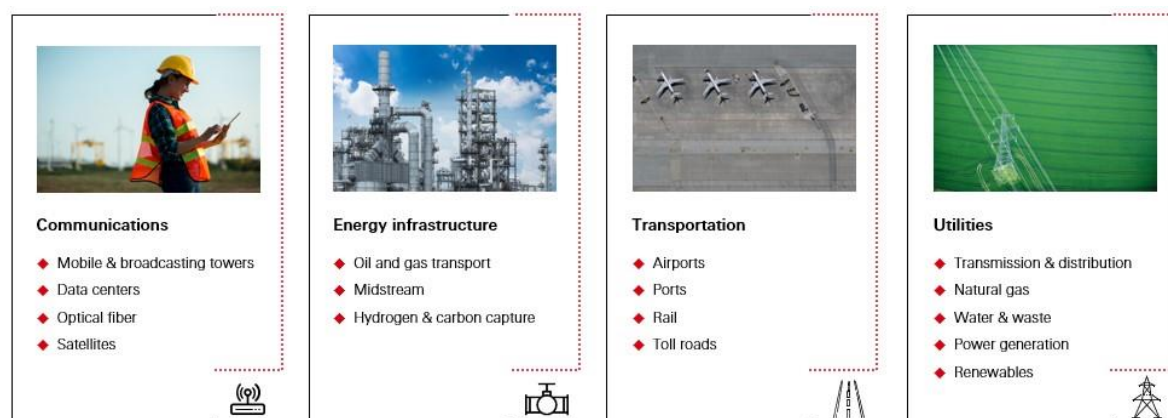


Benefits of Investing on Global Listed Infrastructure

For Professional Clients only. Marketing Communication.

February 2025

Infrastructure assets encompass public and private physical structures and facilities which are essential for the stability and growth of any economy as they provide valuable services to society. These “hard infrastructure” assets mainly operate across four broad sectors—Utilities, Energy, Transportation, Communications.



Global Listed Infrastructure (GLI) refers to publicly traded companies which own and/or operate infrastructure assets worldwide. Over the past decade, we have seen more and more interest in the asset class as investors have increased their allocation to GLI. In turn, gaining liquid exposure to direct infrastructure and having a defensive building block as part of a diversified equity portfolio.

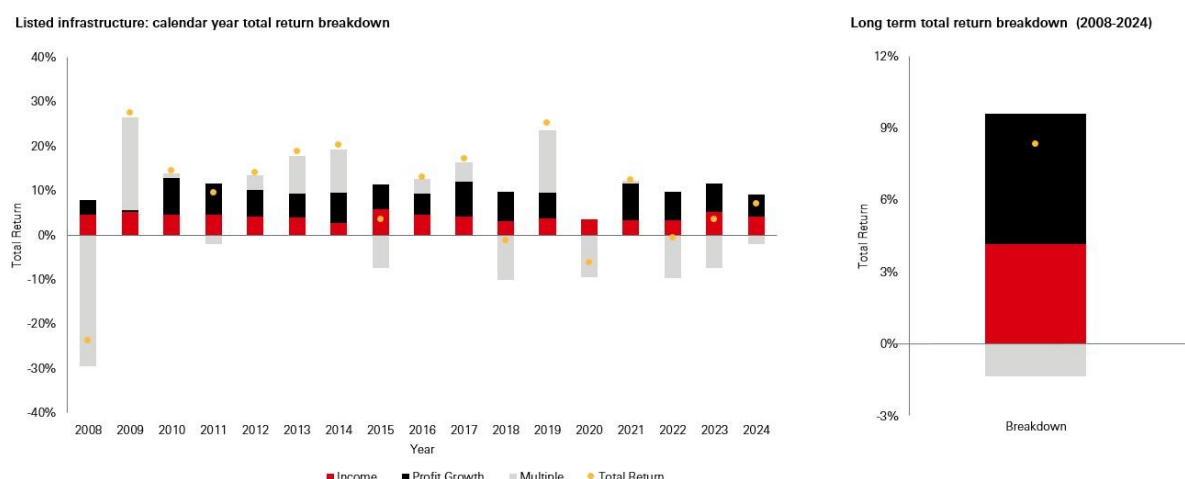
GLI as a liquid proxy for direct infrastructure

We believe investors globally now consider GLI as a liquid alternative to unlisted infrastructure, contributing to the assetclass' significant growth in the past decade. Unlisted infrastructure has distinct characteristics (namely, the ability to secure control of an asset and the lack of market valuations), however we believe the long-term total return outcomes are more aligned with listed infrastructure despite the higher volatility due to the daily pricing available on its underlying assets.

As seen in the total return breakdown charts below, the multiple effect can provide a headwind or a tailwind to listed infrastructure's annual returns, yet in the long run, it is infrastructure asset's underlying profit growth and dividend payments that drives total returns: not its ownership structure. Additionally, while unlisted infrastructure can have lower perceived volatility, we believe it exhibits higher transaction costs, lower liquidity, and more concentrated portfolios. On top of usually requiring higher minimum investments.

Chart 1: Total return breakdown

Source: Bloomberg. Data from 31 December 2007 to 31 December 2024. The bars in the charts represent an arithmetic sum whilst the total return is calculated using a geometric sum.



GLI can provide defensive exposure in a diversified equity portfolio

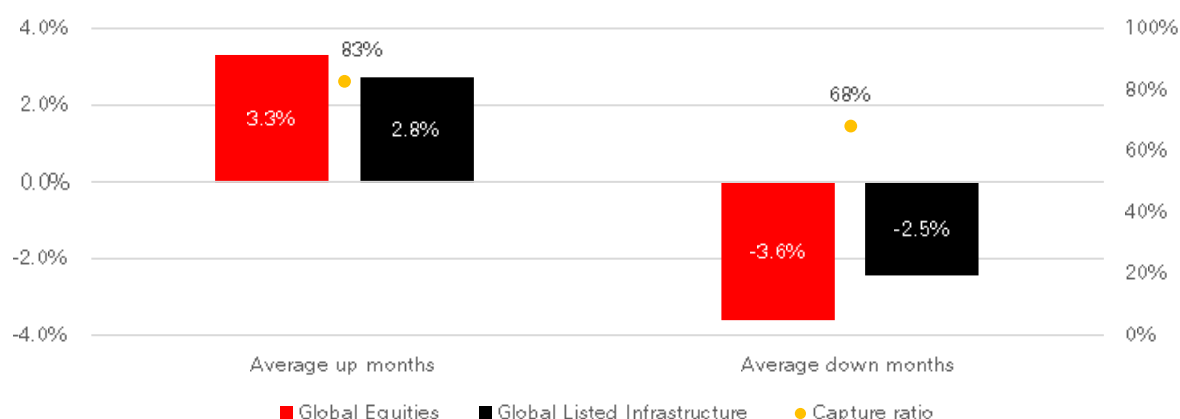
GLI has historically exhibited predictable, resilient, and inflation hedged earnings' growth: supported by high cash distribution levels. Arguably, appealing features for asset allocators searching for a defensive building block with a low correlation to global equities to complement their portfolio.

The asset class' defensive characteristics are reflected in its performance, with potentially attractive upside/downside capture. We believe the below chart echoes this, measuring the degree to which listed infrastructure participates in global equities' upside during "up" months and global equities' downside during "down" months. In turn, highlighting how the assetclass' defensive characteristics can play an important role in well diversified asset allocation.

Diversification does not ensure a profit or protect against loss. The information provided is for illustrative purpose only. The views expressed above were held at the time of preparation and are subject to change without notice. Past performance does not predict future returns.

Chart 2: Upside vs. downside market capture

Source: Bloomberg as at 31 December 2024

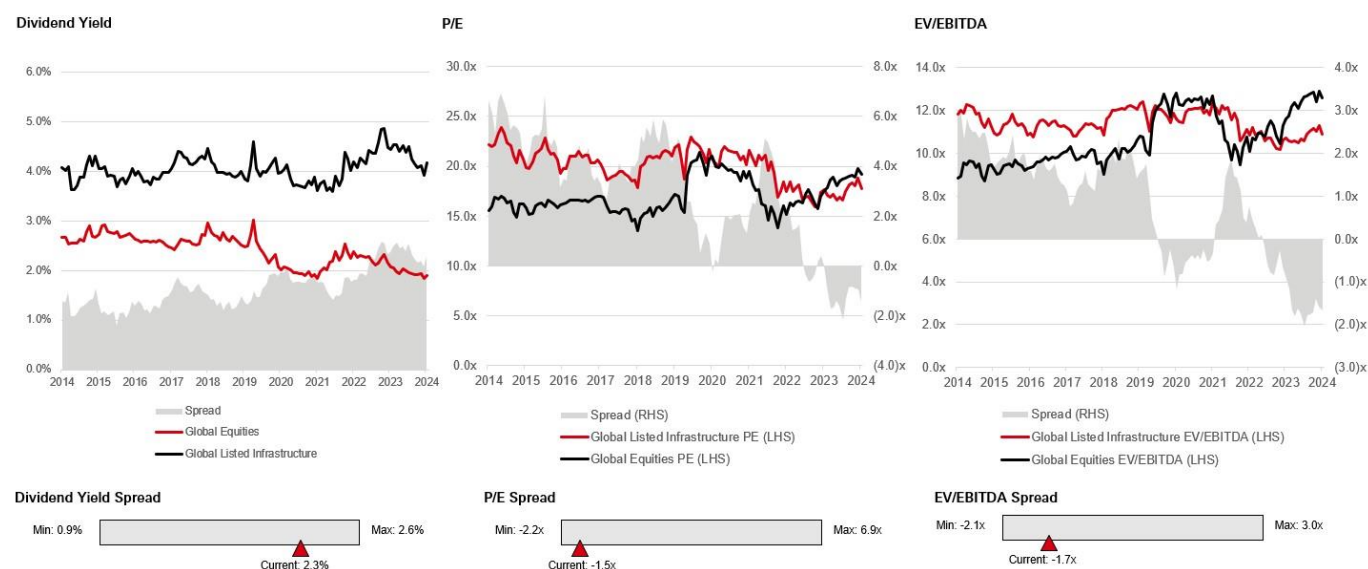


How is the asset class currently trading?

As seen in Chart 1, the multiple effect has been a headwind for the asset class over the last two years; muting the assetclass' share price performance. Nonetheless, GLI has benefitted from inflationary tailwinds and continues to deliver resilient income and profit growth. However, GLI trades at a wide discount to Global Equities (see Chart 3) across various valuation multiples.

Chart 3: Valuation metric comparisons

Source: Bloomberg as at 31 December 2024



As shown above, the spread across multiple metrics screens as, arguably, attractive compared to historical level. As such, we believe the current trading environment presents a potential opportunity.

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- ◆ **Alternatives Risk:** There are additional risks associated with specific alternative investments within the portfolios; these investments may be less readily realizable than others and it may therefore be difficult to sell in a timely manner at a reasonable price or to obtain reliable information about their value; there may also be greater potential for significant price movements.
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- ◆ **Counterparty risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- ◆ **Derivatives risk:** Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- ◆ **Emerging markets risk:** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- ◆ **Exchange rate risk:** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- ◆ **Investment leverage risk:** Investment leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- ◆ **Liquidity risk:** Liquidity risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- ◆ **Operational risk:** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.
- ◆ **Style risk:** Different investment styles typically go in and out of favour depending on market conditions and investor sentiment.
- ◆ **Model risk:** Model risk occurs when a financial model used in the portfolio management or valuation processes does not perform the tasks or capture the risks it was designed to. It is considered a subset of operational risk, as model risk mostly affects the portfolio that uses the model.

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