

## INVESTMENT OBJECTIVE

The Global Infra-Energy Fund (the Fund) is focused on infrastructure and energy business segments to provide exposure to companies that are operating in essential industries around the world. We explore the entire infrastructure and energy value chain where we believe we can add value under different economic scenarios.

The Fund targets an annual total return of 10% with income component of greater than 3.5% yield.

Our investment approach is bottom-up, value-oriented with a quality overlay, thematic-driven and index agnostic.

## FUND OVERVIEW

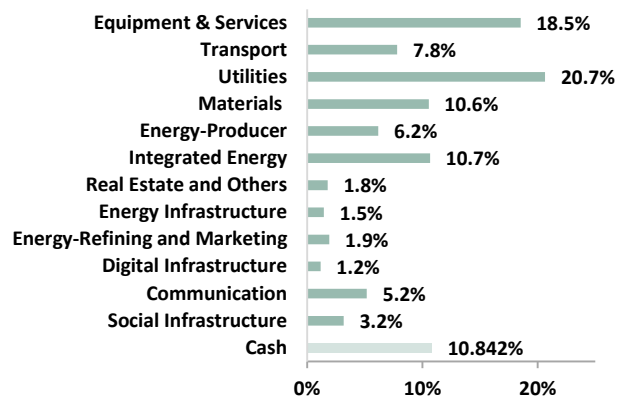
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|--------------------|---------------------------|
| Portfolio Manager  | Roy Chen                  |
| Performance Target | 10% per annum             |
| Asset Class        | International Shares      |
| Coverage           | All Global Equity Markets |
| Currency           | AUD Unhedged              |
| Cash Holdings      | Up to 35%                 |
| Entry/Exit Price   | \$0.989/\$0.9831          |

## PERFORMANCE - Performance target 10% p.a.

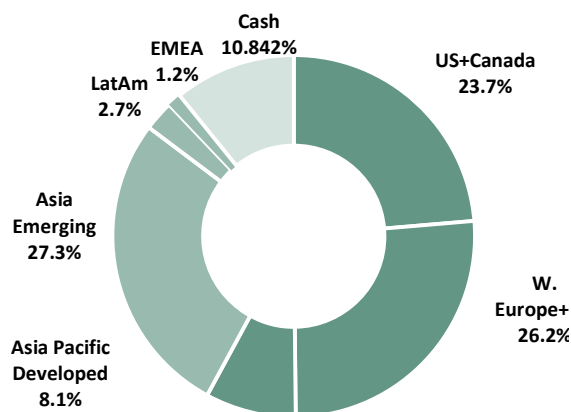
| Total Return              | 1 month | 3 month | 6 month | YTD  | 1 yr pa | 2 yr pa | 3 yr pa | 5 yr pa | SI**  |
|---------------------------|---------|---------|---------|------|---------|---------|---------|---------|-------|
| Global Infra-Energy Fund* | 1.2%    | 1.5%    | -2%     | 3.5% | -0.2%   | 8%      | 4.8%    | 4.5%    | 41.2% |

\*Performance is based on the movement in net asset value per unit plus distributions before tax and after all fees and charges. Imputation and foreign tax offsets are not included in these numbers. \*\*Inception date is 1 August 2017, calculated cumulatively, and assuming all distributions have been reinvested.

## SECTOR EXPOSURE



## REGIONAL EXPOSURE



## TOP 10 HOLDINGS

|    | Company               | Country       | Industry Segment     | Mkt Cap \$USbn | ND/EBITDA | Div Yield | Weight |
|----|-----------------------|---------------|----------------------|----------------|-----------|-----------|--------|
| 1  | Schneider Electric SE | France        | Equipment & Services | 152            | 1.4       | 1.5%      | 1.9%   |
| 2  | Linde plc             | United States | Materials            | 228            | 1.4       | 1.1%      | 1.7%   |
| 3  | Iberdrola SA          | Spain         | Utilities            | 99             | 3.4       | 3.2%      | 1.5%   |
| 4  | Siemens Energy AG     | Germany       | Equipment & Services | 30             | 1.3       | 0.0%      | 1.5%   |
| 5  | Eaton Corp. Plc       | Ireland       | Equipment & Services | 132            | 1.6       | 1.1%      | 1.3%   |
| 6  | Constellation Energy  | United States | Utilities            | 81             | 2.4       | 0.5%      | 1.3%   |
| 7  | Sembcorp Industries   | Singapore     | Utilities            | 8              | 4.9       | 2.5%      | 1.3%   |
| 8  | Enel SpA              | Italy         | Utilities            | 81             | 3.5       | 6.0%      | 1.3%   |
| 9  | NRG Energy, Inc.      | United States | Utilities            | 19             | 3.4       | 1.9%      | 1.3%   |
| 10 | Dominion Energy Inc   | United States | Utilities            | 48             | 6.4       | 4.4%      | 1.3%   |

## PORTFOLIO COMMENTARY

- The Fund returned +1.2% in September versus the MSCI AC Index of only +0.07% as both sector and regional performance favoured our strategy.
- Two of our overweight MSCI sectors did well - Utilities and Materials while Energy was the worst performing sector.
- Our best Segments were Equipment & Services - those related to electrical, Utilities and Materials (Metals/Miners). All Energy-related segments ex refiners detracted as oil prices came under pressure (Brent - 6.9%).
- Contributors to returns came from **Siemens Energy** Germany, **Vertiv** US and **Weichai Power** China (Equipment & Services), **Constellation Energy** US and **B Grimm Power** Thailand (both Utilities). Worst performing stocks were four US Energy related and 1 Consumer Discretionary from Spain- PUIG (see table below).
- In September, we took some profits in the overweight Equipment & Services segment - **GE Vernova**, **Carrier Global** both US and **MODEC** Japan, and **Shangdong Weigao** and **Sinopharm** -both Chinese healthcare.
- New holdings added in Utilities - **Gulf Energy** Thailand, **PSEG** and **Vistra** from US, **Saipem** Italy in Equipment & Oil Service. We also took advantage of weakness to buy back previous holdings in **CNOOC** China -Energy Producer and **Shin-Etsu Chemical** Japan - Materials- Chemical.

## PORTFOLIO POSITIONING

- In terms of geography, there was a substantial increase in Asia Pac from 29.9% to 35.4% while we reduced both Europe (from 31.3% to 26.2%) and US (from 30.2% to 23.7%). Cash increased from 5.8% to 10.8%.
- Sector highlights** –For the first time **Utilities** has become our largest segment (20.7%) while **Equipment & Services** dropped to No2 at 18.5%. Both segments are the biggest beneficiaries of AI-datacentres/Power demand boom highlighted in our last article. Up till now, most gains are mainly in the US, especially those related to nuclear power generation as big techs are signing long-term contracts.
- Transport segment** continued to see weightings declined to its lowest level at 7.8% as we trimmed given the headwind facing the Shipping industry. We are more positive in the airport segment.
- We highlighted last month that both Materials and Energy were trading near their worst levels and could see rebound if China economy improves. In late Sept we did see the Chinese announce more measures to stimulate the economy and Materials sector rebounded.
- Having trimmed our overall exposure substantially only to see a meaningful upturn in the Energy sector. At current depressed prices, we will be looking for bargain hunting opportunities to add to the portfolio.

- In the meantime, we have increased the weighting in another defensive area - Telecom services. This sector also benefits from the datacentres/cloud services boom.
- Our in-depth research has identified more opportunities in mispriced Chinese stocks hence, our weighting there has increased combined with our positive view on ASEAN. Similarly, we see Iberia in Europe well positioned to be a key hub for datacentres after Germany and the UK.
- We believe the portfolio is well diversified to preserve capital. By adhering to our strict investment criteria which includes balance sheet strength and high free cash flow generation, we believe we can deliver a less volatile path for investors to achieve both income and growth.
- In selecting our stocks we are conscious of some of the momentum risk hence never compromise on balance sheet and free cash flow generation.

## PORTFOLIO CHARACTERISTICS

|                              |          |
|------------------------------|----------|
| Net Asset Value              | \$0.9861 |
| Number of stocks             | 84       |
| Net cash position            | 10.8%    |
| Dividend yield               | 3.5%     |
| Price/Earnings FY1           | 15.3     |
| Market capitalisation \$USbn | 55.9     |
| EV/EBITDA                    | 14.6     |
| ND/EBITDA                    | 6.1      |

## TOP 5 PERFORMERS

| Company                            | Return |
|------------------------------------|--------|
| 1 Constellation Energy Corporation | 29.3%  |
| 2 Siemens Energy AG                | 25.2%  |
| 3 B.Grimm Power Public Comp        | 22.2%  |
| 4 Weichai Power Co., Ltd.          | 22.2%  |
| 5 Vertiv Holdings Co.              | 17.2%  |

## BOTTOM 5 PERFORMERS

| Company                            | Return |
|------------------------------------|--------|
| 1 New Fortress Energy Inc. Class A | -27.2% |
| 2 Puig Brands, S.A.                | -19.9% |
| 3 APA CORPORATION                  | -16.0% |
| 4 DEVON ENERGY CORP NEW            | -13.6% |
| 5 Transocean Ltd.                  | -12.3% |

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