Maple-Brown Abbott Global Listed Infrastructure Fund

Monthly Commentary – 31 January 2022

Fund performance (%) [1]

	1 month	3 months	1 year	3 years p.a.	5 years p.a.	Since inception p.a. 18 Dec 2012
Fund [2]	1.5	8.8	25.8	8.6	7.6	12.7
Benchmark [3]	1.3	2.8	11.0	8.4	8.3	7.7
Relative performance to Benchmark	**0.2**	**6.0**	**14.8**	**0.2**	**-0.7**	**5.0**
FTSE Global Core Infra. 50/50 Index [4]	0.1	7.2	23.6	8.7	10.0	12.8
S&P Global Infra. Net AUD Index	2.1	6.3	22.3	7.1	8.0	10.9

Market commentary

The global listed infrastructure sector finished the month of January approximately flat, with the reference index (FTSE Global Core Infrastructure 50/50 Index Net Tax AUD) returning 0.1% in AUD terms. The global equities were weak, down 2.3% in AUD terms.

The Australian dollar was weaker in January and drove positive what would have otherwise been a negative return.

Long bond yields ended the month considerably higher than where they started, with the US 10-year yield finishing at 1.77%. The increase was driven by inflation concerns and central banks' commentary about the possibility of increasing short-term rates sooner than previously thought.

Fund commentary

The Fund currently holds 31 global infrastructure stocks and returned 1.5% in January, outperforming the reference index by 1.4%.

The Fund's 12-month outperformance is +2.2% against the reference index.

Several gas infrastructure companies in North America enjoyed a positive start to the year. Gas supply disruptions first seen in 2021 continued and the growing geopolitical risks in Eastern Europe and the associated concerns about Europe's gas supply from Russia, helped this sub-sector's performance as the US government pledged to work with fellow international gas suppliers to ensure gas supply to its European allies.

Fund holdings in the regulated gas utilities of NiSource and Sempra Energy were up 6% and 4% respectively. Contracted US LNG export facility Cheniere Energy was up 10%, despite the fall in broader US equity markets. Likewise, Fund holding Williams Companies, a pipeline company which stores and transports gas, was up 15%.

Inflation concerns globally and the associated increase in long bond yields adversely affected companies with long duration cash-flows. Examples include transportation infrastructure companies with long-length concessions, renewable energy developers and cell towers. Among Fund holdings, Ferrovial SA, with its long-life tollroads, was down 11%, renewable energy company EDP Renovaveis SA fell 15% and communications towers companies Infrastrutture Wireless Italiane SpA and Crown Castle International Corp were both down over 10%.

Notably, the highly rated renewable energy developer Nextera Energy Inc, which is not held in the Fund, was down over 16%. In addition to the interest rate concerns detailed above, the company's CEO unexpectedly retired.

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 January 2022
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: maple-brownabbott.com.au

Outlook

The start of the new calendar year has seen volatility return to equity markets. While the threat of the Omicron variant of COVID-19 has not been eliminated it is now better understood by financial markets and the outlook for pandemic-related stocks has become more positive. As life returns to 'normal' and travel restrictions ease, we continue to see opportunities in the toll-road subsector and similar infrastructure assets such as Getlink. However, we remain cautious about international air travel with some countries still maintaining strict border policies. Notably, China is upholding its "COVID-zero" approach for the time being which ensures an important share of international passengers are unable to return to the skies and the associated airports.

Inflation concerns and subsequent interest rate rises along with geopolitical risks are the key drivers of market sentiment at present. The pullback in prices of many highly rated 'growth' stocks in the listed infrastructure space provides an opportunity to potentially acquire well-managed companies with realistic development pipelines that have hitherto been overly expensive.

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: maple-brownabbott.com.au

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PRI Principles for Responsible Investment