



ASX

AUSTRALIAN SECURITIES EXCHANGE

Infrastructure Funds

Fact Sheet

Governments around the world are decreasing their investment in public infrastructure assets, creating a new asset class for investors. Over time, this has led to the emergence of specialist Infrastructure Funds, providing investors with a range of opportunities to invest in public assets.

What are Infrastructure Funds?

Infrastructure Funds allow investors to own part of a professionally managed portfolio of infrastructure assets, such as:

- Toll roads
- Airports
- Rail facilities and other transport assets
- Communications assets such as broadcasting towers
- Materials handling facilities such as ports
- Utilities such as electricity power lines and gas pipelines

Infrastructure Funds are managed by specialist Fund Managers, who make all the investment decisions on your behalf. Returns from Infrastructure Funds can have a combination of capital growth and income. The incomes generated by infrastructure assets can be predictable, as they usually operate in environments with low levels of competition and high barriers to entry.

For growth-orientated funds, the absence of stable income in the near-term may be compensated with capital growth in the medium term, as it uses excess funds to expand its portfolio. On the other hand, some Infrastructure Funds have more mature assets that are generating steady income streams.

In some instances the Infrastructure Fund that owns the assets may be joined with another entity such as an associated company that undertakes other activities. Such entities are referred to as 'stapled securities', and while they are two separate entities they cannot be traded separately. Depending on the nature of the associated company's activities, the risk profile of the stapled entity can vary from a passive income to higher risk profile.

Infrastructure fund managers are also able to borrow to finance their business activities. However, the cost of debt and its refinancing can influence performance over time.

Infrastructure Funds market capitalisation



Updated statistics can be viewed at www.asx.com.au/infrastructure under the 'Market Update' icon

Infrastructure Funds LMI Fact Sheet

What are the benefits of Infrastructure Funds?

Diversification

Infrastructure Funds offer investors a range of infrastructure assets managed by investment professionals. Generally they have a low correlation (due to stable and predictable income) with more traditional asset classes meaning investors also have the opportunity to decrease portfolio risk.

Earnings stability

Essential infrastructures such as airports, roads and ports are crucial to a modern society and have very high replacement costs. This may decrease the volatility of funds investing in these assets, as earnings are relatively predictable.

Access to unique assets

Infrastructure Funds allow investors to access investments that would normally be unavailable to retail investors. The underlying assets also tend to have limited competition, providing investors access to assets with a sustainable competitive advantage.

Returns from capital appreciation and income

The share price of an Infrastructure Fund may increase as the underlying portfolio of assets rise in value and provides income for investors through dividends or distributions.

Taxation effective income stream

The dividends/distributions from some Infrastructure Funds have tax advantaged income streams meaning investors do not pay tax on a portion of the dividend until they sell their units.

Like any investment, Infrastructure Funds have risks you need to understand before investing. You should obtain independent advice from a professional adviser prior to making any financial decision.

Buying and selling Infrastructure Funds

- Easy and immediate access to the Infrastructure Fund of your choice as purchases and sales are conducted during ASX trading hours
- Flexibility to use 'limit orders' to buy and sell at prices you specify
- Information on your investment is available through daily newspapers and websites
- Transactions are settled in three days (T+3)
- Should your transaction (or holding) be subject to fraud or insolvency of your ASX broker during the T+3 period, the National Guarantee Fund may cover losses of up to \$100 million
- Infrastructure Funds are subject to supervision through initial and ongoing ASX requirements

You should obtain independent advice from a professional adviser prior to making any financial decision. ASX offers a broker referral service via www.asx.com.au/findabroker

Additional information

- Consult your adviser or visit the Infrastructure Funds section of the ASX website: www.asx.com.au/Infrastructure for investor education, product details, research, performance figures, news and prices.
- Contact ASX customer service on 131 279 or email info@asx.com.au

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