

# UBS CBRE Global Infrastructure Securities Fund

October 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.

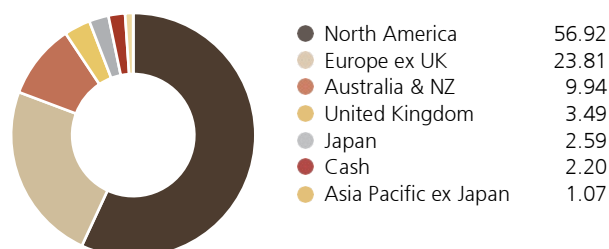
## Top 10 positions by stock

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

## Fund information

Inception date	4 August 2016
Fund size	\$ 121.4 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 (%)



## Investment performance

Fund	1 month %	3 months %	1 year %	2 years % pa	3 years % pa	Since inception* % pa
Total return	4.36	3.04	23.24	6.04	11.46	8.99
Benchmark**	3.06	2.25	19.09	3.08	8.36	7.26
<b>Added Value</b>	<b>1.30</b>	<b>0.79</b>	<b>4.15</b>	<b>2.96</b>	<b>3.10</b>	<b>1.73</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 4.36% in October, outperforming the Index return by 130bps.

Relative return rebounded in October, with a large contribution from stock selection and a smaller positive contribution from sector allocation. Stock selection benefit was primarily from utilities in the U.S. and Europe. Modest positive sector allocation was driven primarily by underweight exposure to the emerging markets overall and to utilities in Asia-Pacific.

Integrated utilities in Continental Europe with positive exposure to the decarbonization thematic rebounded in October, including key out-of-index holdings Enel (Italy), ENGIE (France) and EDP (Portugal). Energy market concerns and related political risk abated this month, and renewable development was supported by well-publicized global climate meetings.

Similar positive decarbonization themes helped contribute to U.S. utility stock selection, with contributions from key out-of-index holdings Exelon and AES, in addition to active positions in other key holdings FirstEnergy, among others. Midstream holdings were positive contributors, with strength in natural gas pipeline stocks.

Transportation was mixed across the globe. European toll road exposure outperformed airports in the region, adding to stock selection. North American rail stock impact was muted given broad strength across that group. Emerging markets transportation was a positive contributor to relative performance due to Mexican holdings. Australia transportation stocks were negative in October, and the Fund benefited from underweight exposure to Transurban, balanced by overweight exposure to Atlas Arteria.

## Market review

Listed infrastructure traded up 3.1% (AUD, Hedged) in October.

Performance was mixed across the globe this month, as strength in North America and Europe was partially offset by weakness in Asia-Pacific and emerging markets. U.S., Canada and U.K. led the way this month. Japan and Australia lagged, along with slightly negative returns for the emerging markets.

Inflation, supply chain bottlenecks, and rising commodity prices continue to be focus points for infrastructure stocks and the market more broadly. 10-year sovereign yields have gradually increased as central banks are showing signs of becoming more hawkish. Global infrastructure saw areas of positive momentum, however, as some of these concerns had already impacted returns prior to October. Integrated utilities and renewable developers rebounded, and freight railroads were outperformers in October. Commodity prices remain firm, with oil prices above \$80/bbl, but natural gas prices rolled over, providing some relief to power price challenges in Europe.

Americas returns were strong across sub-sectors, especially for rails. 3Q earnings for freight rails highlighted pricing power and provided relief to supply chain concerns that had weighed on the stocks. Stocks across all sectors in the Americas were supported by broad strength of equities in the U.S.

U.K. and Continental Europe benefited from strong returns among utility stocks, while transportation stocks were mixed with weakness in certain airports pulling down returns. The communication sector was relatively muted and ended marginally negative overall.

Asia-Pacific underperformed during the month, driven by broad weakness across utilities and transportation stocks in Japan and Australia. Japan's reopening continued, but the pace underwhelmed this month. In Australia, higher rates and currency weakness offset progress in vaccination rates..

## Outlook

Listed infrastructure has a bright outlook in the current environment. Inflation protection is a hallmark of the asset class and beyond that investors can benefit from growth that is accelerating on the back of accommodative policy and increasing demand. Moreover, we see compelling value in infrastructure stocks globally, which remain cheap versus global equities, fixed income and the private market. 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 in the private market and historical relationships to equities and bonds begin to normalize.

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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