

# US infrastructure bill: done deal

## M&G Global Listed Infrastructure Fund

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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.

Done deal. The much anticipated \$1.2 trillion US infrastructure package took a huge step towards becoming reality after the House of Representatives passed the Bipartisan Infrastructure Deal following months of negotiation. With approval from Congress now sealed, the only missing piece in the legislative process is President Joe Biden's signature to confirm the bill as law.

The 'once-in-a-generation' infrastructure programme, which includes \$550 billion in new federal spending<sup>1</sup>, aims to repair, modernise and expand America's crumbling infrastructure, with the ultimate goal of safeguarding US competitiveness on the globe stage. Highlights include:

- **Roads and bridges:** \$110 billion in new funds, including the largest investment in bridges since the construction of the interstate highway system.
- **Public transit:** \$89.9 billion in guaranteed funding over the next five years, the largest federal investment in public transit in US history.
- **Electricity grid:** more than \$65 billion earmarked for the upgrade of power infrastructure, including the largest-ever investment in clean energy transmission.
- **High-speed internet:** \$65 billion to ensure that every American has access to reliable and affordable broadband services.
- **Clean water:** \$55 billion to provide all American families with safe drinking water and eliminate lead pipes.

The passing of the US infrastructure bill is not expected to have a transformational effect on the growth prospects of our investments in the M&G Global Listed Infrastructure Fund, but **Ferrovial** and **Transurban** own and operate toll roads in the US, while **Union Pacific** and **CSX** are leading players in the US railroads industry. Many of the fund's US utility holdings including **Edison International**, **Sempra Energy** and **Eversource Energy** are owner/operators of power transmission assets, while **American Water Works** is the largest water utility in the US. Communications towers companies such as **Crown Castle** and **American Tower** are well placed for the increased investment in digital infrastructure, including the rollout of 5G networks.

Higher infrastructure spending may provide a favourable backdrop for listed infrastructure as an asset class, but M&G's long-term approach is not reliant on fiscal expansion continuing or government initiatives having an immediate impact on economic growth. We acknowledge the tailwind of fiscal spending, but it is also important not to lose sight of the fact that listed infrastructure is a beneficiary of powerful long-term trends which are likely to be more enduring. Thematic tailwinds such as renewable energy, clean transportation and digital connectivity are likely to persist for many decades to come. We remain as excited as ever about the long-term opportunities for the asset class.

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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<sup>1</sup><https://www.whitehouse.gov/bipartisan-infrastructure-deal/>