

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 -0.18% (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 ¹	Benchmark ²	Excess
1 month	-0.2	0.8	-0.9
3 month	2.5	1.8	0.7
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. Fund¹ calculated by Northern Trust net of fees and taxes assuming income reinvested.

2. Benchmark² 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:	IE00BF6X2X43
Inception:	Oct-03-2017
Share class:	USD Hedged
Currency:	USD
Hedging:	Yes
NAV:	700,210
Total assets:	11,284,629
Fees:	1.2 %
Total expense ratio:	1.2 %

ADDITIONAL DETAILS

Application price:	102.537453
Redemption price:	102.537453
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.

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