

Opportunities for investing in global listed infrastructure

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With the offshore investment limit now expanded to 45% of a portfolio, local investors are seeking new global opportunities to diversify their offshore holdings and explore alternative investment return profiles other than vanilla global equity. Investors can mitigate risk and boost potential returns by investing in a fund that not only supports the foundations of economic growth and advances like the global energy transition sustainably, but also offers access to a carefully chosen, liquid mix of global listed infrastructure assets that delivers solid returns.

The many advantages of infrastructure

In today's investment landscape, more and more investors are recognizing the value of incorporating infrastructure into their portfolios for its income, diversification, and inflation protection benefits. Accessing infrastructure investments has become more convenient through liquid funds that focus on listed infrastructure, offering a diverse range of opportunities beyond traditional projects like roads and utilities. The modern landscape of listed infrastructure encompasses renewable energy solutions, healthcare facilities, and various elements of the evolving digital economy infrastructure, such as cellphone towers, data centres, satellite networks and optical communication systems.

Combining a diverse selection of owners of physical assets with an advantage

The philosophy employed in our global listed infrastructure strategy is focused on delivering growing cashflow streams to our clients backed by companies owning strategically advantaged physical assets with long-term growth potential. Our focus is on critical infrastructure assets, long-life concessions, and perpetual royalties, offering a unique investment opportunity to deliver sustained income growth over time.

What's unique about this approach is that we diversify across different infrastructure categories, sectors, subsectors and regions, and we seek to own businesses that have some level of superiority over competitors, whether it be lower costs, superior supply chains, pricing power, or high barriers to industry entry, among other "edges", giving them the ability to generate cashflow streams that grow over a very long time period.

Adding a layer of diversification, for example, is our inclusion of evolving infrastructure such as digital assets and high-growth opportunities, which are deeply rooted in technological advancements and trends shaping the future, such as the global green energy transition.

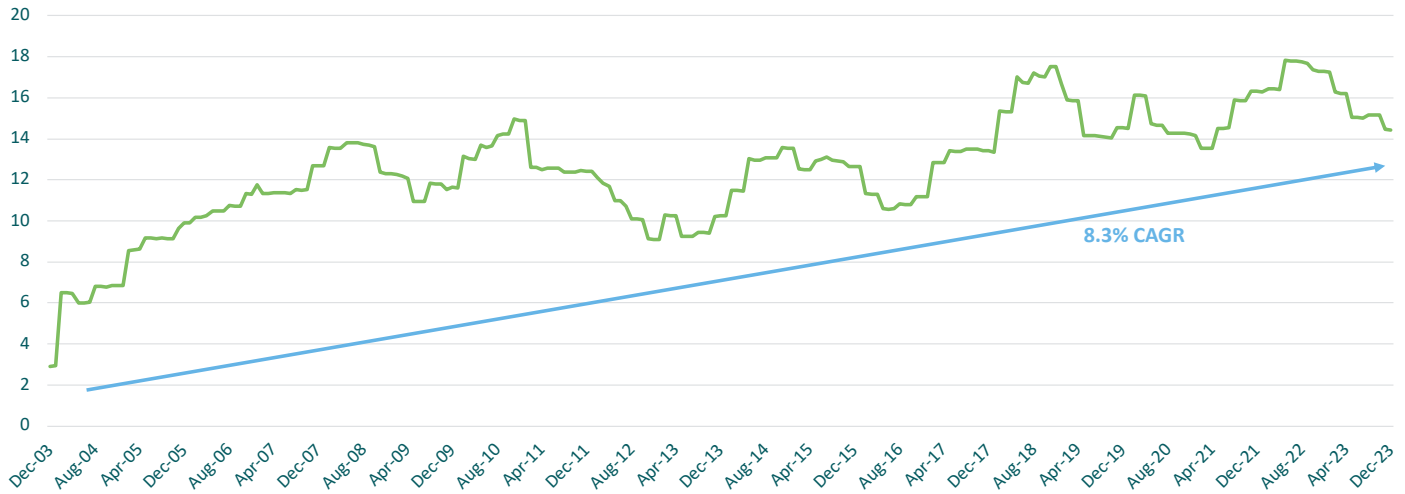
Protecting the downside

As this is an actively managed strategy, an important dimension for us is managing portfolio risks associated with market volatility, and the Fund's performance reflects this attention to downside risk. The fund has a history of delivering consistent, compounding, high single-digit returns over time as seen in Graph 1. While this may not appear as enticing as some global equity options, looking at the historical experience using the S&P 500 Utilities LTM Earnings Index as a proxy, the compounding effect of earnings, cashflow and growth at 8.3% over 20 years presents a compelling investment case for any portfolio.

Graph 1

Two decades of high-single digit compounding Consistency of earnings growth

S&P 500 Utilities LTM Earnings Index

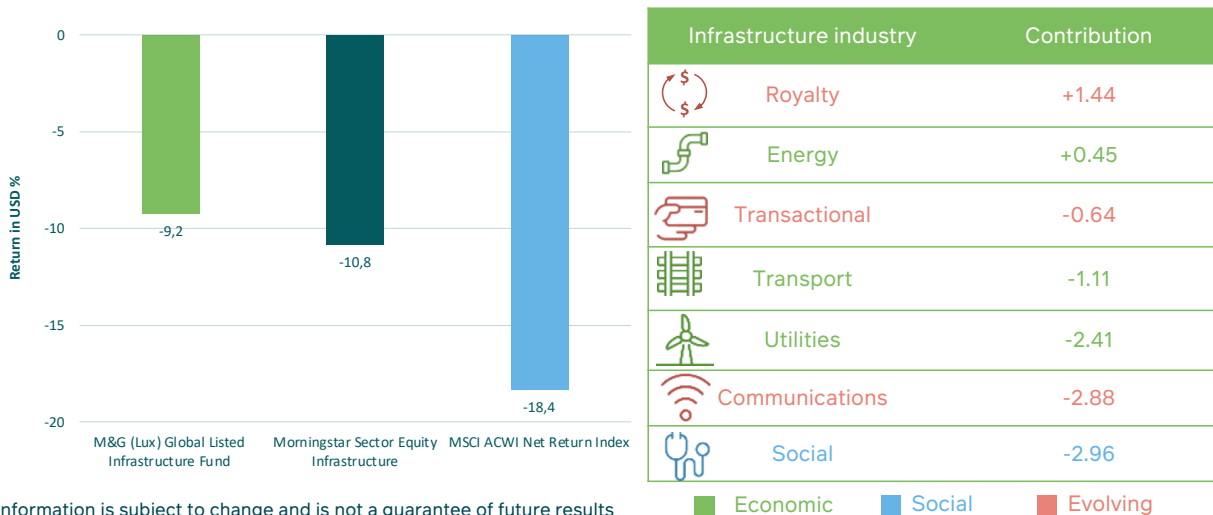


Source: Bloomberg, 31 December 2023

Graph 2 illustrates the efficacy of our risk-sensitive approach. The year 2022 was riddled with challenges, marking a very difficult period in global equity markets. The Fund's 30% exposure to the utilities sector was instrumental in delivering downside protection. While the global equity market was down more than 18.4% in US dollar terms, our strategy protected on the downside and preserved nearly half of that capital (-9.2%).

Graph 2

Performance in 2022 M&G (Lux) Global Listed Infrastructure Fund



Information is subject to change and is not a guarantee of future results

*The benchmark is a comparator against which the fund's performance can be measured. It is a net return index which includes dividends after the deduction of withholding taxes. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The investment manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is not an ESG benchmark and is not consistent with the ESG Criteria and Sustainability Criteria. For further details of the fund's ESG Criteria and Sustainability Criteria, please refer to the ESG Criteria and Sustainability Criteria document on our website. For further details of our ESG Product Framework, please see the fund's Prospectus.

*Past performance shown to 31 October 2018 is the MSCI ACWI Index. Past performance shown from 01 October 2018 is the MSCI ACWI Net Return Index. Source: Morningstar Inc., 30 December 2022, US dollar A class shares, net income reinvested, price to price.

Looking ahead, we anticipate unlocking several more opportunities that will unfold due to the structural themes emerging in this sector, such as electrification of private and public transport, universal connectivity and bringing digital access to the world, as well as the infrastructure required for a more circular economy – these are just some of the examples of the prospects and opportunities we see unfolding in the future. By choosing infrastructure as an asset class, investors not only enhance their portfolio positioning with stable returns and inflation-protection, but also contribute to the advancement of sustainable global infrastructure development.

Investors can access this unique strategy and positioning via the [M&G Global Listed Infrastructure Fund \(USD\)](#) and [M&G Global Listed Infrastructure Feeder Fund \(ZAR\)](#).

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