

# 30 SEPTEMBER 2019 QUARTERLY REPORT REDPOINT GLOBAL INFRASTRUCTURE FUND

Fund performance as at 30 September 2019	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa) <sup>4</sup>	3 years (% pa) <sup>4</sup>	5 years (% pa) <sup>4</sup>	7 years (% pa) <sup>4</sup>	Since Inception (% pa) <sup>4</sup>
Fund return (net) <sup>1</sup>	1.78	3.66	6.57	16.56	10.26	11.00	9.48	12.54	12.62
Benchmark return <sup>2</sup>	1.72	3.48	7.30	18.90	11.37	11.50	9.54	12.98	12.81
Active return <sup>3</sup>	0.06	0.18	-0.73	-2.34	-1.11	-0.50	-0.06	-0.44	-0.19

Source: NAB Asset Management, Redpoint Investment Management

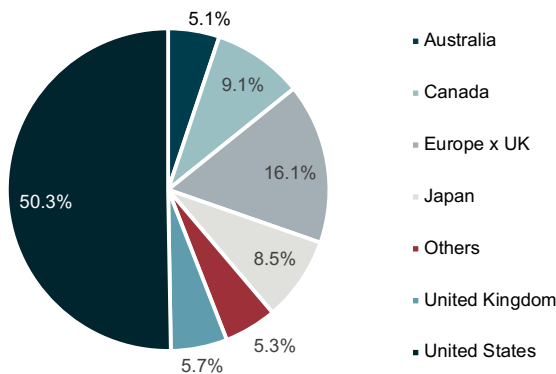
Past performance is not a reliable indicator of future performance.

1. Redpoint Global Infrastructure Fund (Fund) – Fund net returns are before taxes, but after management fees and transactions costs.
2. FTSE Developed Core Infrastructure 50/50 Index, with net dividends reinvested – hedged to Australian dollars (Benchmark). Note that returns from inception (3 April 2012) to 25 May 2018 are for the previous benchmark, the FTSE Developed Core Infrastructure Index, with net dividends reinvested – hedged to Australian dollars (see NOTE 2).
3. Active return is the difference between the net return of the Fund and the Benchmark return.
4. Returns are annualised for periods of 12 months or more.

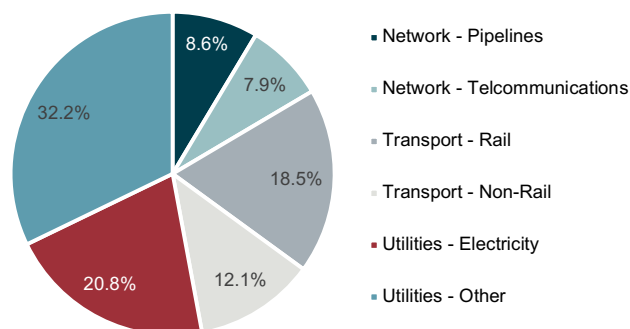
## INVESTMENT OBJECTIVE

The Fund aims to deliver a return (after fees) that exceeds the FTSE Developed Core Infrastructure 50/50 Index (hedged to Australian dollars) with net dividends reinvested (Benchmark) over rolling five-year periods.

## REGIONAL ALLOCATIONS



## SUB-GROUP ALLOCATIONS



**NOTE 1:** These sub-group allocations are based on the Industry Classification Benchmark (ICB), the industry classification scheme adopted by FTSE for use in its family of indexes.

## TOP 10 HOLDINGS

Company	Fund (%)	Benchmark (%)	Active (%)
Union Pacific Corporation	3.00	1.93	1.07
Duke Energy Corporation	2.84	3.20	-0.36
American Tower Corporation	2.83	3.92	-1.09
Norfolk Southern Corporation	2.02	0.80	1.22
CSX Corporation	2.01	0.89	1.12
National Grid Plc	2.01	1.73	0.28
Sempra Energy	1.90	1.85	0.04
Canadian National Railway	1.86	1.10	0.76
Aena SME SA	1.73	3.63	-1.91
Tokyo Gas Co Ltd	1.65	0.49	1.16

## FUND FACTS

APIR code	PPL0031AU
Fund size (\$)	35,244,490
Number of holdings	119
Inception date	3 April 2012
Management fee (including GST net of reduced input tax credit)	0.70%
Buy/sell spread	+/- 0.15%
Minimum initial investment	\$20,000
Income distribution	Quarterly

## UNIT PRICES AND DISTRIBUTION

Transaction type	Unit price (\$)
Net asset value	1.7586
Application	1.7612
Redemption	1.7559
Income distribution (quarter ending 30 September 2019)	Nil

**NOTE 2:** As of 25 May 2018, the reference Benchmark for the Fund is the FTSE Developed Core Infrastructure 50/50 Index, as opposed to the FTSE Developed Core Infrastructure Index. This change of Benchmark is reflected in a revised Product Disclosure Statement (PDS) released on 25 May 2018.

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## PERFORMANCE COMMENTARY

### FUND

For the three-month period ending 30 September 2019 the net return of the Fund was +3.66%. Over the same time period the total return of the Benchmark was +3.48%. As a result, the Fund outperformed the Benchmark by +0.18% (active return) for the September quarter.

Although the Fund underperformed the Benchmark by -0.29% in August, this was more than offset by the performance of the Fund in July and September, which outperformed the Benchmark by +0.39% and +0.06% respectively.

Since inception (3 April 2012) the net return of the Fund has been +12.62% versus a total return of +12.81% for the Benchmark (a blend of the FTSE Developed Core Infrastructure Index and the FTSE Developed Core Infrastructure 50/50 Index), which means the Fund has underperformed the Benchmark by -0.19% (on an annualised basis).

### MARKET

Global listed infrastructure securities, as measured by the Benchmark, continued their strong performance by posting a total return of +3.48%, in hedged Australian dollar (AUD) terms for the September quarter. This continues on from the June quarter, where the Benchmark also experienced strong performance by posting a total return of +3.69%, in hedged Australian dollar (AUD) terms. By comparison, the Australian equity market, as represented by the S&P/ASX 200 Index, and global equity markets, as represented by the MSCI All Country World Index (net dividends reinvested in hedged AUD terms) posted total returns of +2.37% and +1.37% respectively for the September quarter.

On an unhedged basis, the total return of the Benchmark was +6.46% (in AUD terms) reflecting a strengthening of the US dollar (USD), the Japanese Yen (JPY), the British Pound and the Canadian dollar (CAD) against the AUD, which collectively represented on average about 70.8% of the currency exposure of the Benchmark over the quarter.

Over the September quarter, the AUD depreciated relative to most major developed market currencies weakening against the CAD (-2.69%), the GBP (-0.74%), the JPY (-3.73%) and the USD (-4.05%). The only exception was the Euro (EUR), where the AUD appreciated by +0.39%.

The best performing industries for the quarter were the Cable & Satellite, Integrated Telecommunication Services, Water Utilities, Specialised REITs (i.e. owners and operators of wireless and broadcast communications infrastructure), Electric Utilities and Multi-Utilities industries, which outperformed the broader global listed infrastructure market, while the worst performing industries for the quarter were the Internet Services & Infrastructure, Marine Ports & Services, Alternative Carriers, Railroads, Airport Services and Highways & Railtracks industries, which underperformed the broader global listed infrastructure market, as represented by the Benchmark.

## ATTRIBUTION COMMENTARY

The active return for the September quarter (+0.18%) can be decomposed into a number of components:

- Benchmark stocks held by the Fund detracted -0.12% from active return;
- Benchmark stocks not held by the Fund contributed +0.40% to active return;
- non-Benchmark stocks held by the Fund (for diversification purposes) contributed +0.06% to active return; and
- management fees plus other costs detracted -0.16% from active return.

## LARGEST CONTRIBUTORS

Company	Fund Avg. Weight (%)	Benchmark Avg. Weight (%)	Contribution (%)
PG & E Corporation	0.00	0.37	0.34
Atlantia SpA	1.36	3.91	0.26
Transurban Group	1.78	5.41	0.25
Aena SME SA	1.71	3.74	0.23
Auckland International Airport	0.94	1.66	0.12
Osaka Gas Co Ltd	1.50	0.33	0.10
Inter Pipeline Ltd	0.87	0.30	0.09
American States Water Co	0.59	0.14	0.07
Crown Castle International	2.15	2.41	0.07
Enbridge Inc	1.46	2.88	0.07

## LARGEST DETRACTORS

Company	Fund Avg. Weight (%)	Benchmark Avg. Weight (%)	Contribution (%)
NextEra Energy Inc	1.20	4.72	-0.43
Norfolk Southern Corporation	1.95	0.78	-0.14
CSX Corporation	1.94	0.86	-0.14
Centrica Plc	0.81	0.24	-0.14
Southern Company	1.39	2.75	-0.14
MTR Corporation	0.70	0.14	-0.11
American Tower Corporation	2.85	4.02	-0.07
Canadian Pacific Railway Ltd	1.34	0.53	-0.07
Enagas SA	0.76	0.23	-0.07
Union Pacific Corporation	2.91	1.90	-0.06

**Note:** Contributions shown above in the above tables are to the active return of the Fund. Period: 28 June 2019 to 30 September 2019.

Stocks in the Benchmark that were held by the Fund in Australia, Italy, Japan, New Zealand and Spain collectively contributed +0.99% to active return. Of note is that stocks in the Benchmark held by the Fund in Australia (primarily highways & railroads companies), Italy (primarily highways & railroads companies) and Japan (primarily gas utilities and railroads companies) accounted for about three-quarters of this amount, contributing +0.32%, +0.19% and +0.26% respectively to active return.

By contrast, stocks in the Benchmark that were held by the Fund in France, Hong Kong, the United Kingdom and the United States collectively detracted -1.17% from active return. Significantly, stocks in the Benchmark that were held by the Fund in the United States (primarily electric utilities and railroads companies) accounted for about three-quarters of this amount, detracting -0.83% from active return.

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#### ATTRIBUTION COMMENTARY (CONT'D)

Stocks in the Benchmark that were not held by the Fund in Japan (primarily electric utilities companies), Korea and the United States (primarily electric utilities companies) contributed +0.07%, +0.02% and +0.34% respectively to active return, while stocks in the Benchmark not held by the Fund in Spain (mainly integrated telecommunication services companies) detracted -0.03% from active return.

#### COUNTRY

A returns-based attribution indicates that the *country* positioning of the Fund contributed +0.05% in aggregate to active return, stock selection within the countries contributed +0.26% to active return, while minor currency imbalances contributed +0.03% to active return.

From a country allocation perspective, the largest contributors to active return were underweight positions in Australia, New Zealand, Italy and Spain and overweight positions in France, Denmark and Finland, which collectively contributed +0.44% to active return. By contrast, the largest detractors from active return were overweight positions in Hong Kong, Singapore and Japan and an underweight position in the United States, which collectively detracted -0.40% from active return.

Stock selection was best in Japan, Singapore, Australia and Italy, which collectively contributed +0.62% to active return. Stock selection in Japan accounted for about one-half of this amount, contributing +0.31% to active return. By contrast, stock selection was worst in the United States, Hong Kong and the United Kingdom, which collectively detracted -0.36% from active return. Stock selection in the United States accounted for about three-quarters of this amount, detracting -0.27% from active return.

#### INDUSTRY

A returns-based attribution indicates that the *industry* positioning of the Fund detracted -0.37% in aggregate from active return, stock selection within the industries contributed +0.68% to active return, while minor currency imbalances contributed +0.03% to active return.

From an industry allocation perspective, the largest contributors to active return were overweight positions in the Water Utilities (+0.11%), Cable & Satellite (+0.11%) and Multi-Utilities (+0.06%) industries and underweight positions in the Highways & Railtracks (+0.26%), Airport Services (+0.23%), Specialised REITs (+0.05%) and Oil & Gas Storage & Transportation (+0.06%) industries, which collectively contributed +0.89% to active return.

By contrast, the largest detractors from active return were overweight positions in the Railroads (-0.76%), Gas Utilities (-0.35%), Alternative Carriers (-0.04%) and Marine Ports & Services (-0.02%) industries and underweight positions in the Electric Utilities (-0.35%) and Integrated Telecommunication Services (-0.02%) industries, which collectively detracted -1.27% from active return. Significantly, the overweight position in the Railroads industry and the underweight position in the Electric Utilities industry detracted -0.76% and -0.35% respectively from active return.

Stock selection was best in the Railroads, Electric Utilities, Oil & Gas Storage & Transportation, Gas Utilities, Alternative Carriers and Airport Services industries, which collectively contributed +0.80% to active return. Stock selection in the Railroads and Electric Utilities industries accounted for about three-quarters of this amount, contributing +0.34% and +0.22% respectively to active return.

On the other hand, stock selection was worst in the Multi-Utilities, Cable & Satellite and Integrated Telecommunication Services industries, which collectively detracted -0.15% from active return. Stock selection in the Multi-Utilities industry accounted for about two-thirds of this amount, detracting -0.10% from active return.

#### ASSETS

At the stock level, some of the largest contributors to active return for the quarter were overweight positions in Osaka Gas Co Ltd (Gas Utilities), Inter Pipeline Ltd (Oil & Gas Storage & Transportation) and American States Water Company (Water Utilities) and underweight positions in PG & E Corporation (Electric Utilities), Atlantia SpA (Highways & Railtracks), Transurban Group (Highways & Railtracks), Aena SME SA (Airport Services), Auckland International Airport Ltd (Airport Services), Crown Castle International Corporation (Specialised REITs) and Enbridge Inc (Oil & Gas Storage & Transportation), which collectively contributed +1.60% to active return.

On the other hand, some of the largest detractors from active return for the quarter were overweight positions in Norfolk Southern Corporation (Railroads), CSX Corporation (Railroads), Centrica Plc (Multi-Utilities), MTR Corporation (Railroads), Canadian Pacific Railway Ltd (Railroads), Enagas SA (Gas Utilities) and Union Pacific Corporation (Railroads) and underweight positions in NextEra Energy Inc (Electric Utilities), Southern Company (Electric Utilities) and American Tower Corporation (Specialised REITs), which collectively detracted -1.38% from active return.

For stock-specific diversification reasons the portfolio construction process tends to underweight the larger market capitalisation companies and overweight the small to medium market capitalisation stocks in the Index. The impact of this approach manifests as: underweight positions in the United States, Australia, Italy, Spain and New Zealand; underweight positions in the Electric Utilities, Highways & Railtracks and Airport Services industries; and, more specifically, underweight positions in PG & E Corporation, Transurban Group, Atlantia SpA, Aena SME SA and Auckland International Airport. These five (5) stocks collectively contributed +1.20% to active return.

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