company has long-term contracts that is not affected by commodity pricing, the spike in global LNG prices signals demand for their future projects.

Utilities stock selection in Europe was the biggest detractor this month, especially key out-of-index, like Enel (Italy), ENGIE (France), and Iberdrola (Spain). Energy market concerns played a notable role in the underperformance of these stocks which was worsened by growing fears of negative political interference in response to the anticipated sharp increase in power prices.

## Market review

Listed infrastructure traded up 0.8% (AUD, Hedged) in 3Q 2021.

All major regions outside of North America were positive, with Asia Pacific and Europe outperforming. Australia (+7%) and Continental Europe (+5%) led the way this quarter. Emerging markets slightly outperformed, while the U.S. and U.K. underperformed global infrastructure this quarter.

Global growth concerns at times took center stage as COVID-19 concerns grew amidst widespread Delta variant headlines. Markets continued to grapple with the potential for rising inflation and policy response as the quarter witnessed a notable pickup in costs across an increasingly challenged global supply chain. Despite no major sector theme, as winners and losers varied across regions, there has been growing focus on rising power prices due to fast appreciating commodities. Natural gas increased over 50% in 3Q to while crude oil ended above \$70/barrel.

Continental Europe was carried by strong transportation returns. Airports outperformed while countries continue to rollout varied re-opening measures. Utilities were positive and were led by the more regulated names compared to integrated utilities and renewable developers that traded lower.

Asia-Pacific outperformed during the quarter, aided by strength in the transportation stocks in that region. Airports led the way after Sydney Airport traded up sharply (+42%) during the quarter after receiving a takeout bid by a private consortium.

Americas had split returns. Utilities and midstream had positive returns and outperformed the other sectors in the region. Utilities rebounded after a weaker first half of the year and reported solid 2Q earnings. Midstream benefited from the continued rise in gas prices and the broad energy rally.

## Outlook

We see compelling value in infrastructure stocks globally, which remain cheap versus global equities, fixed income and 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 may accrue to listed infrastructure investors over time as listed market multiples begin to reflect asset valuations being paid in the private market.

Sharp increases in power prices and commodities that occurred in Q3 are in part due to the global economic re-opening and the energy transition. While the cost to consumers and businesses is real, we do not believe that governments or corporates will change course away from lower carbon energy and the required investment. We also expect a stabilization in commodities which should be a positive for consumer sentiment and regulatory views on customer bills. Global utilities will continue to invest in clean energy assets which drives visible long-term earnings and dividend growth.

We find the combination of attractive valuation and improving fundamentals make for an attractive outlook for listed infrastructure. 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 Investment Management. 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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