GLOBAL INFRA-ENERGY FUND | MONTHLY UPDATE

31 January 2022

RC GLOBAL FUNDS MANAGEMENT

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

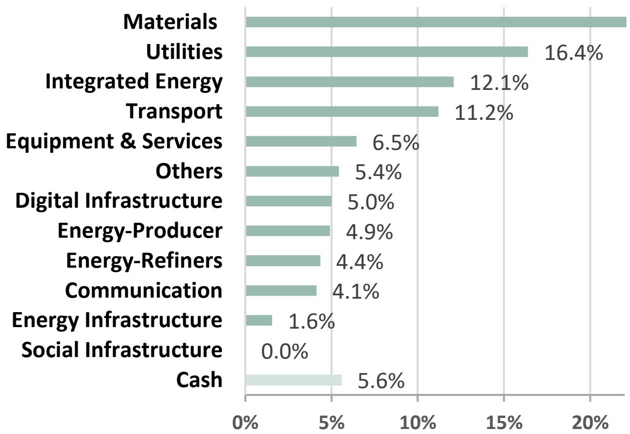
Portfolio Manager	Roy Chen
Performance Target	10% per annum
Asset Class	International Shares
Coverage	All Global Equity Markets
Currency	AUD Unhedged
Cash Holdings	Up to 35%
Entry/Exit Price	$1.0529/$1.0467

PERFOMANCE

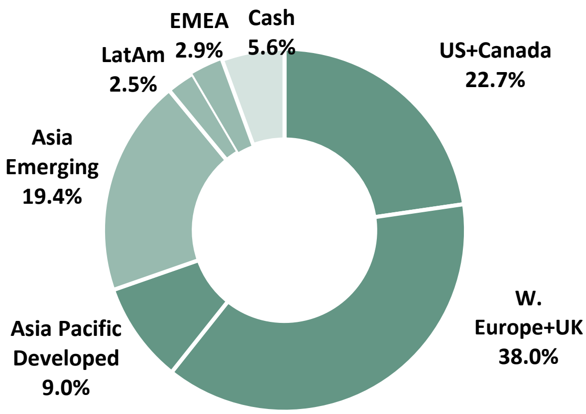
Total Return	1 month	3 month	6 month	YTD	1 Year	Since Inception**
Global Infra-Energy Fund*	2.5%	4.9%	7.9%	2.5%	18.3%	24.7%
Performance Target					10.0%	

*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

SECTOR EXPOSURE



REGIONAL EXPOSURE



TOP 10 HOLDINGS

	Company	Country	Industry Segment	Mkt Cap $USbn	ND/EBITDA	Div Yield	Weight
1	TotalEnergies SE	France	Integrated Energy	149	2.4	5.1%	1.9%
2	Shell PLC	Netherlands	Integrated Energy	194	3.4	3.0%	1.9%
3	Telenor ASA	Norway	Communication	23	2.3	6.1%	1.7%
4	Equinor ASA	Norway	Integrated Energy	90	0.4	1.9%	1.7%
5	PETRONAS Chemicals Group Bhd.	Malaysia	Materials	17	-3.1	3.4%	1.7%
6	Schneider Electric SE	France	Equipment & Services	95	1.6	1.7%	1.7%
7	OCI NV	Netherlands	Materials	6	4.2	0.0%	1.6%
8	Cosan S.A. Sponsored ADR	Brazil	Utilities	8	3.7	2.5%	1.6%
9	Itochu Corporation	Japan	Others	50	4.1	2.5%	1.6%
10	Woodside Petroleum Ltd	Australia	Energy-Producer	17	0.0	2.1%	1.6%

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PORTFOLIO COMMENTARY

- Against the US technology-led market sell-off in January the portfolio held up relatively well. The resilience was due to our overweight position in a strong Energy sector (23%) and a more neutral position in the Material sector (22.9%). The number of stocks that advanced was 41 versus 39 that declined.
- Integrated Energy and Energy Producers were the two best segments in January followed by Supply Chain names - mainly Food Value related and Telecom Services while Digital Infrastructure, Utilities and Equipment & Services performed poorly.
- Not surprisingly, Energy-segment stocks accounted for 4 out of top 5 performers while Utilities, Equipment & Services and Digital Infrastructure were 4 of the 5 worst performers.
- We realised profits in the Energy Producers segment (Devon, Marathon Oil and ConocoPhillips in the USA and Lundin Energy in Sweden), Materials-Chemical (DSM Netherland, Shin-Etsu Japan and PTT Global Chem Thailand).
- Segments in which we increased exposure included Energy-Refiners & Marketing (Marathon Pet and Valero in the US) Energy Infrastructure (Enterprise Products US), Materials - Metals-Aluminium (Norsk Hydro Norway, Hongqiao China), Lithium – (SQM Chile) and Fertiliser (Mosaic US). We also bought in Sweden Telia (Communication) and BCPG Thailand (Utilities-Renewables).

PORTFOLIO POSITIONING

- The current earning season has produced a very mixed bag of results highlighting many of the challenges we discussed previously. In particular, cost inflation, supply chain disruption and chips shortages which are impacting many industries globally.
- We continue to like the Energy Transition and Food Security megatrends as companies in these segments are better- positioned given these challenges.
- In Energy, we view **Integrated Energy** as the core exposure and preferred overweight with companies in both midstream/infrastructure (pipelines/terminal) and downstream(refining/marketing) are now benefitting from demand recovery while upstream is gaining from tighter supply resulting in firmer oil prices. All should see improved margins and the sector should be delivering good dividend income streams in the coming year and beyond.
- In Materials, we believe two segments are beneficiaries in the current climate -petrochemicals and fertilisers.
- 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 are likely to increase exposure in Communication - Telecom Services that provide both defensive characteristics and attractive dividends. However, cost inflation may adversely impact the Industrial and Material sectors, especially those richly valued but previously seen as both defensive and stable.
- We still selectively like the Digital Infrastructure and Transport areas although there are headwinds ahead.
- While the regional allocation results from our bottom-up driven process, we believe the Asia Pacific region, after a year of underperformance, is due for a re-rating this year. We are especially positive in the under-appreciated ASEAN region. Latin America is looking more attractive as well.

PORTFOLIO CHARACTERISTICS

Net Asset Value	$1.0498
Number of stocks	80
Net cash position	5.6%
Dividend yield	3.4%
Price/Earnings FY1	14
Market capitalisation $USbn	58.5
EV/EBITDA	12.3
ND/EBITDA	2.6

TOP 5 PERFORMERS

	Company	Return
1	Occidental Petroleum Corporation	34.09%
2	Vermilion Energy Inc.	27.50%
3	Phillips 66	20.75%
4	BP p.l.c. Sponsored ADR	19.82%
5	Pacific Basin Shipping Limited	19.05%

BOTTOM 5 PERFORMERS

	Company	Return
1	Globaltrans Investment Plc	-15.58%
2	ASML Holding NV ADR	-12.22%
3	Schneider Electric SE	-11.90%
4	Datang Corp. Renewable Power Co	-9.47%
5	B. Grimm Power Public Company Ltd	-9.46%