Maple-Brown Abbott Global Listed Infrastructure Fund

Monthly Commentary - February 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]	-2.0	-7.5	-17.3	3.1	2.6	4.0	10.7
Benchmark [3]	0.4	1.5	6.8	7.6	7.7	7.5	7.2
Relative performance to Benchmark	**-2.4**	**-9.0**	**-24.1**	**-4.5**	**-5.1**	**-3.5**	**3.5**
FTSE Global Core Infra. 50/50 Index [4]	-1.8	-6.2	-16.5	6.0	5.7	6.1	11.2
S&P Global Infra. Net AUD Index	-0.2	-3.5	-16.4	3.5	4.2	4.9	9.5

MARKET COMMENTARY

The global listed infrastructure sector declined in February in AUD terms, with the reference index (FTSE Global Core Infrastructure 50/50 Index Net Tax AUD) returning -1.8%. In contrast, global equities outperformed the global listed infrastructure sector and rose for the month, finishing up 1.6% in AUD terms.

As economic data globally continues to point towards a recovery from the COVID-19 pandemic, inflation expectations have increased. Accordingly, bond yields have also markedly increased. For example, the US ten-year yield started the year at 0.91% and closed the month of February at 1.40%.

The USD was essentially flat and the AUD was stronger for the month providing a headwind for Fund performance.

PORTFOLIO COMMENTARY

The Fund currently holds 31 global infrastructure stocks and was down for February, returning -2.0% and underperforming the reference index by 0.2%.

As COVID-19 vaccine rollouts were underway globally and additional vaccines were approved by government regulators, sentiment towards transportation infrastructure companies was positive. Fund holdings Vinci and Fraport were up 12% and 17% in local currency terms respectively. Likewise, Getlink, Flughafen Zeurich and Ferrovial SA were all up over 4% in local currency terms.

North American pipeline company and Fund holding Williams Companies had a strong February, up 8% in local currency terms. Its Q4 earnings result reported cuts to operating expenses across the board and its success in navigating the recent Texas winter energy crisis.

US regulated utilities had a tough month in February and lagged heavily behind US equities. Fund holdings Duke Energy Corp, Sempra Energy, American Electric Power, Hydro One and Edison International were each down over 6% in local currency terms. Concerns about an increase in inflation and rising rates put downward pressure on regulated utilities. In addition to these concerns, the record-breaking deep freeze and associated energy blackouts in the US Midwest did not help sentiment for this sub-sector.

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 28 February 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?

Contact our Client Service team by:
Email: mba@unitregistry.com.au
Telephone: 1300 097 995
Website: www.maple-brownabbott.com.au

Signatory of: PRI Principles for Responsible Investment

OUTLOOK

February saw strong performance from many of the transportation infrastructure stocks on increasing optimism around 're-openings'. Whilst these companies' performance will continue to be linked to external factors outside their direct control, such as vaccine rollouts, international border closures and potential variants of the COVID-19 virus, their recent strength is a reminder of the value embedded in some of their underlying assets. People still need and desire to travel and will do so again. We believe that transportation infrastructure assets, in particular toll roads, are poised to further benefit from the recent positive vaccine news and the prospect of societies opening up.

The recent inflation concerns and the associated rise in long term rates are a current factor for markets to consider. Conventionally, global listed infrastructure fares better in a low real rate environment and real rates have increased far less than nominal rates. Despite the historically low rates seen towards the end of 2020, global listed infrastructure has already seen dramatic underperformance relative to the broader equities market, >25% over the last 12 months in USD. Whilst the infrastructure sector may face some macro headwinds, it does so with strong fundamentals. Against the backdrop of such a performance disparity, we see a good number of valuation opportunities in certain infrastructure sub-sectors such as regulated US electric utilities which will benefit from the deployment of renewable energy generation and toll roads as a value play on society opening up.

For latest Fund factsheet click here.

WANT TO FIND OUT MORE?

Contact our Client Service team by:

Email: mba@unitregistry.com.au

Telephone: 1300 097 995

Website: www.maple-brownabbott.com.au

Signatory of:

PRI Principles for Responsible Investment