



MAPLE-BROWN ABBOTT

INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott Global Listed Infrastructure Fund

Monthly Commentary - July 2021

Fund performance (%) ¹

	1 month	3 months	1 year	3 years p.a.	4 years p.a.	5 years p.a.	Inception p.a. 18 Dec 2012
Fund ²	3.7	5.9	13.0	6.6	5.4	5.4	12.5
Benchmark ³	1.0	2.9	9.0	7.9	7.9	7.9	7.4
Relative performance to Benchmark	2.7	3.0	4.0	-1.3	-2.5	-2.5	5.1
FTSE Global Core Infra. 50/50 Index ⁴	3.5	5.9	13.8	8.0	8.5	7.8	12.7
S&P Global Infra. Net AUD Index	3.1	4.6	16.9	4.8	5.3	5.6	10.6

Market commentary

The global listed infrastructure sector was stronger in AUD terms for July, with the reference index (FTSE Global Core Infrastructure 50/50 Index Net Tax Index AUD) returning 3.5%. Global equities were marginally stronger than infrastructure over the month finishing up 4.0% in AUD terms.

Long bonds continued their decline around the developed world with the US ten-year bond yield falling to close at 1.23% at month end. The recent peak in the ten-year yield was around 1.77% in late March. Recent declines in bond yields have come as the market is less confident in the pace of the global economic recovery and consequently fears about accompanying inflation have somewhat abated.

The AUD was weaker over the month and boosted the Fund's return.

Fund commentary

The Fund currently hold 33 global infrastructure stocks and returned 3.7% in July, outperforming the reference index by 0.2%.

UK water utilities continued their strength over July. Demonstratively, Fund holdings Severn Trent and United Utilities Group were up 12% and 10% respectively in local currency terms. Operating results for the financial year ended March were strong, albeit reported in late May. Recent declines in UK long rates and an

attractive ESG story have added to the attractiveness of the sector. Additionally, high prices have notably been paid in recent transactions for UK regulated assets such as Western Power Distribution, Bristol Water and Scotia Gas Networks. All these transactions were sold at healthy premiums to the Regulated Capital Value (RCV) multiple of our similarly regulated holdings in UK listed water utilities.

Two Australian listed infrastructure companies were the subject of take-over interest in July. Fund holding Spark Infrastructure was up 24% after they received multiple price bids from a consortium of KKR and Ontario Teachers' Pension Plan Board. Sydney Airport also received a take-over offer and was up 35% over the month. Sydney Airport is not held in the Fund partly due to our view on the risks of Australia's continued international border closures. Nonetheless, the high price initially offered for the airport highlights the scarcity of such infrastructure assets. Both take-overs were from unlisted bidders who seem willing to pay large premiums for such opportunities. The latest lockdown and fears over the Delta strain in Greater Sydney at the end of July may yet have an effect of whether the Sydney Airport take-over comes to fruition.

Despite a solid and in-line with consensus estimates result for 2Q21, holding Vopak fell 7% during July. Some investors have concerns about returns on their growth capex and adverse currency movements have also impacted profitability.

Please see next page for Outlook

Notes:

1 Past performance is not a reliable indicator of future performance. Source: Maple-Brown Abbott Ltd, OECD website, FTSE as at 31 July 2021.

2 The Fund's performance is based on the movement in net asset value per unit plus distributions and is before tax and after all fees and charges. Imputation and foreign income tax offsets are not included in the performance figures.

3 Benchmark: OECD Total Inflation Index + 5.5% p.a.

4 The Reference Index is the FTSE Global Core Infrastructure 50/50 Net of Tax Index in AUD

Want to find out more?

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Signatory of:



Maple-Brown Abbott Global Listed Infrastructure Fund

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Outlook

Since the onset of the COVID-19 pandemic, global listed infrastructure as an asset class has significantly underperformed global equities. Against the backdrop of this relative underperformance, we see opportunity to further acquire well-managed companies that also offer inflation protection and have lower cashflow volatility for attractive prices.

A recent headwind for our listed infrastructure strategy has been our exclusion of economically sensitive infrastructure that faces

competition, such as North American railroads. This sub-sector has benefited greatly from the 'recovery trade' underway in recent times and has cost our strategy material performance attribution. Whilst they are included in the reference index (FTSE Global Core Infrastructure 50/50 Index Net Tax Index AUD), we exclude them on definitional grounds.

For latest Fund factsheet [click here](#).

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