

Ausbil Global Essential Infrastructure Fund – Unhedged

Quarterly performance update

September 2024

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Performance

Returns as at 30 September 2024

Period	1 month	3 months	6 months	1 year	2 years pa	3 years pa	4 years pa	5 years pa	Since Inception pa ⁴
Fund return ¹ (%)	1.68	11.95	7.46	16.41	7.85	5.73	8.10	4.00	8.11
OECD G7 CPI Index plus 5.5% pa ² (%)	0.66	2.05	4.20	8.73	10.17	10.85	10.04	9.37	9.05
Out/under performance (%)	1.02	9.90	3.27	7.69	-2.32	-5.12	-1.95	-5.37	-0.95
FTSE Developed Core Infrastructure 50/50 Net Tax Total Return Index (AUD) ³ (%)	0.35	9.60	7.62	19.24	9.20	7.56	9.23	4.26	7.84
Out/under performance (%)	1.32	2.35	-0.15	-2.83	-1.35	-1.83	-1.13	-0.26	0.27

'Valuations remain attractive, and the fundamentals of the asset class are strong'

Performance Review

Fund performance for the quarter ending September 2024 was +11.95% (net of fees) versus the benchmark return of +2.05%, as measured by the OECD G7 CPI Index plus 5.5% pa, and the reference index return of +9.60% as measured by the FTSE Developed Core Infrastructure 50/50 Net Tax Total Return Index in AUD.

Over the quarter, equity markets moved higher but with heightened volatility for various reasons, including the strengthening Japanese yen, rising tensions in the Middle East and some conflicting data regarding the health of the US economy. Importantly, the US Federal Reserve lowered interest rates for the first time in four years with a larger than usual reduction of 50bps. Other major central banks, including the ECB, the Bank of England and the Bank of Canada, also lowered interest rates during the period.

Lower interest rates and a broadly positive earnings season for the infrastructure sector provided a very supportive backdrop for Essential Infrastructure with all sectors in the green, but it was the longer duration sectors and North America that benefited the most with North American mobile towers (+22%) and utilities (+15%) particularly strong.

In terms of individual names, Canadian energy infrastructure company TC Energy rose over 25% during the quarter as investors rewarded the company for its divestment and simplification strategy, strengthening its balance sheet and its leverage to potential rising natural gas demand in North America. Our US utility holdings were strong across the board, with Entergy +24% on the back of successfully resolving a longstanding legal dispute in Louisiana and increasing focus on its favourable location and growth potential from new data centre load and onshoring. Our largest Fund holding, Public Service Enterprise Group, rose +22% as the equity market increasingly appreciates the value of its nuclear generation fleet following the announcement by Constellation Energy that it proposes to restart the Three Mile Island nuclear plant to supply electricity to a Microsoft owned data centre for 20 years.

Top 10 Stock Holdings

Name	Fund %
Public Service Enterprise	6.58
American Tower	5.40
Entergy	4.68
NextEra Energy	4.50
TC Energy	4.43
National Grid	4.05
Crown Castle	3.69
Auckland International Airport	3.13
Cellnex Telecom	3.12
Atmos Energy	3.07

Sector Allocation

Sector	Fund %
Communications Infrastructure	12.13
Energy Infrastructure	15.65
Transportation	17.66
Utilities	53.72
Cash	0.85
Total	100.00

Region Allocation

Region	Fund %
Asia Pacific	6.01
Europe	19.99
North America	64.64
United Kingdom	8.51
Cash	0.85
Total	100.00

1. Fund returns are net of fees, before taxes and assume reinvestment of distributions.
2. The benchmark is the OECD G7 CPI Index plus 5.5% per annum, which is an accumulation index maintained by Ausbil.
3. The Fund's reference benchmark is the FTSE Developed Core Infrastructure 50/50 Net Tax Total Return Index (AUD). Although the Fund is not managed to this reference benchmark, Ausbil believe the reference benchmark a more widely recognised global listed infrastructure index for investors and so is more useful for comparison and reference purposes.
4. Since Inception December 2018.



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Fund Strategy

Despite the recent strong performance of Essential Infrastructure, valuations remain attractive, and the fundamentals of the asset class are strong. Interest in Essential Infrastructure seems to have pivoted given the backdrop of lower interest rates, some uncertainty regarding the macro-economic outlook and rising geopolitical tensions in the Middle East. Regarding interest rates, Ausbil's central scenario is for global rate cuts to continue for the balance of 2024 and into 2025, maintaining the favourable backdrop that underscored the recent strong performance in the asset class. There is also growing recognition of the growth potential of the asset class particularly as it relates to growing energy demand from AI and data centres combined with other secular themes, including the energy transition.

Infra-know

Nuclear power is having a renaissance in the United States. In addition to the proposed restart of the Three Mile Island nuclear plant as noted above, Talen Energy and Amazon had previously announced that Three Mile Island will supply electricity to a new data centre co-located at the Susquehanna nuclear plant. Private company Holtec has recently received US Government funding to restart the Palisades nuclear plant. Fund holding PSEG is in active discussions regarding its nuclear plants in New Jersey and Pennsylvania with the potential for co-location of data centres. NextEra, also a Fund holding, has recently discussed the potential to restart the Duane Arnold nuclear plant in Iowa. The culmination of a number of factors has triggered this significant interest in nuclear power, including the support provided by the US Inflation Reduction Act, growing electricity demand due to AI and data centres, and renewed recognition of the unique value of nuclear energy in supplying reliable carbon emission free electricity 24/7.

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More information on the OECD G7 CPI Index plus 5.5% pa benchmark

The OECD G7 CPI Index is published on a monthly basis (five weeks after the end of the period) and represents the weighted average changes in the prices of consumer goods and services purchased by households for the Group of 7 countries in the Organisation for Economic Co-operation and Development (OECD). The Group of 7 countries are Canada, France, Germany, Italy, Japan, United Kingdom and United States. Ausbil maintains an accumulation index calculated by converting the movement in OECD G7 CPI Index reported, plus 5.5 per annum into a daily return. As the OECD usually publishes the OECD G7 CPI Index around five weeks after the end of the period, eg the 31 December data will generally not be released by the OECD until the first week of February, the performance return for the benchmark in the table provided is estimated using the previous months OECD G7 CPI Index. As the OECD G7 CPI Index calculation methodology allows for historical revision of the index (such as when an included country revises their national accounts), at a minimum we will update any material revisions to reported OECD data first published during the previous six months when presenting performance data in Fund reports. However, we do not republish previously released reports due to OECD data revisions. The OECD G7 CPI Index is published on the OECD website at: www.oecd.org/std/prices-ppp/.