

M&G (Lux) Global Listed Infrastructure Fund



Infrastructure in the spotlight: Private investigation

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Global listed infrastructure is under private investigation. Sydney Airport received an unsolicited takeover approach earlier this month from a consortium of pension funds and private equity, which offered a 42% premium to buy the company outright. The shares jumped more than 30% on the news, but remain below their pre-COVID peak and the company chose to reject the offer, saying it was too low.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective, and you may get back less than you originally invested.

The bid for Sydney Airport is by no means unusual given our recent experience in the M&G (Lux) Global Listed Infrastructure Fund. This is the third instance this year when a fund's holding has attracted interest from private buyers. Spain's Naturgy Energy, a world leader in liquefied natural gas (LNG), was the first to come under scrutiny after the IFM Global Infrastructure Fund, which is owned by Australian pension funds, offered to pay a 20% premium for a 23% stake in the company, back in January. CCR, the Brazilian toll road company, was next as IG4 Capital Investimentos offered to buy a 14.8% stake in May.

These examples of private capital buying listed companies which own and operate critical infrastructure assets are symbolic events, in our view, that highlight the latent value we see in listed infrastructure. We believe that these developments provide a clear indication that the reliable and growing cashflows from infrastructure assets are being undervalued in the stockmarket. Investors with a long-term time horizon, such as those in the private sphere, are starting to take notice and act on their convictions. We believe this is a good time to consider investing in this asset class.

Private capital seeking listed value

Naturgy Energy: YTD performance in euros



CCR: YTD performance in Brazilian Real



Sydney Airport: YTD performance in AUD



Source: Thomson Reuters Eikon, 5 July 2021

Past performance is not a guide to future performance

UCITS HAVE NO GUARANTEED RETURN, AND PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE

The views expressed here should not be taken as a recommendation, advice or forecast.

Please note that the fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

Further risk factors that apply to the fund can be found in the fund's Key Investor Information Document (KIID).

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