

**FUND STRATEGY**

The ATLAS Infrastructure Global Strategy aims to provide investors with exposure to a selection of high quality infrastructure equities. The portfolio will be invested in OECD countries only and is a high conviction strategy focussed on investing in infrastructure securities which provide the optimal balance of return and risk. The fund aims to monitor and manage carbon and climate change risk exposures within set tolerances.

**COMMENTARY**

The ATLAS portfolio returned -2.84% (net of fees) in December versus the benchmark return of 0.77%. The total contribution to local returns from our equity holdings was -0.17%. The main contributors in the period were our holdings in Union Pacific, Williams & Severn Trent. Detractors were SES, GetLink (Eurotunnel) and Avangrid.

**PORTFOLIO METRICS**

Number of stocks:	11
Cash holding	40.1 %
Gearing Ratio	43.0 %
Dividend yield:	3.1 %

**PERFORMANCE (%)**

	Fund <sup>1</sup>	Benchmark <sup>2</sup>	Excess
1 month	-2.8	0.8	-3.6
3 month	3.3	1.8	1.4
12 month	--	--	--
3 years	--	--	--
5 years	--	--	--

**HOLDINGS (%)**

Groupe Eurotunnel SE	7.0
EDP Renovaveis SA	6.9
Avangrid, Inc.	6.8
Union Pacific Corporation	6.0
Aeroports de Paris SA	5.3
Transurban Group Ltd.	5.2

**SECTOR (%)**

Transportation	28.6
Utilities	23.4
Industrial Services	4.3
Communications	3.6

**CONTRIBUTORS (LTM) (%)**

Union Pacific Corporation	0.89
Aeroports de Paris SA	0.74
Aena SME SA	0.54
Avangrid, Inc.	0.39
Williams Companies, Inc.	0.39

**DETRACTORS (LTM) (%)**

SES SA FDR (Class A)	-0.49
Pennon Group Plc	-0.09
EDP Renovaveis SA	-0.07

**GEOGRAPHY (%)**

United States	28.7
France	20.5
United Kingdom	16.2
Portugal	11.4
Australia	8.6
Spain	8.5
Luxembourg	6.0

1. Fund<sup>1</sup> calculated by Northern Trust net of fees and taxes assuming income reinvested.

2. Benchmark<sup>2</sup> return is calculated by Northern Trust (G7 Inflation +5%).

3. Contributors and detractors (last twelve months) are reported in their local currency.

#### FUND DETAILS

Identifier:	PIM6769AU
Inception:	Oct-03-2017
Share class:	AUD Unhedged
Currency:	AUD
Hedging:	No
NAV:	51,626
Total assets:	14,427,705
Fees:	1.2 %
Total expense ratio:	1.2 %

#### ADDITIONAL DETAILS

Application price:	1.0325
Redemption price:	1.0325
Buy/sell spread:	0
Minimum investment:	50,000
Distribution frequency:	Semi-Annual
Latest distribution:	n/a
Distribution date:	n/a

#### PORTFOLIO POSITIONING & MACRO OUTLOOK

At the end of the month the ATLAS portfolio was 60% invested. We expect that the ATLAS Investment Committee will continue to review and add positions over the coming months. Due to the high cash weighting the portfolio currently has a lower GDP, CPI and Long Bond exposure compared with our investment universe. During the month ATLAS held its biannual Macro Advisory Board meeting which reviewed and updated the ATLAS global macro forecasts. This included changes to US tax rates as well as incorporating a greater GDP and CPI differential between developed countries based on the success of deleveraging and rebalancing since the financial crisis. These forecasts are now incorporated into ATLAS financial models and therefore into portfolio construction.

#### MONTHLY STOCK HIGHLIGHT

Union Pacific is one of the three major class 1 rail companies in the United States. It offers integrated (below and above rail) rail freight services in the Western half of the US as part of a duopoly with Burlington Northern (owned by Berkshire Hathaway). The source of the infrastructure returns is the ownership of the 'below rail' tracks and land rights of way which make up 82% of the Union Pacific net asset base and which present a large barrier to entry for any new competitors since the cost of a new network build would be prohibitive. Regulation is light touch and allows Union Pacific to earn moderate excess returns where it has market power - principally in the shipping of bulk commodities where Rail has an 80% market share. However most volume growth is in intermodal where rail competes with trucks and returns are lower as a result. UNP has a strong positive beta to GDP with some CPI protection through price escalation. Although the short term impact from fast transition is negative due to coal and auto exposure, long term UNP is a beneficiary of fast transition due to modal shift from truck to rail with associated increase in pricing power. Conversely delayed action is negative for rail companies as benefits from increased coal and auto in the short term are more than offset by extended price and volume competition in intermodal.

#### Disclaimer

This document is issued by The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235150, (TTCRESL) as responsible entity of, and issuer of units in, the ATLAS Infrastructure Australian Feeder Fund ARSN 621 075 465. The Investment Manager of the Fund is ATLAS Infrastructure (Australia) Pty Ltd ABN 37 613 657 131 (ATLAS). ATLAS is the holder of an Australian Financial Services (AFS) licence, number 497475 under the Corporations Act 2001 (Cth) in respect of the financial services it provides. This document is provided for general information purposes only, and is not to be construed as solicitation of an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decisions. This information does not take into account your investment objectives, particular needs or financial situation. Whilst every effort is taken to ensure the information in this document is accurate, its accuracy, reliability or completeness is not guaranteed. A product disclosure statement (PDS) and a reference guide (RG) issued by TTCRESL are available for the Fund. You should obtain and consider the PDS and RG before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial applications for units in the Fund can only be made pursuant to the application form accompanied by the PDS. Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. Neither TTCRESL or ATLAS guarantee repayment of capital or any particular rate of return from the Fund. Statements of fact in this document have been obtained from and are based upon sources that TTCRESL and ATLAS believe to be reliable. Neither TTCRESL or ATLAS give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgements of TTCRESL and ATLAS as at the date of this document and are subject to change without notice.

#### Contacts

If you have any enquiries regarding the Fund you can contact us by telephone on (03) 9046 4057 or email at [atlas@unitregistry.com.au](mailto:atlas@unitregistry.com.au). You can also download a copy of the PDS and the RG on the Fund's website at [www.atlasinfrastructure.com](http://www.atlasinfrastructure.com)