30 JUNE 2020

QUARTERLY REPORT

REDPOINT GLOBAL INFRASTRUCTURE FUND

Fund performance as at 30 June 2020	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa) [4]	3 years (% pa) [4]	5 years (% pa) [4]	7 years (% pa) [4]	Since Inception (% pa) [4]
Fund return (net) [1]	-2.49	7.73	-13.17	-8.51	2.02	2.96	6.14	8.58	9.74
Benchmark return [2]	-3.15	7.87	-14.00	-9.60	1.93	3.27	5.92	8.21	9.76
Active return [3]	0.66	-0.14	0.83	1.09	0.09	-0.31	0.22	0.37	-0.02

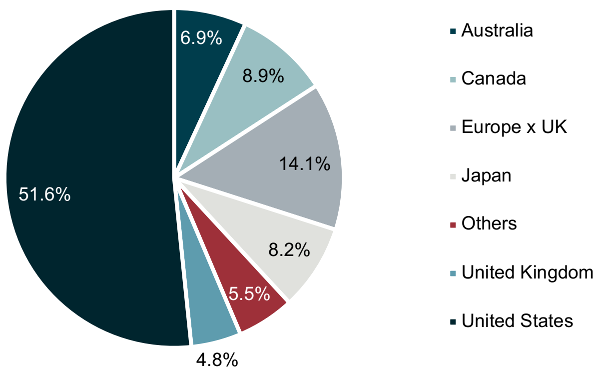
Source: Redpoint Investment Management *Past performance is not a reliable indicator of future performance.*

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.

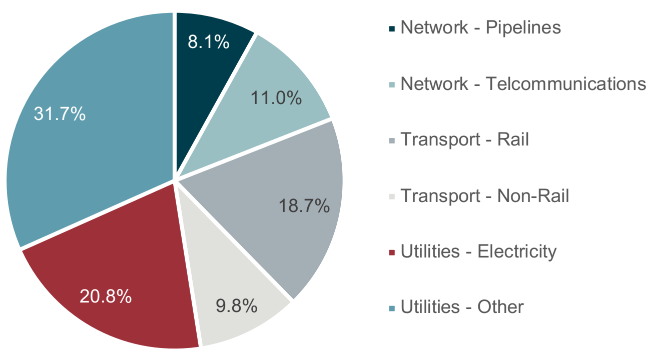
INVESTMENT OBJECTIVE

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	3.29	2.39	0.91
American Tower Corporation	3.23	4.91	-1.68
Duke Energy Corporation	2.69	2.85	-0.16
Crown Castle International	2.63	3.00	-0.37
Transurban Group	2.51	5.49	-2.98
National Grid Plc	2.25	2.08	0.16
CSX Corporation	2.03	1.11	0.92
Norfolk Southern Corporation	2.00	0.93	1.07
Canadian National Railway	2.00	1.31	0.69
Sempra Energy	1.80	1.67	0.13

FUND FACTS

APIR code	PPL0031AU
Fund size ($)	30,168,600
Number of holdings	129
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 (cum-distribution)	1.5522
Application	1.5561
Redemption	1.5483
Income distribution (quarter ending 30 June 2020)	0.0809

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 June 2020 the net return of the Fund was +7.73%. Over the same time period the total return of the Benchmark was +7.87%. As a result, the Fund underperformed the Benchmark by -0.14% (active return) for the June quarter.

Although the Fund underperformed the Benchmark by -0.66% and -0.19% in April and May respectively, this was partially offset by the performance of the Fund in June, where it outperformed the Benchmark by +0.65%.

Over the past 12 months the Fund has outperformed the Benchmark by +1.09% (on a cumulative basis) and over the past 36 months and 60 months the Fund has underperformed the Benchmark by -0.31% (on an annualised basis) and outperformed the Benchmark by +0.22% (on an annualised basis) respectively.

Since inception (3 April 2012) the net return of the Fund has been +9.74% versus a total return of +9.76% 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 marginally underperformed the Benchmark by -0.02% (on an annualised basis) over this period.

MARKET

Global listed infrastructure securities, as measured by the Benchmark, posted a total return of +7.87%, in hedged Australian dollar (AUD) terms, for the June quarter as investors reacted positively to the cautious easing of lock down restrictions and the significant fiscal and monetary stimulus packages implemented by governments and central banks worldwide to mitigate the adverse economic consequences of the coronavirus pandemic.

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 +16.48% and +17.56% respectively for the quarter.

On an unhedged basis, the total return of the Benchmark was -2.52% (in AUD terms) for the June quarter, reflecting a substantial appreciation of the AUD relative to most major developed markets currencies. The largest appreciations in developed markets were against the Japanese yen (JPY) (+11.05%), the USD (+11.10%), the Euro (EUR) (+9.01%), the British pound (GBP) (+11.42%), the Canadian dollar (CAD) (+7.10%) and the New Zealand dollar (NZD) (+3.47%). This highlights Australia's exposure to strong gold and iron ore prices and optimism about Australia's economic recovery from the global pandemic, compared with other countries that are otherwise struggling with high infection rates.

The best performing industries for the quarter were the Integrated Telecommunication Services, Highways & Railtracks, Broadcasting, Airport Services, Specialised REITs and Oil & Gas Storage & Transportation industries, which outperformed the broader global listed infrastructure market, and the worst performing industries for the quarter were the Communications Equipment, Electric Utilities, Internet Services & Infrastructure, Marine Ports & Services, Gas Utilities and Multi-Utilities industries, which underperformed the broader global listed infrastructure market, as represented by the Benchmark.

ATTRIBUTION COMMENTARY

The active return for the June quarter (-0.14%) can be decomposed into a number of components:

- Benchmark stocks held by the Fund detracted -0.48 % from active return;
- Benchmark stocks not held by the Fund contributed +0.36% to active return;
- Non-Benchmark stocks held by the Fund (for diversification purposes) contributed +0.16% to active return; and
- management fees plus other costs detracted -0.18% from active return.

LARGEST CONTRIBUTORS

Company	Fund Avg. Weight (%)	Benchmark Avg. Weight (%)	Contribution (%)
NextEra Energy Inc	1.36	4.91	0.38
Southern Company	1.29	2.87	0.21
Aurizon Holdings Ltd	0.90	0.12	0.14
American Electric Power Co	0.79	2.00	0.12
CSX Corporation	2.17	1.04	0.12
Norfolk Southern Corporation	2.00	0.92	0.11
Union Pacific Corporation	3.42	2.35	0.11
Williams Companies Inc	1.14	0.99	0.11
ONEOK Inc	0.78	0.59	0.10
Consolidated Edison Inc	0.73	1.27	0.10

LARGEST DETRACTORS

Company	Fund Avg. Weight (%)	Benchmark Avg. Weight (%)	Contribution (%)
Atlantia SpA	0.20	3.21	-0.41
Transurban Group Ltd	2.61	5.10	-0.40
Aena SME SA	1.64	3.91	-0.33
West Japan Railway Company	1.32	0.24	-0.30
East Japan Railway Company	1.94	0.58	-0.25
Auckland International Airport Ltd	0.99	1.75	-0.17
Atlas Arteria Ltd	0.67	1.55	-0.17
Central Japan Railway Company	1.81	0.63	-0.15
NiSource Inc	1.22	0.45	-0.14
Eutelsat Communications SA	0.60	0.09	-0.11

Note: Contributions shown above in the above tables are to the active return of the Fund.

Stocks in the Benchmark that were held by the Fund in the United States, Canada, Singapore, Luxembourg, France, Germany and Austria collectively contributed +1.56% to active return. Stocks in the Benchmark held by the Fund in the United States (primarily in the Electric Utilities, Oil & Gas Storage & Transportation and Railroads industries) and Canada (mainly in the Oil & Gas Storage & Transportation and Railroads industries) had the largest positive impact, contributing +1.06% and +0.35% respectively to active return.

By contrast, stocks in the Benchmark that were held by the Fund in Japan, Italy, Australia, Spain, New Zealand, Hong Kong and the United Kingdom collectively detracted -2.00% from active return. Stocks in the Benchmark held by the Fund in Japan (primarily in the Railroads and Gas Utilities industries), Italy (mainly in the Highways & Railtracks and Integrated Telecommunication Services industries) and Australia (predominantly in the Highways & Railtracks industry) had the largest negative impact, detracting -0.70%, -0.50% and -0.30% respectively from active return.

Stocks in the Benchmark that were not held by the Fund in Japan, Canada, South Korea and the United States, collectively contributed +0.36% to active return. Stocks in the Benchmark not held by the Fund in Japan (primarily in the Electric Utilities industry) and Canada (mainly in the Electric Utilities industry) had the largest positive impact, contributing +0.25% and +0.09% respectively to active return.

COUNTRY

A returns-based attribution indicates that the *country* positioning of the Fund detracted -0.87% from active return, stock selection within the countries contributed +0.96% to active return, while currency imbalances between the Fund and the Benchmark detracted -0.05% from active return.

From a country allocation perspective, the largest detractors from active return for the quarter were overweight positions in Japan, Hong Kong, the United Kingdom and Singapore and underweight positions in Italy, New Zealand, Australia and Spain, which collectively detracted -1.06% from active return. The overweight position in Japan and underweight positions in Italy, New Zealand and Australia had the largest negative impact, detracting -0.60%, -0.11%, -0.10% and -0.08% respectively from active return.

By contrast, the largest contributors to active return for the quarter were overweight positions in Finland, Denmark and Canada and underweight positions in the United States, South Korea and Germany, which collectively contributed +0.19% to active return. The overweight position in Finland and the underweight position in the United States had the highest positive impact, contributing +0.07% and +0.07% respectively to active return.

Stock selection was best in the United States, Canada, Japan, Singapore, France, the United Kingdom and Germany, which collectively contributed +1.64% to active return. Stock selection in the United States, Canada and Japan had the largest positive impact, contributing +0.81%, +0.41% and +0.20% respectively to active return.

This positive outcome was partly offset by stock selection in Italy, Spain, Australia, New Zealand and Hong Kong, which collectively detracted -0.69% from active return. Stock selection in Italy, Spain and Australia had the largest negative impact, detracting -0.35%, -0.21% and -0.07% respectively from active return.

INDUSTRY

A returns-based attribution indicates that the *industry* positioning of the Fund detracted -0.28% from active return, stock selection within the industries contributed +0.37% to active return, while currency imbalances between the Fund and the Benchmark detracted -0.05% from active return.

From an industry allocation perspective, the largest contributors to active return for the quarter were underweight positions in the Electric Utilities, Marine Ports & Services, Communications Equipment and Alternative Carriers industries and overweight positions in the Railroads, Integrated Telecommunication Services and Broadcasting industries, which collectively contributed +1.30% to active return. The underweight position in the Electric Utilities industry and the overweight position in Railroads industry had the largest positive impact, contributing +0.80% and +0.33% respectively to active return.

By contrast, the largest detractors from active return for the quarter were underweight positions in the Highways & Railtracks, Airport Services, Specialised REITs and Oil & Gas Storage & Transportation industries and overweight positions in the Gas Utilities, Multi-Utilities, Water Utilities and Cable & Satellite industries, which collectively detracted -1.58% from active return. The underweight positions in the Highways & Railtracks and Airport Services industries and the overweight position in Gas Utilities industry had the highest negative impact, detracting -0.65%, -0.31% and -0.31% respectively from active return.

Stock selection was best in the Oil & Gas Storage & Transportation, Electric Utilities and Gas Utilities industries, which collectively contributed +1.15% to active return. Stock selection in the Oil & Gas Storage & Transportation and Electric Utilities had the largest positive impact, contributing +0.55% and +0.45% respectively to active return.

Partly offsetting this positive result was stock selection in the Railroads, Integrated Telecommunication Services, Highways & Railtracks, Cable & Satellite, Water Utilities, Airport Services and Multi-Utilities industries, which collectively detracted -0.79% from active return. Stock selection in the Railroads, Integrated Telecommunication Services, Highways & Railtracks and Cable & Satellite industries had the largest negative impact, detracting -0.47%, -0.08%, -0.07% and -0.07% respectively from active return.

ASSETS

For stock-specific diversification reasons the portfolio construction process tends to underweight larger market capitalisation companies and overweight small to medium market capitalisation stocks in the Benchmark. The impact of this approach naturally manifests as overweight exposures to Japan, the United Kingdom, France and Hong Kong and underweight exposures to the United States, Australia, Italy, Spain and New Zealand. In turn this leads to overweight positions in the Railroads, Gas Utilities and Water Utilities industries and underweight positions in the Electric Utilities, Highways & Railtracks, Airport Services, Oil & Gas Storage & Transportation and Specialised REITs industries. Given these quasi permanent country and industry tilts in the Fund, it’s not surprising that they represent a significant source of active return from period to period.

CONTRIBUTORS

At the stock level, the largest contributors to active return for the quarter were overweight positions in Aurizon Holdings Ltd (Railroads), CSX Corporation (Railroads), Norfolk Southern Corporation (Railroads), Union Pacific Corporation (Railroads), Williams Companies Inc (Oil & Gas Storage & Transportation) and ONEOK Inc (Oil & Gas Storage & Transportation) and underweight positions in NextEra Energy Inc (Electric Utilities), Southern Company (Electric Utilities), American Electric Power Company (Electric Utilities) and Consolidated Edison Inc (Multi-Utilities), which collectively contributed +1.50% to active return.

Underweight positions in electric utility companies NextEra Energy Inc, Southern Company and American Electric Power Company, which underperformed the broader global listed infrastructure market over the quarter, contributed +0.38%, +0.21% and +0.12% respectively to active return. These stocks underperformed broader global listed infrastructure assets as markets refocussed on growth in the June quarter following the significant impact of the novel coronavirus pandemic in the March quarter.

Overweight positions in Australian and United States rail freight companies like Aurizon Holdings Ltd, CSX Corporation, Norfolk Southern Corporation and Union Pacific Corporation, which outperformed the broader global listed infrastructure market, contributed +0.14%, +0.12%, +0.11% and +0.11% respectively to active return. The cautious opening up of economies during the quarter has left a positive impact on almost all industries and a concomitant improvement in freight traffic volumes from the lows of the March quarter.

Overweight positions in midstream gas transportation and storage operators Williams Companies Inc and ONEOK Inc, which outperformed the broader global listed infrastructure market with total returns (in AUD terms) of +22.1% and +40.0% respectively for the quarter, contributed +0.11% and +0.10% respectively to active return. Prices in these companies have ticked up in recent weeks, in a recovery from historical lows, as the United States economy reopened, and lockdown measures imposed to curb the coronavirus pandemic were eased. Investors have supported these stocks in recent times for income purposes as high yields and a long history of paying dividends is an appealing combination for investors.

DETRACTORS

On the other hand, the largest detractors from active return for the quarter were underweight positions in Atlantia SpA (Highways & Railtracks), Transurban Group Ltd (Highways & Railtracks), Aena SME SA (Airport Services), Auckland International Airport Ltd (Airport Services) and Atlas Arteria Ltd (Highways & Railtracks) and overweight positions in West Japan Railway Company (Railroads), East Japan Railway Company (Railroads), Central Japan Railway Company (Railroads), NiSource Inc (Multi-Utilities) and Eutelsat Communications SA (Cable & Satellite), which collectively detracted -2.43% from active return.

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Underweight positions in Atlantia SpA (motorways, airport infrastructure and transport services), Transurban Group (toll road operator) and Aena SME SA (airport operations), which outperformed the broader global listed infrastructure market with total returns (in AUD terms) of +13.8%, +18.7% and +15.3% respectively for the quarter, detracted -0.41%, -0.40% and -0.33% respectively from active return. The performance of these stocks improved over the second quarter as lockdown restrictions, imposed by governments in Italy, Australia and Spain in order to halt the spread of the coronavirus, began to be lifted.

Overweight positions in Japanese rail companies like West Japan Railway Company, East Japan Railway Company and Central Japan Railway Company, which underperformed the broader global listed infrastructure market with total returns (in AUD terms) of -27.3%, -18.7% and -14.3% respectively for the quarter, detracted -0.30%, -0.25% and -0.15% respectively from active return. The recent shift to remote working and a prolonged downturn in travel brought on by the novel coronavirus pandemic has impacted the demand for high-speed rail services and the profitability of the companies that operate them.

KEY CONTACTS

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