

UBS CBRE Global Infrastructure Securities Fund

November 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.

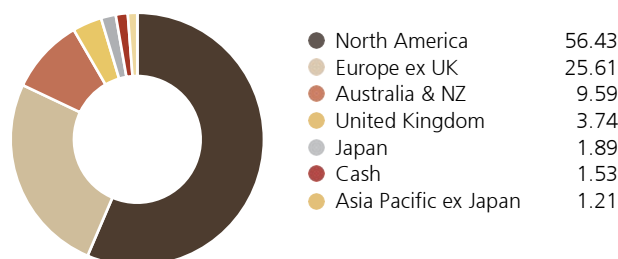
Top 10 positions by stock

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

Fund information

Inception date	4 August 2016
Fund size	\$ 125.2m
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	(2.39)	(2.07)	12.55	5.14	9.37	8.35
Benchmark**	(2.21)	(2.27)	9.70	2.37	6.59	6.70
Added Value	(0.18)	0.20	2.85	2.77	2.78	1.65

*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 declined 2.39% in November, underperforming the Index return by 10bps.

Relative return was negative in November, driven by negative stock selection, partially offset by favorable sector allocation. Negative stock selection was almost entirely attributable to utilities in Europe and North America, with other sectors generally contributing positively to stock selection. Sector allocation benefitted the most from global utility positioning, notably in Continental Europe, while being somewhat offset by positioning across global transports.

Integrated utilities in Continental Europe with exposure to the decarbonization thematic reverted to weakness this month, including key out-of-index holdings Enel (Italy) and EDP (Portugal). Enel was a notable underperformer that was weak into a Capital Markets Day (CMD) only to see some recovery before a more precipitous decline during the volatility surge into month end surrounding the Omicron variant. Similar thematic exposure within U.S. utilities had more mixed outcomes this month, with divergent contributions from key out-of-index holdings Exelon (positive) and AES (negative).

Transportation was mixed across the globe. European transport stocks underperformed, and stock selection detracted. North American rail stock impact was positive due to strong selection in a weak month for the group. Australia transportation stocks were positive in November, and the Fund had positive stock selection from overweight to Atlas Arteria in a month when it outperformed Transurban. In addition, exposure to Sydney Airport contributed. Australia contribution helped to offset negative impact of exposure to Japan passenger rail stocks.

Midstream holdings were positive contributors in November, with strength in U.S. natural gas pipeline stocks as well as 'stand-out' performance from LNG export company Cheniere Energy. Communications holdings also positively contributed to relative returns, with the most notable contribution from Inwit, an Italian-listed tower company that outperformed on the back of momentum from reports indicating KKR expressing interest in Telecom Italia, one of the main tenants of Inwit's towers and a large shareholder.

Market review

Listed infrastructure traded down 2.2% (AUD, Hedged) in November.

Listed infrastructure finished negative for the month on a hedged basis in November. The U.K. was the best performing region at +6.7% followed by Australia, while other regions were negative on the month. Continental Europe, Japan and Canada were laggards for the month. Macro headlines remained focused on inflation, supply chain, commodities, and central bank policy while volatility ramped into month-end on news of the Omicron variant. 10-year sovereign yields generally fell globally despite elevated inflation numbers and anticipation of tapering from the U.S. Federal Reserve. Crude oil declined on headline risk of the new Omicron variant and potential impacts on international travel. Among the evolving macro landscape, utilities tended to be amongst the best performing stocks across the infrastructure space.

The U.K. traded well due to strong utility returns. Continental Europe utilities also fared well and ended higher for the month. Europe overall was brought down by weak performance from communication and transportation stocks. Asia Pacific posted marginally positive returns, driven mostly by positive returns in Australia. Transportation names showed mixed performance in Asia-Pacific, with Australian toll roads and airports performing notably better than underperforming Japanese passenger rails. Hong Kong based utilities generally underperformed.

Americas was negative in all subsectors with midstream lagging most significantly and utilities outperforming. Communications trailed and the rails gave up some recent gains. Midstream stocks were hurt by declining commodity prices.

Outlook

The outlook for listed infrastructure remains compelling with durable, inflation-linked cash flow streams currently priced at attractive valuations. Despite the pickup in market volatility, we believe fundamentals for listed infrastructure companies remain healthy and we do not anticipate any major revisions to our estimates resulting from recent headlines. The building blocks of growth remain firm with organic growth from inflation-linked revenue streams going higher and investment-led growth benefitting from a mix of policy tailwinds and growing demand. We are encouraged by the sustainability of these trends which are benefiting from secular forces driving demand in areas such as decarbonization and digital transformation. We are also encouraged by ongoing policy support which was evidenced in the U.S. this month with the passage of the Biden administration's infrastructure spending package. While this is just one small piece of a much larger global storyline, we believe it serves as an example of how policy can enhance and extend the positive outlook for infrastructure spending globally.

Client Services

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