GLOBAL INFRA-ENERGY FUND | MONTHLY UPDATE

28 February 2022

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

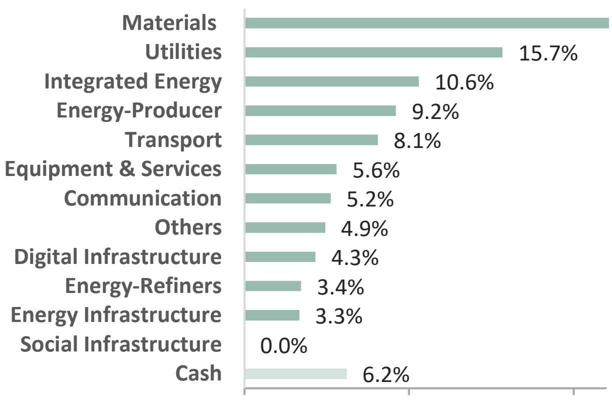
Portfolio Manager	Roy Chen
Performance Target	10% per annum
Asset Class	International Shares
Coverage	All Global Equity Markets
Currency	AUD Unhedged
Cash Holdings	Up to 35%
Entry/Exit Price	$1.0365/$1.0303

PERFOMANCE

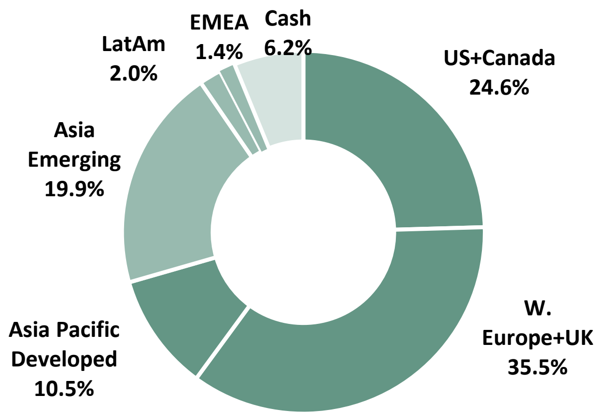
Total Return	**1 month**	**3 month**	**6 month**	**YTD**	**1 Year**	**Since Inception****
Global Infra-Energy Fund*	-1.6%	3.2%	2.0%	0.9%	14.5%	25.9%
Performance Target					10.0%	

*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 and 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	Linde plc	Germany	Materials	150	1.3	1.4%	2.0%
2	CF Industries Holdings, Inc.	United States	Materials	17	0.7	1.5%	1.9%
3	Shell PLC	United Kingdom	Integrated Energy	201	1.1	3.2%	1.8%
4	Woodside Petroleum Ltd	Australia	Energy-Producer	20	0.0	6.6%	1.7%
5	PETRONAS Chemicals Group	Malaysia	Materials	18	-1.5	3.1%	1.6%
6	Yara International ASA	Norway	Materials	13	1.5	4.5%	1.6%
7	TotalEnergies SE	France	Integrated Energy	134	0.8	5.8%	1.6%
8	NTT Corporation	Japan	Communication	104	2.3	3.3%	1.5%
9	Norsk Hydro ASA	Norway	Materials	20	0.3	1.5%	1.5%
10	OCI NV	Netherlands	Materials	6	4.2	0.0%	1.5%

RC GLOBAL FUNDS MANAGEMENT

PORTFOLIO COMMENTARY

- The portfolio was in the positive for the first 3 weeks of the month until the conflict in Ukraine began. This unsettled the broader market that was already fragile due to fears of rate hikes and rampant inflation in US. However, the portfolio was relatively resilient due to our positioning set in place over the last few months. The number of stocks that advanced was 47 versus 30 that declined. If not for the AUD appreciation the portfolio would have posted a positive month.
- Energy Producers, Materials and Supply-Chain Food related were the three best segments in February while Digital Infrastructure, Equipment & Services and Communications were the laggards.
- Two of the top 5 performers came from Materials. - Norsk Hydro Norway and Nutrient Canada, reflecting the strong fundamentals of the aluminium and fertiliser markets respectively. KL Kepong Malaysia, a major palm oil producer, and Nutrient benefited greatly from the Food Security megatrend we highlighted previously.
- Our very limited and highly selective exposure to Russia became a fruitless exercise as all things Russians were dumped.
- We increased significantly our exposure in Energy-Producers (APA, and Devon in the US, PTTEP in Thailand). Other purchases included Magellan Midstream US (Energy Infrastructure), Fortescue Metals and Southern Copper US both Metals/Miners.

PORTFOLIO POSITIONING

- The Russian-Ukraine conflict has compounded many of the challenges we face with rising inflation, supply chain disruption etc, leaving some industries completely decimated. Nevertheless, we continue to favour Energy, Materials – (key metals, Chemicals -Fertiliser) and Food Security associated companies. These segments are better- positioned given current challenges and hence we overweight these areas.
- While higher energy prices lift all boats, we now view Energy Producers (E&P) just as attractive as **Integrated Energy** while midstream/infrastructure, (pipelines /terminal) and downstream (refining/marketing) benefit less. We expect the entire group to provide bumper dividend income streams.
- In Materials, our largest segment, all holdings are beneficiaries in the current climate - petrochemical fertilisers, selective metals (iron ore, aluminium and copper).
- Both Supply Chain (related to Food) and many Utilities involved in renewable energy megatrends (solar, wind, ethanol etc) we believe should be winners as well.
- We continue to take a proactive trading approach to the more volatile segments of Transport which have added significant value in the last 2 years.
- We are beginning to see value emerging in the Equipment Services segment after being treated quite harshly in the last couple of months.
- Even though the portfolio has a strong bias to the economic sensitive segments of the market we also have a 20%+ weight in two defensive segments of Utilities and Telecom Services
- Regional allocation – we are increasing Asia Pacific (Australia, Malaysia and Thailand) and are reducing Europe with the exception of Norway.
- We believe the portfolio is well-positioned for a high inflation era and we only invest in companies able to pass on any cost increases, generate strong FCF and dividends.

PORTFOLIO CHARACTERISTICS

Net Asset Value	$1.0334
Number of stocks	86
Net cash position	6.2%
Dividend yield	3.7%
Price/Earnings FY1	13.2
Market capitalisation $USbn	54.8
EV/EBITDA	11.1
ND/EBITDA	2.1

TOP 5 PERFORMERS

	Company	Return
1	Norsk Hydro ASA	21.01%
2	Kuala Lumpur Kepong Bhd.	20.03%
3	Orsted	19.89%
4	Woodside Petroleum Ltd	19.77%
5	Nutrien Ltd.	19.61%

BOTTOM 5 PERFORMERS

	Company	Return
1	Globaltrans Investment Plc	-73.5%
2	PhosAgro PJSC	-70.6%
3	TATNEFT PJSC Sponsored ADR	-60.9%
4	Deutsche Post AG	-17.1%
5	Infineon Technologies AG	-17.0%