Portfolio report

UBS CBRE Global Infrastructure Securities Fund
Global Equity REITs
Client report from 01.03.2024 to 31.03.2024

Performance comments

After fees and expenses, the portfolio increased 1.09% over the quarter and underperformed the benchmark.

% Return (Net)	Fund[1]	Benchmark*	Difference
3 months	1.09	2.54	(1.45)
1 year	1.16	2.12	(0.96)
3 years	3.40	2.59	0.81
5 years	4.49	2.95	1.54
Calendar Year to Date	1.09	2.54	(1.45)
Since inception (08/16)	6.30	5.12	1.18

[1] Performance figures are net of ongoing fees and expenses.

* FTSE Global Core Infrastructure 50/50 100% Hedged to AUD Net Tax Index

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.

Source: UBS Asset Management. These figures refer to the past. Past performance is not a reliable indicator of future results.

The Fund's negative relative performance resulted mostly from negative impact of sector allocation, with stock selection also negative but to a lesser extent. Sector allocation impact was negative in all regions, with the impact most pronounced in Emerging Markets due to underweight exposure to the outperforming region. Stock selection was positive in the U.S. with contributions from communications, utilities and midstream. Stock selection was modestly positive in Asia and negative in Europe and in Emerging Markets.

Positioning across global utilities was a significant headwind in the quarter. Most of the underperformance was driven by selection and overweight exposure to European utilities, which underperformed, and underweight exposure to outperforming Asia utilities. Utility impact was positive in the U.S., where underweight exposure and stock selection positively impacted relative performance.

In Europe, the Fund's exposure to Enel and EDP (the best two performers in 4Q2023), integrated utilities outside the benchmark, were headwinds to performance in the quarter. The largest positive contributor was U.S. utility Constellation Energy Corp. (CEG), America's largest clean power provider, rallied more than 50% (local) after the company's strong 4Q earnings call highlighted its attractive nuclear assets backed by favorable load growth dynamics in the U.S. related to generative artificial intelligence.

Global communications also detracted for the quarter, despite strong stock selection in the U.S., this was offset by negative impact of sector allocation in U.S. and Europe where overweight exposure detracted. Positive stock selection in the U.S. was driven by strong performance of data center company Equinix, an overweight position benefitting from data growth trends and enthusiasm towards AI.

Transportation stocks also detracted this quarter, but within transportation, the impacts of airport and toll road exposure in Europe were positive. Transportation stocks in Europe, including Spanish airport company Aena and toll road owner Eiffage, outperformed. Overweight exposure to that group helped relative performance. However, Emerging Markets transportation outperformed, and the Fund's underweight exposure detracted from relative performance. Midstream contributed for the quarter, primarily due to stock selection as the portfolio exposure matched benchmark exposure.

Stock selection benefitted from strong performance by the portfolio's largest holding in midstream, Targa Resources, that traded up nearly 30% (local). In addition, underweight to more interest rate sensitive Canadian pipeline stocks that underperformed contributed to stock selection.

Stock Contributors & Detractors (%)

Company name	Return	Contribution	Over / underweight
Targa Res	35.61	0.72	OW
Constellation Energy	65.73	0.60	OW
Xcel Energy	(8.24)	0.19	OW
Transurban	(2.85)	0.17	UW
Csx	12.19	0.14	OW
Total of top 5 Contributors		**1.82**	
Atlas Arteria	(4.15)	(0.22)	OW
International Container	37.42	(0.24)	UW
Enel Spa	(3.90)	(0.31)	OW
Cellnex Telecom Sau	(6.03)	(0.32)	OW
Edp-Energias De Portuga	(18.74)	(0.43)	OW
Total of top 5 Detractors		**(1.52)**	

Note: Position at quarter-end, which may be different to the position during the quarter.

Portfolio Positioning

Active Positions by Stock (%)

Top 5 Overweights		**Top 5 Underweights**	
Vinci	3.86	Transurban	(3.98)
Csx	3.21	Enbridge	(2.67)
Targa Res	3.13	Adani Port And Special	(1.78)
Enel Spa	2.97	American Elec Pwr In	(1.78)
Canadian Natl Ry Co	2.96	Williams Cos	(1.66)

Note: Position at quarter-end, which may be different to the position during the quarter.

Market Review

Listed infrastructure traded 2.5% (AUD, hedged) higher in the first quarter to kick off 2024. After a negative January, the group rebounded in February and March in the face of rising rates. Emerging Markets was the best performing region in Q1. Continental Europe was the best performing developed region and the only other region to outperform infrastructure overall. Developed Asia and the Americas underperformed but finished positive. The communications sector was generally weaker globally, driven by towers in Americas and Europe. Utilities and transportation were mixed across regions. Outside of Australia, treasury yields rose in developed markets during the quarter but stayed below 2023 peaks. Crude oil trended higher through most of the quarter reaching the low $80s per barrel. Natural gas had trouble finding a floor and fell each month.

Americas was positive thanks to strong performance of midstream and freight rails. Midstream benefitted from a supportive demand environment, M&A and positive oil prices. Freight railroads outperformed global infrastructure on solid 4Q results, improved volumes and optimism for improved margins later in the year. The utilities sector traded higher but ultimately lagged due to mixed returns within the group. Communications was weak as towers faced pressure from higher rates.

Asia Pacific lagged due to Australian and New Zealand transportation stocks. Japanese passenger railroads fared better within the sector. Utilities outperformed as several Japanese names had double digit gains in the quarter amidst the wide range of individual results that also had some negative returns.

Continental Europe was led by transportation. Several airports outperformed, boosting the sector's returns. Communications, like in the Americas, ended lower due to towers. Utilities were weak in Q1 with few names finishing in positive territory. Utilities in the U.K. also trailed the overall Index but outperformed their European peers.

Infrastructure outlook is positive across Fed scenarios, can serve as insurance against surprising near-term outcomes

Scenario 1: Inflation eases, Fed cuts rates in 2H 2024

This soft-landing scenario is our base case. Under this scenario, the catalyst is the reversal of market concerns over higher rates and infrastructure as a capitalintensive business. Infrastructure is trading at historically attractive valuations relative to equities, which would be the primary driver of outperformance relative to broad equities and bonds. Infrastructure has historically been a premium asset class relative to equites.

Scenario 2: Inflation persists, raising recession chances

In this scenario, infrastructure's resilient earnings and attractive valuations should

help infrastructure outperform. Inflation-protected earnings should offset higher cost of capital, which has historically led to outperformance in periods of slowerthan- expected growth and greater-thanexpected inflation. We see solid high single digit earnings growth in both scenarios.

Infrastructure is needed for generative AI

Gen AI theme has emerged in the market, and it needs infrastructure. Datacenters are the clear beneficiary of a boom in AI as demand trends are accelerating and pricing for existing capacity are going much higher. Recent CBRE research suggests asking rents have increased +20-54% in key North American markets over the last 8 months alone. Utilities are also beneficiaries of Gen AI, given the materially higher power requirements of AI Data Centers. Increased load growth from AI datacenters is supporting utilities cashflow growth and demand for clean energy.

UBS Asset Management (Australia) Ltd

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