

31 DECEMBER 2019

## QUARTERLY REPORT

### REDPPOINT GLOBAL INFRASTRUCTURE FUND

Fund performance as at 31 December 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>	2.48	1.66	5.37	22.87	10.30	11.39	8.40	12.59	12.43
Benchmark return <sup>2</sup>	2.68	1.57	5.11	24.19	11.16	11.88	8.25	12.71	12.60
Active return <sup>3</sup>	-0.20	0.09	0.26	-1.32	-0.86	-0.49	0.15	-0.12	-0.17

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).

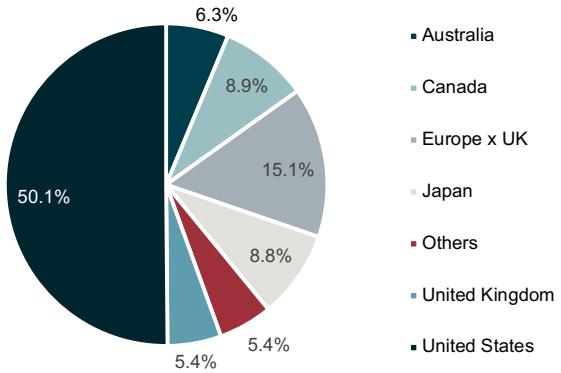
3. Active return is the difference between the net return of the Fund and the Benchmark return.

4. Returns are annualised for periods of 12 months or more.

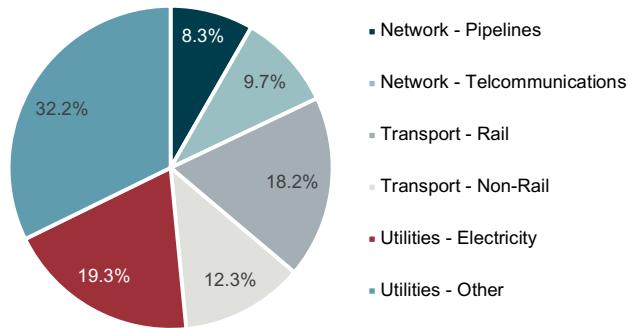
### INVESTMENT OBJECTIVE

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 (%)
American Tower Corporation	3.01	3.97	-0.96
Union Pacific Corporation	2.96	2.06	0.90
Duke Energy Corporation	2.73	2.96	-0.23
Crown Castle International	2.40	2.32	0.09
National Grid Plc	2.17	1.94	0.22
Transurban Group	2.04	4.97	-2.93
CSX Corporation	1.90	0.89	1.02
Sempra Energy	1.87	1.91	-0.04
Norfolk Southern Corporation	1.85	0.83	1.02
Canadian National Railway	1.85	1.08	0.77

### FUND FACTS

APIR code	PPL0031AU
Fund size (\$)	36,203,767
Number of holdings	122
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	1.7877
Application	1.7904
Redemption	1.7850
Income distribution (quarter ending 31 December 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 31 December 2019 the net return of the Fund was +1.66%. Over the same time period the total return of the Benchmark was +1.57%. As a result, the Fund outperformed the Benchmark by +0.09% (active return) for the December quarter.

Although the Fund underperformed the Benchmark by -0.20% in December, this was more than offset by the performance of the Fund in October and November, where the Fund outperformed the Benchmark by +0.02% and +0.25% respectively.

Since inception (3 April 2012) the net return of the Fund has been +12.43% versus a total return of +12.60% 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 -0.17% (on an annualised basis).

### MARKET

Global listed infrastructure securities, as measured by the Index, continued their strong performance by posting a total return of +1.57%, in hedged Australian dollar (AUD) terms for the December quarter. This continues on from the September quarter, where the Index posted a total return of +3.48%, 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 +0.68% and +7.51% respectively for the December quarter.

On an unhedged basis, the total return of the Index was -0.85% (in AUD terms) for the December quarter, reflecting an appreciation of the AUD relative to most major developed markets currencies. The AUD strengthened against the Canadian dollar (CAD) (+2.04%), the Euro (EUR) (+1.21%), the Japanese Yen (JPY) (+4.58%) and the USD (+4.05%), which collectively represented 83.1% of the currency exposure of the Index over the quarter. The only exceptions were the British pound (GBP) and the New Zealand dollar (NZD), where the AUD depreciated by -3.14% and -3.23% respectively. The GBP was bolstered by Boris Johnson's (Conservative Party) emphatic UK election victory, which now paves the way for a Brexit event in 2020.

The best performing industries for the quarter were the Internet Services & Infrastructure, Broadcasting, Marine Ports & Services, Railroads, Oil & Gas Storage & Transportation and Water Utilities industries, which outperformed the broader global listed infrastructure market, while the worst performing industries for the quarter were the Cable & Satellite, Alternative Carriers, Gas Utilities, Highways & Railtracks, Multi-Utilities and Electric Utilities industries, which underperformed the broader global listed infrastructure market, as represented by the index.

## ATTRIBUTION COMMENTARY

The active return for the December quarter (+0.09%) can be decomposed into a number of components:

- Benchmark stocks held by the Fund contributed +0.18% to active return;
- Benchmark stocks not held by the Fund contributed +0.09% to active return;
- non-Benchmark stocks held by the Fund (for diversification purposes) detracted -0.01% from active return; and
- management fees plus other costs detracted -0.17% from active return.

Stocks in the Index that were held by the Fund in Italy, the United Kingdom and the United States collectively contributed +0.89% to active return. Stocks in the Index held by the Fund in the United Kingdom (primarily in the Multi-Utilities, Railroads and Water Utilities industries) and the United States (primarily in the Railroads industry) had the largest impact, contributing +0.45% and +0.29% respectively to active return.

## LARGEST CONTRIBUTOR

Company	Fund Avg. Weight (%)	Benchmark Avg. Weight (%)	Contribution (%)
Centrica Plc	0.86	0.26	0.15
Atlantia SpA	1.23	3.56	0.15
United Utilities Group Plc	1.10	0.35	0.14
Kansas City Southern	1.09	0.25	0.11
Union Pacific Corporation	3.04	2.04	0.10
Canadian Pacific Railway	1.31	0.55	0.08
Severn Trent Plc	0.70	0.32	0.08
Getlink SE	0.81	0.13	0.08
Norfolk Southern Corporation	2.00	0.84	0.07
Go-Ahead Group Ltd	0.35	0.02	0.06

## LARGEST DETRACTORS

Company	Fund Avg. Weight (%)	Benchmark Avg. Weight (%)	Contribution (%)
Transurban Group	1.77	4.99	-0.15
Enbridge Inc	1.62	2.98	-0.14
SES SA	0.74	0.23	-0.14
CenterPoint Energy Inc	1.35	0.62	-0.08
Aurizon Holdings Ltd	1.03	0.13	-0.08
East Japan Railway Company	1.43	0.56	-0.08
Tokyo Gas Co Ltd	1.51	0.48	-0.06
Eutelsat Communications SA	0.85	0.13	-0.06
Vocus Group Ltd	0.26	0.05	-0.05
Central Japan Railway Company	1.53	0.63	-0.05

**Note:** Contributions shown above in the above tables are to the active return of the Fund.  
Period: 30 September 2019 to 31 December 2019.

By contrast, stocks in the Index that were held by the Fund in Australia, Canada, Japan, Luxembourg and Spain collectively detracted -0.71% from active return. Stocks in the Index held by the Fund in Australia (primarily in the Airport Services, Highways & Railtracks, Integrated Telecommunication Services and Railroads industries), Japan (primarily in the Railroads industry) and Luxembourg (primarily in the Cable & Satellite industry) had the largest impact, detracting -0.34%, -0.17% and -0.14% respectively from active return.

Stocks in the Index that were not held by the Fund in Japan (primarily in the Electric Utilities industry) and the United States (primarily in the Alternative Carriers industry) contributed +0.08% and +0.03% respectively to active return, while stocks in the Index not held by the Fund in Korea (mainly in the Electric Utilities industry) detracted -0.02% from active return.

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#### ATTRIBUTION COMMENTARY (CONT'D)

##### COUNTRY

A returns-based attribution indicates that the *country* positioning of the Fund collectively contributed +0.20% to active return, stock selection within the countries contributed +0.07% to active return, while minor currency imbalances detracted -0.01% from active return.

From a country allocation perspective, the largest contributors to active return for the quarter were overweight positions in the United Kingdom, Singapore, France and Belgium, which outperformed the broader market, and underweight positions in Italy, New Zealand, the United States, Switzerland and Spain, which underperformed the broader market, and which collectively contributed +0.42% to active return. The overweight position in the United Kingdom had the largest impact, contributing +0.23% to active return.

By contrast, the largest detractors from active return were overweight positions in Japan and Denmark, which underperformed the broader market, and underweight positions in Australia, Canada and Korea, which outperformed the broader market, and which collectively detracted -0.22% from active return. The overweight position in Japan and the underweight position in Australia had the largest impact, detracting -0.12% and -0.07% respectively from active return.

Stock selection was best in Japan, the United States, the United Kingdom, Italy, Germany, Hong Kong and New Zealand, which collectively contributed +0.56% to active return. Stock selection in Japan, the United States, the United Kingdom and Italy had the largest impact, contributing +0.25%, +0.12%, +0.08% and +0.07% respectively to active return.

By contrast, stock selection was worst in France, Australia, Spain, Singapore and Canada, which collectively detracted -0.49% from active return. Stock selection in France and Australia had the largest impact, detracting -0.22% and -0.20% respectively from active return.

##### INDUSTRY

A returns-based attribution indicates that the *industry* positioning of the Fund collectively contributed +0.12% to active return, stock selection within the industries contributed +0.15% to active return, while minor currency imbalances detracted -0.01% from active return.

From an industry allocation perspective, the largest contributors to active return for the quarter were overweight positions in the Railroads, Water Utilities, Broadcasting and Marine Ports & Services industries, which outperformed the broader market, and underweight positions in the Highways & Railtracks, Electric Utilities and Specialised REITs industries, which underperformed the broader market, and which collectively contributed +0.71% to active return. The overweight position in the Railroads industry and the underweight position in the Highways & Railtracks industry had the largest impact, contributing +0.39% and +0.11% respectively to active return.

By contrast, the largest detractors from active return for the quarter were overweight positions in the Cable & Satellite, Gas Utilities, Alternative Carriers, Integrated Telecommunication Services and Multi-Utilities industries, which underperformed the broader market, and underweight positions in the Oil & Gas Storage & Transportation and Airport Services industries, which outperformed the broader market, and which collectively detracted -0.59% from active return. The overweight positions in the Cable & Satellite and Gas Utilities industries had the largest impact, detracting -0.27% and -0.14% respectively from active return.

Stock selection was best in the Gas Utilities, Alternative Carriers, Cable & Satellite, Water Utilities, Highways & Railtracks, Multi-Utilities and Airport Services industries, which collectively contributed +0.48% to active return. Stock selection in the Gas Utilities and Multi-Utilities industries had the largest impact, contributing +0.15% and +0.08% respectively to active return.

On the other hand, stock selection was worst in the Railroads, Electric Utilities, Oil & Gas Storage & Transportation, Integrated Telecommunication Services and Specialised REITs industries, which collectively detracted -0.34% from active return. Stock selection in the Railroads and Oil & Gas Storage & Transportation industries had the largest impact, detracting -0.11% and -0.08% respectively from active return.

##### ASSETS

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 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, some of the largest contributors to active return for the quarter were overweight positions in Centrica Plc (Multi-Utilities), United Utilities Group Plc (Water Utilities), Kansas City Southern (Railroads), Severn Trent Plc (Water Utilities), Union Pacific Corporation (Railroads), Getlink SE (Highways & Railtracks), Canadian Pacific Railway (Railroads), Norfolk Southern Corporation (Railroads) and Go-Ahead Group Ltd (Railroads) and an underweight position in Atlantia SpA (Highways & Railtracks), which collectively contributed +1.02% to active return.

An underweight position in Atlantia SpA (Highways & Railtracks, Italy), which underperformed the broader market, and overweight positions in Centrica Plc (Multi-Utilities, United Kingdom), United Utilities Group Plc (Water Utilities, United Kingdom), Kansas City Southern (Railroads, United States) and Union Pacific Corporation (Railroads, United States), which outperformed the broader market, had the largest impact on active return for the quarter, contributing +0.15%, +0.15%, +0.14%, +0.11% and +0.10% respectively to active return.

##### DETRACTORS

On the other hand, some of the largest detractors from active return for the quarter were overweight positions in SES SA (Cable & Satellite), CenterPoint Energy Inc (Multi-Utilities), East Japan Railway Company (Railroads), Aurizon Holdings Ltd (Railroads), Tokyo Gas Co Ltd (Gas Utilities), Eutelsat Communications SA (Cable & Satellite), Central Japan Railway Company (Railroads) and Vocus Group Ltd (Integrated Telecommunication Services) and underweight positions in Transurban Group (Highways & Railtracks) and Enbridge Inc (Oil & Gas Storage & Transportation), which collectively detracted -0.90% from active return.

Underweight positions in Transurban Group (Highways & Railtracks, Australia) and Enbridge Inc (Oil & Gas Storage & Transportation, Canada), which outperformed the broader market, and an overweight position in SES SA (Cable & Satellite, Luxembourg), which underperformed the broader market, had the largest impact on active return for the quarter, detracting -0.15%, -0.14% and -0.14% respectively from active return.

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### REDPPOINT GLOBAL INFRASTRUCTURE FUND

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