Maple-Brown Abbott Global Listed Infrastructure Fund

Monthly Commentary – 31 May 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]	1.0	7.2	19.9	7.6	6.0	12.8
Benchmark [3]	1.4	4.2	13.7	9.7	8.9	8.0
Relative performance to Benchmark	**-0.4**	**3.0**	**6.2**	**-2.1**	**-2.9**	**4.8**
FTSE Global Core Infra. 50/50 Index [4]	1.3	7.1	17.1	6.3	7.9	12.8
S&P Global Infra. Net AUD Index	2.6	7.2	20.4	6.1	6.4	11.3

Market commentary

The global listed infrastructure sector was stronger in May, with the reference index (FTSE Global Core Infrastructure 50/50 Index Net Tax AUD) closing the month up 1.3% in AUD terms. Global equities were weaker and returned -0.9% in May. This continues a recent trend, with global listed infrastructure strongly outperforming global equities year to date.

US 10-year bond yields fell slightly during the month as expectations for aggressive rate hikes cooled slightly; they closed the month at 2.74%.

Fund commentary

The Fund currently holds 32 global infrastructure stocks and returned 1.0% in May, underperforming the reference index by 0.3%. Over 12 months, the Fund has outperformed the reference index by 2.8%.

Fund holding NiSource had a positive month, up 8% in local currency terms. Vopak had a modest bounce in May, up 4%, following weakness in the prior months.

Getlink continued its recent strength, up a further 3% in local currency terms. Getlink is one of the largest positions in the Fund, at 6.1% and we recently met with both the Chief Executive Officer and Chief Financial Officer in person, in Paris. In May, the company launched the commercial operations of its electricity interconnector between France and the UK. A timely addition given the increased interest in energy security. This project is an excellent example of the optionality of existing infrastructure whereby new revenue streams can be leveraged off existing assets. The cable also has green credentials, having no interference with the marine ecosystem since it travels through an existing tunnel.

Regulated utilities in the UK were weaker during the month. Severn Trent, SSE and United Utilities Group all falling, 7%, 5% and 8% respectively. While full-year results announced during the month for each of the companies were in line with our expectations, there are concerns over increasing operating costs given the UK's high inflation. This is despite the strong inflation pass-throughs embedded via the UK real regulatory framework.

Additionally, the recent announcement by the UK Government of a "windfall tax" on oil and gas producers unnerved many investors since the Government is also considering extending the tax to electricity generators. SSE has a small thermal generation business, instead focusing on renewables and electric networks. Taxing the generators is difficult and complex as they use hedging in the near years to reduce volatility hence they aren't yet fully benefitting from the high power prices. Furthermore, such a tax on SSE would contradict the Government's key objective of transitioning energy generation to renewables, of which SSE is a key player.

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 May 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?
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Outlook

Year to date the performance of global listed infrastructure has been strong versus global equities. This is in sharp contrast to the two prior years where global listed infrastructure lagged far behind global equities.

Inflation uncertainty and the Ukraine-Russia war impact on energy markets are ongoing. The theme of high inflation is seen to benefit many infrastructure companies due to their ability to pass through increased inflation as part of their regulation or concession contracts. This energy crisis has seen plans for an acceleration in the roll-out of renewables in Europe and improved the prospects for LNG exports from the US, both of which potentially favour the listed infrastructure sector.

While Central Banks seem determined to raise rates in the short-term, the global consumer is beginning to show early signs of slowing demand as energy costs sap disposable income. This environment should favour defensive investments such as infrastructure which don't overly rely on discretionary spending.

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

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