GLOBAL INFRA-ENERGY FUND | MONTHLY UPDATE

30 September 2021

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

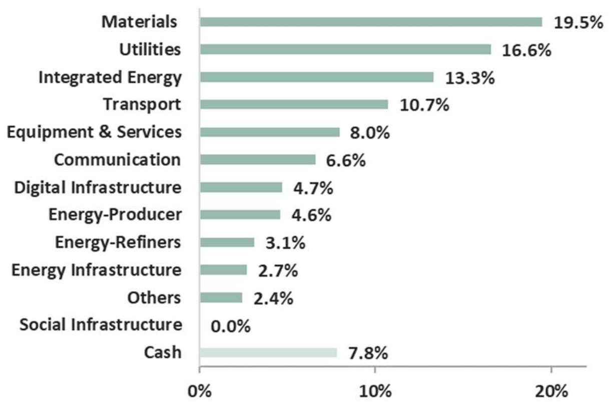
Portfolio Manager	Roy Chen
Performance Target	10% per annum
Asset Class	International Shares
Coverage	All Global Equity Markets
Currency	AUD Unhedged
Cash Holdings	Up to 35%
Entry/Exit Price	**$1.0201/$1.0139**

PERFOMANCE

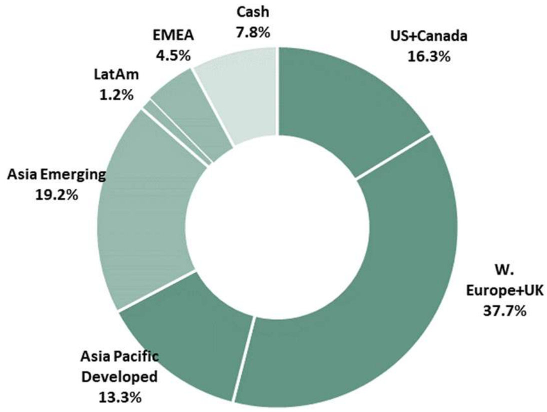
Total Return	1 month	3 month	6 month	YTD	1 Year	Since Inception**
Global Infra-Energy Fund*	-0.6%	2.4%	6.7%	14.9%	27.8%	20.4%
Performance Target					10.0%	

*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	Telenor ASA	Norway	Communication	24	2.1	6.3%	2.1%
2	Shin-Etsu Chemical Co Ltd	Japan	Materials	71	-2.1	1.5%	2.0%
3	Royal Dutch Shell Plc	Netherlands	Integrated Energy	173	3.9	3.2%	2.0%
4	Schneider Electric SE	France	Equipment & Services	95	1.6	1.8%	2.0%
5	TotalEnergies SE	France	Integrated Energy	126	2.5	6.4%	1.9%
6	CHINA PETROLEUM	China	Integrated Energy	79	1.3	10.9%	1.8%
7	Linde plc	Germany	Materials	152	1.4	1.4%	1.8%
8	Deutsche Post AG	Germany	Transport	78	1.9	2.5%	1.7%
9	Equinor ASA	Norway	Integrated Energy	83	0.7	1.8%	1.6%
10	United Parcel Service, Inc.	United States	Transport	133	1.5	2.2%	1.6%

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PORTFOLIO COMMENTARY

- In a reversal of what happened in August, energy-related segments performed strongly led by Integrated Energy and Energy Producers. Despite Materials being the worst sector (-6%) due to plunging iron-ore prices our chemical-centric exposure was actually up 1.4%.
- The portfolio benefited from an overweight 10% exposure to Japan and increased 6% exposure to Norway - the top two performing developed markets in September. Japan was also an equal top two in Asia Pacific with Indonesia which we re-entered for the first time since Covid-19.
- What detracted from performance most was our substantial weighting in Utilities which fell on average 6.6% in September in line with the MSCI Utilities sector.
- The month was characterised by surging energy prices- oil, gas, power and CO2 with Europe becoming the epicentre of the Energy Crunch. By month end, power shortages emerged in China as well.
- Mindful of the increased risks and our emphasis on capital preservation we applied substantial tactical adjustments for the second time since March 2020. We took profits and reduced exposure in two segments:
  1. Transport (Shipping subsegment) - with good gains realised in Mitsui OSK Japan (+78%), Flex LNG Norway (+17%) and minor gains in others.
  2. Materials - Metal/Miner subsegment – gains realised in aluminium company Norsk Hydro Norway (+27%) and Kazatoprom, the lowest-cost uranium producer from Kazakhstan (+21%).

PORTFOLIO POSITIONING

- As we repositioned the portfolio, we increased exposure mainly in the following areas:
- **Integrated Energy** - purchased Equinor Norway and Petrobras Brazil and added to our small weighting in **Energy Producers** with purchase of Inpex Japan and Oil Refiners with new holding Idetmitsu Kosan Japan. We believe oil refiners are among the best and safest re-opening plays with renewed demand in jet fuels.
- **Materials** (mainly in fertiliser and methanol) - Nutrient Canada, Yara Norway and Methanex Canada. We believe the energy crunch will have substantial flow-on effect on "food security", another megatrend we like.
- **Power Utilities** - benefiting from high European power prices by generating electricity from mainly hydro and nuclear both of which have low operating costs without relying on using sky-high gas prices. Hence, we added Verbund Austria, BKW Switzerland and EDF France. This group is the best play on surging LNG prices without any of them producing any gas!
- **Emerging Market exposure** - we have increased our weightings in the last quarter to 25% from just 16% at the end of June. Other than China with 10%, next two biggest are Thailand and Russia with a smaller presence in Taiwan, Mexico, Malaysia and Indonesia, having taken profits in both Korea and Kazakhstan. Through very targeted and careful selection of many lesser-known companies, our EM holdings have added value.
- **Developed Markets exposure** - In Asia, we favoured Japan and in Europe we maintained an overweight in Germany followed by France. We are also increasingly tilting towards the Nordic countries, in particular Norway - a wealthy country blessed by abundant resources such as oil & gas and hydro-power placing its industries in a very strong competitive position.

PORTFOLIO CHARACTERISTICS

Net Asset Value	$1.017
Number of stocks	81
Net cash position	7.8%
Dividend yield	3.7%
Price/Earnings FY1	15.0
Market capitalisation $USbn	55.8
EV/EBITDA	12.0
ND/EBITDA	2.3

TOP 5 PERFORMERS

	Company	Return
1	Vermilion Energy Inc.	50.06%
2	Beach Energy Limited	42.38%
3	Woodside Petroleum Ltd	22.52%
4	Occidental Petroleum Corporation	16.54%
5	Hoegh LNG Partners LP	14.99%

BOTTOM 5 PERFORMERS

	Company	Return
1	Iberdrola SA	-17.81%
2	Orsted	-15.76%
3	B.Grimm Power Public Company Ltd	-14.56%
4	Enel SpA	-14.39%
5	Qualcomm Inc	-10.06%