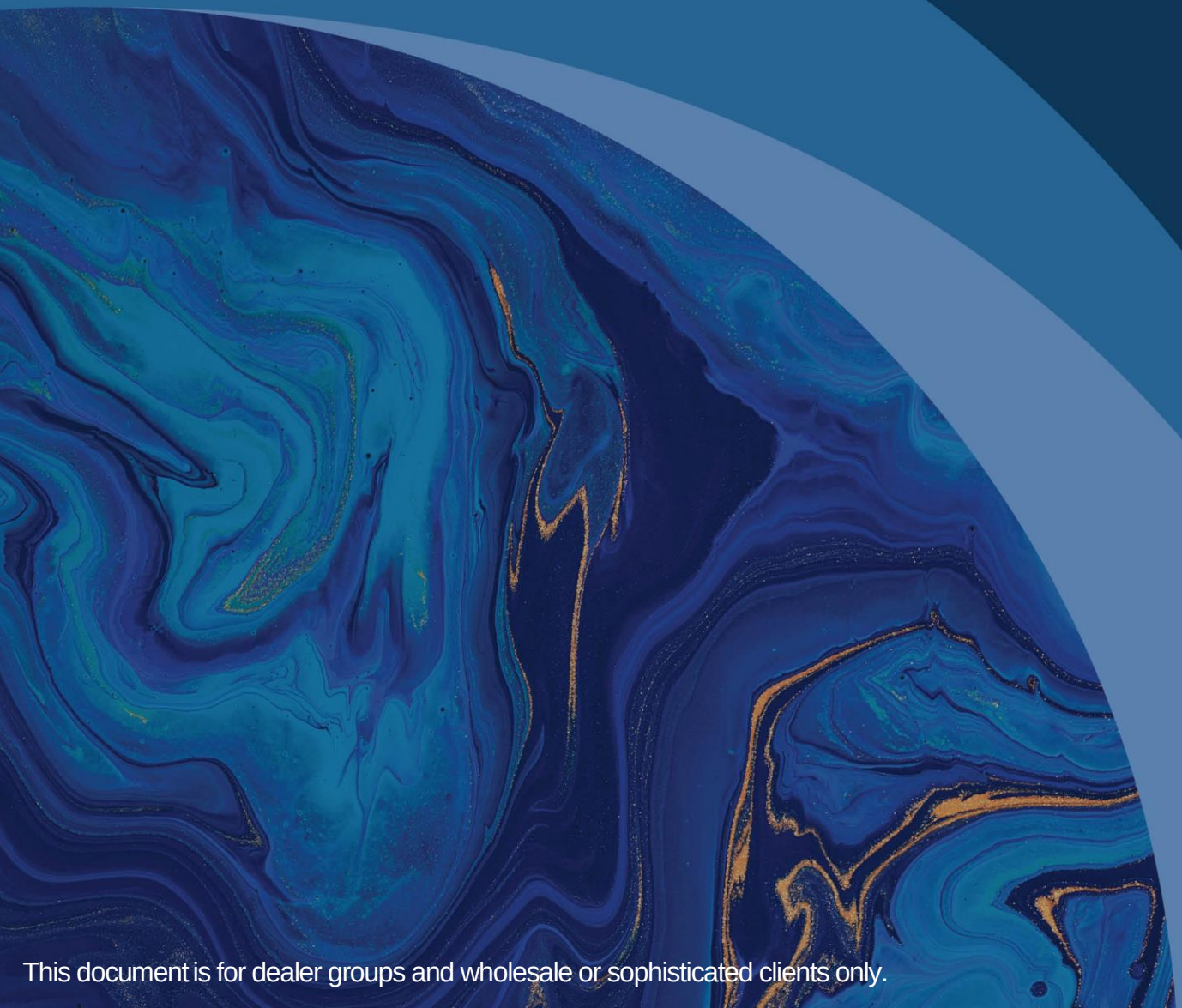
Mason Stevens OCIO

Property and Infrastructure Sector Review September 2024



This document is for dealer groups and wholesale or sophisticated clients only.

Property and Infrastructure Sector Review

Introduction

The Mason Stevens OCIO Property and Infrastructure sector review was completed in September 2024. This was a focused review of who we believe to be the best managers in market across the Property and Infrastructure asset classes. This review has in turn informed decisions around managers on the Mason Stevens High Conviction List (HCL). This document details our thoughts on these asset classes, the process and outcomes of the review, and summaries of each of the managers.

The Property and Infrastructure Sectors

Property and Infrastructure, while separate asset classes, are often considered together given collectively they provide exposure to real assets. The subsectors in the Property and Infrastructure asset classes include:

- **Global REITS** (GREITS) – Global Real Estate Investment Trust managers invest in an asset class that has hundreds of listed REITS in the global universe. A diversified GREIT portfolio will provide exposure across all the main property sectors including industrial, office, residential, retail and healthcare. Typically available in both hedged and unhedged classes.
- **Direct Property** – The underlying exposure of Direct Property funds are ultimately the same as with GREITS, but there is far less liquidity in this sector and therefore the funds structures and portfolio considerations will differ. A diversified exposure will typically be less volatile than GREITS both on the upside and downside, as well as lagging listed markets directionally. There are both domestic and global options available in this subsector.
- **Global Listed Infrastructure (GLI)** – GLI managers invest in listed companies that own and operate critical infrastructure assets, of which there are around 600 globally. Each manager may have a slightly different definition of what constitutes infrastructure but typically will provide diversified exposure across toll roads, airports, ports, rail, and energy infrastructure. Typically available in both hedged and unhedged classes.
- **Direct Infrastructure –** As with Direct Property, the underlying exposure of Direct Infrastructure funds are ultimately the same as with GLI funds but there is far less liquidity in this sector and therefore the funds structures and portfolio considerations will differ. There are typically only global options within this subsector.

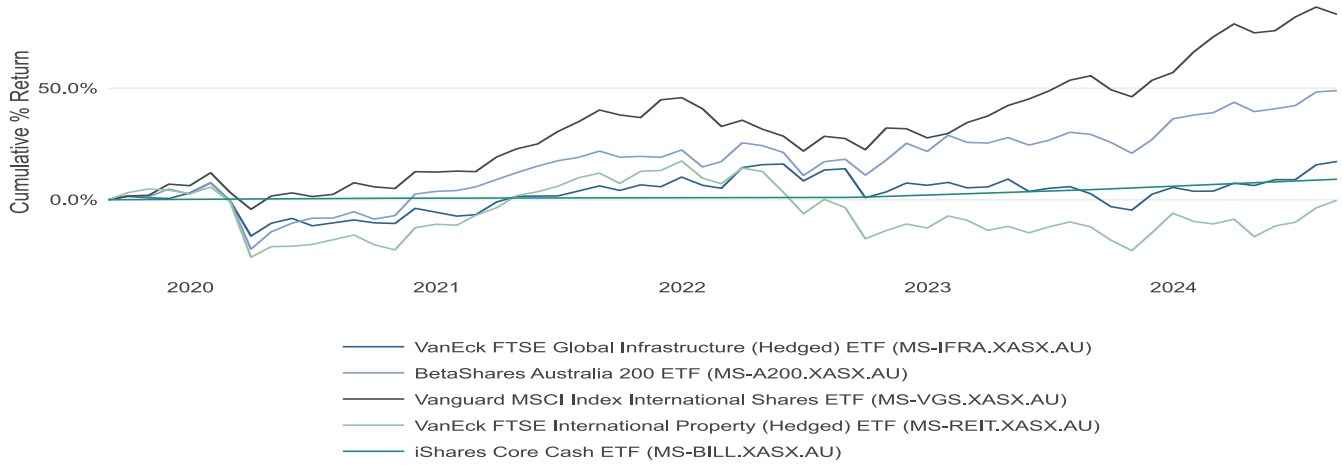
Perhaps one notable exclusion in terms of our consideration is Australian Listed Property (AREITS). We don't typically allocate to AREITS given the limited, concentrated nature of the market. Goodman Group now represents almost 40% of the market, which in our view represents too much idiosyncratic stock risk for it to be considered an asset class or something you would consistently allocate too. That, however, doesn't mean AREIT exposure shouldn't be considered on a case-by-case basis, or that they won't outperform at times.

Sector commentary

Is it time for a rebound in Property and Infrastructure?

It has been a tough five years for both listed and unlisted Property and Infrastructure markets. The spike in inflation coming out of the pandemic and the subsequent steep interest rate hiking cycle led to a historically deep bear market in bonds, which in turn has had a major impact on those growth assets often viewed as bond proxies – in particular Property. Infrastructure, conversely, performed well on a relative basis in 2022 during the bond bear market, partly because of the direct CPI link for much of the income coming from Infrastructure assets. Either side of 2022, however, Infrastructure has struggled to keep up with strongly rallying equity markets. We can see this reflected in charts 1 and 2 below. Global REITS have had a slightly negative return over 5 years, and Global Listed Infrastructure has only slightly outperformed cash and has significantly underperformed equities.

Charts 1 and 2: 5 Year Underperformance of Global REITs and Listed Infrastructure Against Equities



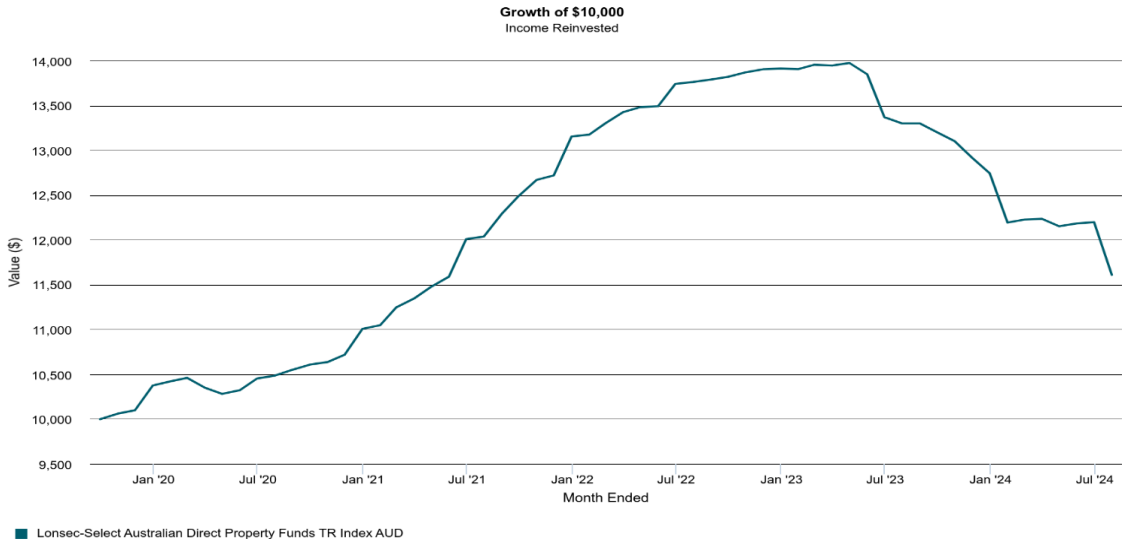
Source: Mason Stevens OCIO, Jacobi Analytics, Morningstar

As at: 31/08/2024 Portfolio	1M	3M	6M	CYTD	1Y	2Y	3Y	4Y	5Y
VanEck FTSE Global Infrastructure (Hedged) ETF (MS-IFRA.XASX.AU)	1.32%	7.48%	12.80%	11.03%	14.12%	1.43%	3.33%	6.54%	3.22%
BetaShares Australia 200 ETF (MS-A200.XASX.AU)	0.43%	5.80%	7.14%	9.31%	15.20%	12.28%	6.93%	12.01%	8.30%
Vanguard MSCI Index International Shares ETF (MS-VGS.XASX.AU)	-1.76%	4.16%	5.84%	16.61%	17.70%	19.87%	9.30%	14.21%	12.86%
VanEck FTSE International Property (Hedged) ETF (MS-REIT.XASX.AU)	3.56%	13.08%	11.92%	6.18%	13.65%	1.69%	-3.76%	4.34%	-0.04%
iShares Core Cash ETF (MS-BILL.XASX.AU)	0.41%	1.14%	2.25%	3.01%	4.48%	3.96%	2.73%	2.06%	1.77%

Source: Mason Stevens OCIO, Jacobi Analytics, Morningstar

While there was a large correction in GREITS in 2022, direct asset valuations were not hit as immediately, but by 2023 significant write-downs in valuations begun to occur, as seen below in Chart 3, closing the gap between listed and unlisted market valuations.

Chart 3: Australian Direct Property Performance

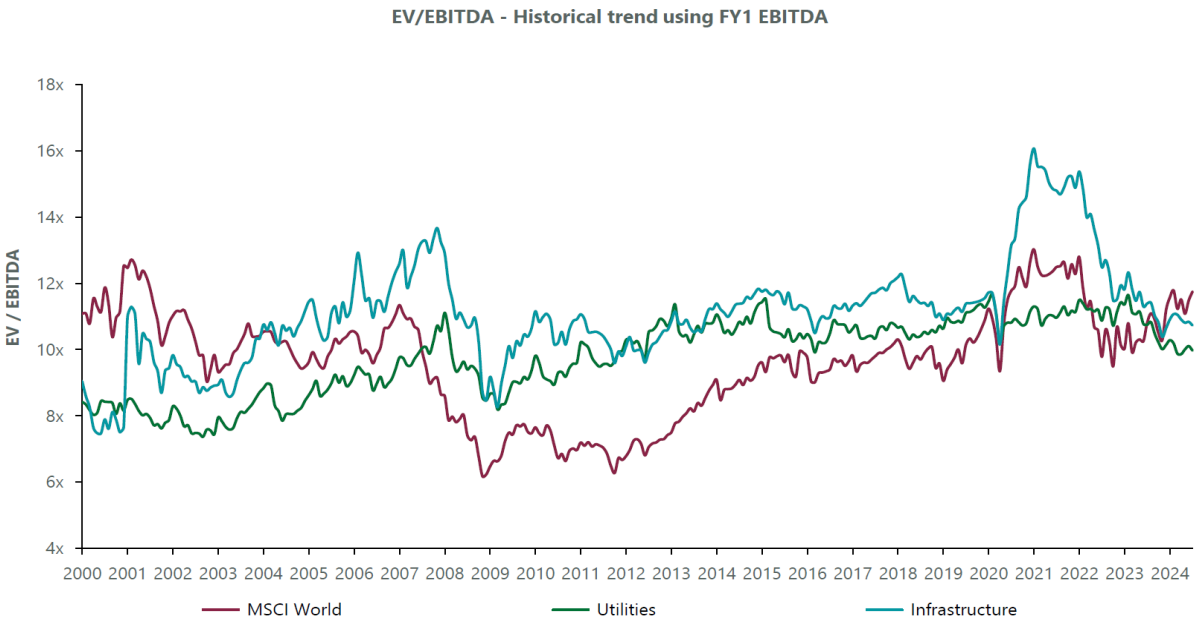


Source: Lonsec

As we sit here in the second half of 2024, a key question is whether the large correction and/or period of underperformance for Property and Infrastructure is now over. With long term bond yields having fallen circa 100 bps in the past year, and many central banks having begun to cut interest rates, a case can be made that the worst is over and the forward-looking returns for these asset class appear far more positive. In listed markets we are seeing that reflected in REITs and Listed Infrastructure, which have meaningfully outperformed equities in the past six months through to the end of August 2024.

In considering the outlook, an important starting point is that these listed markets still look relatively inexpensive. Chart 4 below is a comparison of Infrastructure, Utilities, and the MSCI World on an EV/EBITDA basis. The MSCI World is currently dearer than both Utilities and Infrastructure, and the last time we saw that was in the early 2000s during the dotcom bubble.

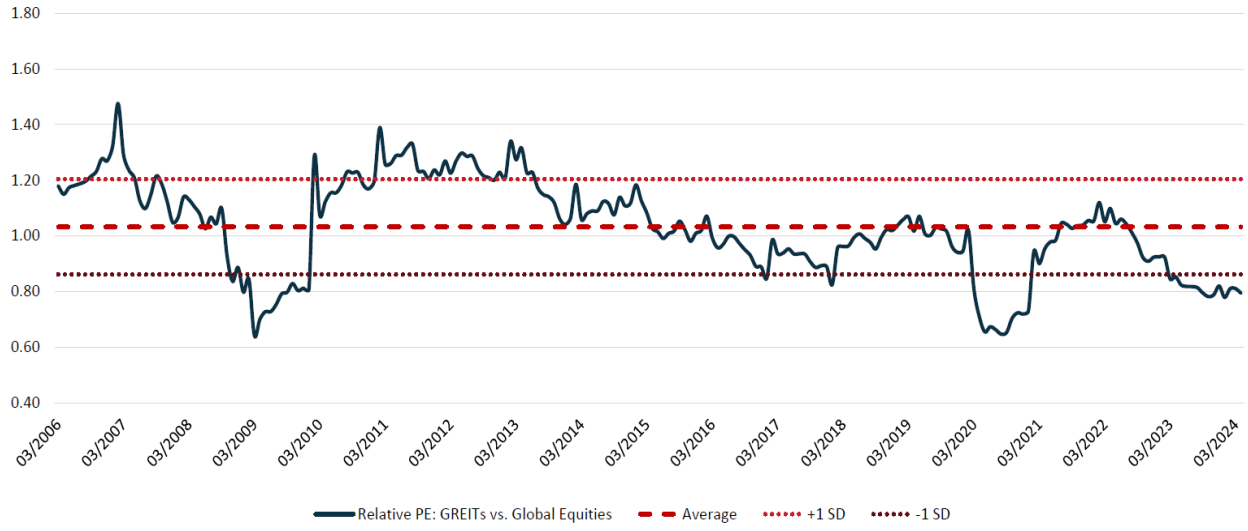
Chart 4: Performance Comparison of Infrastructure, Utilities and MSCI World



Source: Clearbridge

When we look at GREITS we see a similar story. Given the rally in the past 6 months, we have perhaps seen the market bottom already, but importantly they still look inexpensive vs Global Equities on a relative PE basis as shown below –

Chart 5: Global REITs – PE Relative to Global Equities



Source: Resolution Capital, UBS Research

When we look at direct Property and Infrastructure markets, we see a similar story, albeit with the lag to listed marks that is typical for direct assets. Unlike listed exposures, there has been no meaningful upturn up to this point, however there are early signs that we may be reaching something of a bottom. The NCREIF property index has been negative for the last 7 quarters (comprised of private commercial real estate properties held for investment purposes in the US). This is a longer downturn than the GFC, when this index was down for 6 quarters. This current quarter, however, may end up being the first positive quarter in almost 2 years, with the first two months having been positive as highlighted in Chart 5 below.

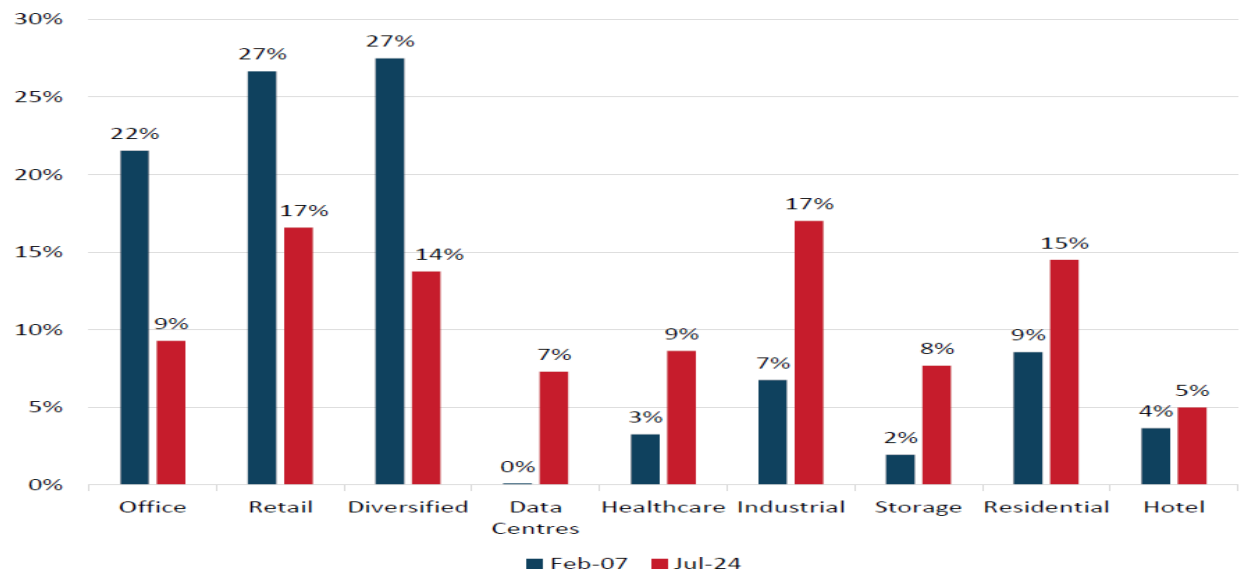
Chart 6: NCREIF Property Index Performance

Source: NCREIF

Across the board we can see that Property and Infrastructure look inexpensive at present, reflective of the 5 years of underperformance we have seen. These inexpensive valuations combined with a turn in the interest rate cycle present a real opportunity across real assets over the medium-long term.

There are, of course, risks to this likely recovery in the near term. The possibility of recession in the US and in Australia in the next 6 -12 months remains hotly debated. Relatedly, any economic downturn may put additional pressure on a troubled sector like office, which continues to be the most challenged space across Property and Infrastructure. It's hard to find optimists for the office sector generally, given office occupancy is set to stay structurally lower post pandemic. Views typically range from a slow, grinding, rebasing of valuations, through to more bearish views on an additional downward spiral. While these assets look cheaper than they have in a long time, there remains the possibility of another leg down in valuations if we get a cyclical recession. With that said it's important to put Office into context within the asset class, where it has gone from 22% of the index before the GFC to now less than 10%, meanwhile sectors like Industrial, Healthcare, and Data Centres have become much more important components as highlighted in Chart 7 below.

Chart 7: GREIT Index Composition – 2007 vs 2024



Source: FTSE/EPRA, Factset

An investment in GREITS in 2024 does not have the office exposure it once did.

Choosing a manager

If you're allocating in this space, the good news, at least in listed markets, is that there is a small but consistent handful of managers adding value above and beyond passive options. Of ten well regarded GLI funds with track record in excess of 5 years, eight have outperformed the passive ETF option over 5 years. Of nine well regarded GREIT funds with a track record in excess of 5 years, all nine have outperformed the passive ETF option over 5 years. These two sectors are a great advertisement for the value of active management, particularly in areas where there is not a saturation of analyst coverage.

From a sector review perspective, this makes reviewing the managers easier in one sense, but also harder in another as you must make somewhat more nuanced, line ball decisions between managers that have obviously all added value over time. Nevertheless, we have identified the top managers for our High Conviction List on a go forward basis amongst a competitive field.

In terms of Direct Property and Infrastructure strategies, things become more challenging. The good news story is the increasing availability of Direct Infrastructure funds in the wealth space. This sector has typically been the preserve of institutional investors, or at best an allocation within a broader real assets fund. Now however, there are a small handful of capabilities that have come to market offering various forms of semi liquid structures (redemptions either monthly or quarterly) for the wealth space. We have identified one of these managers to add to our High Conviction List.

Direct Property is more challenged at present. There are several longstanding Direct Property funds that are having both performance and liquidity challenges. Performance challenges arise because of the already discussed valuation write-downs, then there are also strong liquidity demands as investors seek to exit an underperforming sector as well as re-orientate how they invest in Property. The result is that there are very few evergreen, diversified Property funds with strong track records that you could consider investing in at

present. With that said we have identified one evergreen global Property fund that has not been materially affected by any of the above issues, and provides clients with a high quality, diversified direct Property exposure, and participation in the likely rebound in property in coming years. It's worth noting also that there are some compelling opportunities in the wholesale, closed-ended space, as particular properties come to market, often having been sold at deep discounts by institutions because of these liquidity needs.

As highlighted above, we believe there is plenty of alpha available via managers in the Property and Infrastructure asset classes, particularly in the listed markets. As asset allocators, we now want the beta to come through to support overall portfolio returns. There are some encouraging signs, given valuations and the interest rate cycle, that the next 5 years will be far higher returning than the last 5 years.

Scope of Review

There are approximately 250 Property and Infrastructure managed funds available in the local market along with circa 20 ETFs. Our review process seeks to identify the best in market managers across this broad universe.

Initial Screen

In conducting a review of each asset class, the Mason Stevens process starts with a quantitative screen. Managers within each asset class and sub-asset class are reviewed in terms of performance and ratios within relevant peer groups. For Property and Infrastructure this is done as follows:

- Breakdown these asset classes into smaller peer groups – listed and unlisted, domestic and global.
- Consider performance and alpha within peer groups over all timeframes but with a particular focus on 3, 5 and 7 years, which are timeframes that align to managers own stated objectives.
- Look at asset class relevant performance and risk statistics e.g. information ratio, sharpe ratio, tracking error, batting average, active share, turnover, active return and correlation.
- ESG screen – use of Morningstar Sustainalytics to understand exposures and identify any poor performers in this space.
- Cost comparisons – look at total cost ratios in comparison with peers.

This screening process is designed to refine the list of managers under consideration to those where the data is strongly supportive of the manager having a level of investment skill in either alpha generation and/or risk minimisation. Morningstar Direct and Jacobi Analytics are the two main systems used for the quantitative screen.

External Research House Screen

Mason Stevens will review external research house ratings for the asset class as well. This provides a qualitative check on the quant screen process, helping to identify managers for selection or de-selection that a quant screen in isolation may not. The major external research houses provide broad market coverage, detailed qualitative and operational research. Their output is a ratings methodology that clearly identifies their highly rated managers e.g. recommended and highly recommended. This effectively provides us with an expert second opinion, as well as a cross check against the quantitative screen.

Finally, we will on occasion review strategies that meet neither that quantitative or qualitative screening process, due to their newness in market, but where there is evidence of a compelling capability.

Through the quantitative and qualitative process outlined above, there were 17 strategies placed on a short list for detailed due diligence for the Property and Infrastructure review.

Manager Due Diligence

Managers that passed both the quantitative and qualitative screen were engaged to complete a due diligence questionnaire (DDQ). This questionnaire is a detailed set of questions that covers key areas of consideration including more objective and data related areas as well as some open-ended questions. We also request key documents such as the Product Disclosure Statement (PDS)/Investment Memorandum (IM), investment recommendation samples, and the Financial Services Council (FSC) Questionnaire.

Review of this DDQ led to either proceeding with a meeting with the manager or being screened out. Manager meetings are always a multi meeting process with the aim to gain clarity in the following five areas:

- **Objective and philosophy** – What are they trying to achieve and what is the approach they are taking to achieve that? What is the manager's underlying investment philosophy? What's the evidence that this approach works and why do they think they have an information edge vs peers?
- **Organisation and people** – who is the fund manager, portfolio manager and analysts? How experienced are they? How stable has the team been? How well aligned are the team to the end objective of the fund?
- **Investment process** – is idea generation, security selection, portfolio construction and risk management coherent and does it tie back to the objective? We look for critical thinking and a clear view on what their competitive advantage is.
- **Fees** – are the fees competitive within the peer group and are any performance fees aligned to the interests of investors? Do they inhibit the stated objective?
- **Performance** – assessment of performance against objective and against peers, referencing back to quantitative screen process.

An area of extra attention in this sector is fund structure, liquidity and valuations for any strategies that hold direct exposures. We seek to avoid managers that are taking unduly high risk when it comes to becoming illiquid and/or not valuing assets at least as frequently as the liquidity of the offering.

Research Process

In going through this research process, the managers were scored against their peers using the following scale across the five areas mentioned previously of philosophy, people, process, price, and performance. The scoring outcome is defined in Table 1.

Table 1: Mason Stevens Manager Selection Rating Process

Individual Component Ratings	Explanation
0 – 2.0	Poor
2.25 - 2.75	Below average/below peers
3.0 – 3.5	Investment Grade/In line with peers
3.75 - 4.25	Recommended/ahead of peers
4.5 - 5.0	Highly Recommended/significantly ahead of peers
Numerical Scores	**Qualitative Score**
0-2	Sell
2.25 – 2.75	Below average/reduce
3 – 3.5	Investment Grade/Hold
3.75 – 4.25	Recommended/buy
4.5 - 5.0	Highly Recommended/buy

Source: Mason Stevens OCIO

This scoring process provides a discipline in testing overall impressions, and potentially highlights where more work needs to be done before landing on a final score.

Further information on the Mason Stevens OCIO Managed Fund and ETF Selection Process can be found here.

Review Outcomes

Our scoring noted above drives the outcomes, and typically the top two scoring managers in any given style are the managers added to the HCL. If an insufficient number of active managers meet at least the Recommended score, then that is when we may defer to a rules based or even market cap ETF to fill the style or sub asset class. The outcome from the review was to add the following managers to the Mason Stevens HCL as per Table 2.

Table 2: Property and Infrastructure Funds on the HCL

Product Name	Style/Segment	Available Structures	Fee discount available for Mason Stevens OCIO Clients?	Availability	Score
SGH La Salle Concentrated Global Property	GREITS	Fund	Nil	Retail	4.5
Resolution Capital Global Property Sec	GREITS	Fund/ETF	Nil	Retail	4.25
Nuveen Global Cities Real Estate Fund	Direct Property	Fund	Yes	Wholesale	4.25
KKR Private Infrastructure Fund	Direct Infrastructure	Fund	Yes	Retail	4
Lazard Global Listed Infrastructure	Global Listed Infrastructure	Fund/ETF	Yes	Retail	4.25
HSBC Global Listed Infrastructure	Global Listed Infrastructure	Fund	Yes	Retail	4.25
RARE Infrastructure Income	Global Listed Infrastructure	Fund	Yes	Retail	4.25

Source: Mason Stevens OCIO

Manager Performance

Below we have provided performance and volatility numbers for the Property and Infrastructure managers on the HCL. Some of the funds on the HCL do not have long track records in the local AUD fund and as such we have instead provided information on their track record and performance separately against a relevant international benchmark.

Table 3: Performance and volatility as at 31st August 2024 for Property and Infrastructure funds with a local track record on the HCL

Product Name	1 Year (%)	1 Year Volatility	3 Years p.a. (%)	3 Year Volatility p.a.	5 Years p.a. (%)	5 Year Volatility p.a.	7 Years p.a. (%)	7 Year Volatility p.a.
Global REITS								
Resolution Capital Global Prpt Secs	21.36	23.58	-4.79	26.75	1.21	25.71	1.39	23.45
SGH LaSalle Concentrated Global Property	27.18	25.22	3.11	24.61	7.87	27.43	5.55	24.78
Benchmark: VanEck FTSE Intl Prop Hdg ETF	*21.15*	*26.23*	*-5.78*	*28.33*	*0.27*	*28.61*		
Global Listed Infrastructure								
ClearBridge RARE Infrastructure Income	18.03	19.00	1.32	22.02	6.54	21.56	4.51	19.60
Lazard Global Listed Infrastructure	20.30	17.14	4.63	22.41	6.28	23.27	3.91	20.83
Benchmark: VanEck FTSE Glbl Infras(Hdg)ETF	*22.56*	*19.13*	*1.51*	*23.46*	*3.74*	*23.58*	*2.63*	*21.14*

Source: Morningstar

Past performance is not a reliable indicator of future performance.

HSBC Global Listed Infrastructure Fund

The HSBC Global Listed Infrastructure Fund has only recently launched an Australian trust but below we've provided the USD gross of fees performance of this strategy. The strategy's performance on a gross of fees basis has been top quartile over 1, 3, and 5 years and since inception in 2016.

Table 4: USD Gross of Fees Performance as at 30 June 2024 of the HSBC Infrastructure Equity strategy

Performance Summary	3 months	6 months	1 year	3 years p.a.	5 years p.a.	Since 30-Nov-2016 p.a.
Global Infrastructure Equity Composite	2.4%	13.7%	7.8%	9.3%	8.4%	9.7%
Dow Jones Brookfield Global Infrastructure Index	-0.4%	11.7%	1.6%	3.4%	3.8%	5.9%
Outperformance	**2.8%**	**2.1%**	**6.2%**	**5.9%**	**4.6%**	**3.8%**
FTSE Developed Core Infrastructure 50/50 Index	*1.8%*	*13.1%*	*4.1%*	*3.7%*	*4.6%*	*7.4%*
Outperformance	***0.7%***	***0.7%***	***3.7%***	***5.6%***	***3.8%***	***2.3%***
S&P Global Infrastructure Index	*1.3%*	*12.4%*	*4.1%*	*5.5%*	*4.9%*	*6.8%*
Outperformance	***1.1%***	***1.3%***	***3.7%***	***3.8%***	***3.6%***	***2.9%***

Source: HSBC

Past performance is not a reliable indicator of future performance.

KKR Private Infrastructure Fund

The KKR Private Infrastructure Fund has only recently launched an Australian Trust. The USD trust has been running since June 2023 and has delivered just under 14% net of fees in that time. This aligns with KKR's longer standing institutional infrastructure capabilities, which have delivered similar returns since 2017 as shown below.

Table 5: USD Performance as at 30 June 2024 of the KKR Global Infrastructure strategy

	Core+ Global
	KKR Global Infrastructure Strategy
Capital Commitments	$28.5 B
Gross IRR	17.0%
Net IRR	13.9%
Gross Multiple	1.5x
Net Multiple	1.4x

Source: KKR

Nuveen Global Cities REIT Fund

The Nuveen Global Cities REIT Fund has only recently launched an Australian Trust. Below is the USD Trust performance since inception. Over 5 years the Nuveen strategy has outperformed the NCREIF index by 7.17% p.a. over the past 5 years.

Table 6: NCREIF Property Index (NPI) vs Nuveen GCREIT – Total Return as at 30 June 2024

Time Horizon	NPI	GCREIT	Difference
1-year	-5.53%	2.96%	8.49%
3-year	2.33%	11.0%	8.67%
5-year	3.39%	10.56%	7.17%

Source: NCREIF, NRE

Past performance is not a reliable indicator of future performance.

Manager Summaries

Resolution Capital Global Property Securities

	Resolution Capital Global Property Securities
Summary	Longstanding GREIT strategy with a bottom-up focus on a high-quality REITS
Objective	Targeting FTSE EPRA/NAREIT AUD Hedged Index + 3% p.a. net of fees
People	A highly experienced and cohesive team. Led by 4 Co-PMs that founded the firm in 2008 – Marco Colantonio, Robert Promisel, Andrew Parsons, Julian Campbell-Wood – and supported by a broader team of 19.
Processes	» Key focus on quality property – Landlords who have pricing power, low-leverage, recurring cash flows. This focus results in a universe of circa 100 stocks. » Analysts derive a total return forecast for each quality stock based on dividend yield and Funds from Operations growth. » Each of the 4 PMs then has discretion to construct their own portfolio based on the analysts forecasts » Each PM has 25% and results in an overall portfolio of 30-60 stocks but within broad region and sector limits.
Fees	1.05% p.a.

Source: Mason Stevens OCIO

SGH LaSalle Concentrated Global Property

	SGH LaSalle Concentrated Global Property
Summary	A concentrated, benchmark unaware, global listed property strategy with a strong valuation focus
Objective	To achieve 8% p.a. net of fees over a 5-7 year period
People	A highly experience and cohesive team with the 5 PMs having worked together for the past 12 years. An overall team of 10, led by CIO Matt Sgrizzi, who has been at La Salle for 22 years.
Processes	» The manger is focused on absolute returns and investing in REITS with the highest expected returns » The intrinsic value of a stock is done with a 90% consideration to the value of the underlying real estate assets utilising a standardised discounted cash flow process. The final 10% is consideration of the Franchise value in terms of the REITs capital allocation, ESG, and expenses. » Key to this process is a proprietary system that models all the company valuations every 15 minutes, and enables the manager to be constantly reevaluating a company's intrinsic value » The manager invests in the highest ranking 10-20 stocks while aiming to keep the portfolio beta between 0.9 to 1.1
Fees	0.81% p.a. (includes a performance fee of 20bps with an 8% hurdle and a high water mark)

Source: Mason Stevens OCIO

Nuveen Global Cities Real Estate Fund

	Nuveen Global Cities Real Estate Fund
Summary	A global, diversified unlisted REIT fund with a focus on assets proximate to major cities with structural growth
Objective	Targeting 7-9% net of fees return over the cycle with 4-5% income
People	Nuveen is one of the largest property investors with $147bn in AUM and 785 people. This strategy is run by Richard Kimble and Gracie Coburn, two highly experienced PMs, who have been running this strategy since 2018.
Processes	» The manager targets attractive sectors proximate to cities with structural growth and looks to actively manage exposures through time across both region/country and sector » Nuveen has large, local sector teams that provide the detailed analysis and views on the best assets within their area. Multiple valuation methodologies are considered for each asset. » An experienced 14 person Investment Committee reviews and approves any asset that can be held in Nuveen portfolios and this includes a detailed ESG analysis » Portfolio is typically 85% direct property with the remainder in listed property and real estate debt. » Circa 90% is in the US with the remainder in Europe and Asia » Monthly Liquidity (5% exit fee in the first 12 months. Monthly liquidity limited to 2% of NAV on a monthly basis)
Fees*	1.50% p.a. (25bps rebate means an effective fee of 1.25% p.a.)

Source: Mason Stevens OCIO

Lazard Global Listed Infrastructure

	Lazard Global Listed Infrastructure
Summary	Longstanding Listed Infrastructure strategy, with a strict focus on monopolistic infrastructure assets
Objective	Targeting CPI + 5% over rolling 5-year periods.
People	Led by Warryn Robertson who co-founded this strategy in 2005 is supported by a team of 5. This team is highly experienced, and their team cohesion is market leading having been together since 2007.
Processes	» Key focus on narrowing the investable universe to those infrastructure assets that have genuine monopolistic power and CPI pass through – this universe is less than 100 companies. » The manager then allocates to stocks within that universe based on those with the best valuation rank within the universe using Discounted Cash Flow analysis and relative P/Es » The Portfolio typically consists of between 25-50 stocks.
Fees**	0.88% p.a. (Managed account class).

Source: Mason Stevens OCIO

ClearBridge RARE Infrastructure Income

	ClearBridge RARE Infrastructure Income
Summary	Longstanding Listed Infrastructure strategy, with a focus on consistent and sustainable dividends.
Objective	To provide investors with regular and stable income and targeting a total return of G7 inflation + 5.5%
People	Led by four highly experienced Co-PMs – Charles Hamieh, Shane Hurst, Nick Langley, and Daniel Chu. Supported by a team of 7 other investment professionals. All team members are co-invested in the strategy.
Processes	» Key focus on narrowing the investable universe to those infrastructure assets that have a predictability of cash flows and a dividend of at 2.5% – universe is circa 170. » Detailed bottom-up stock analysis conducted by the team with financial inputs applied consistently across to the team to build their DCF valuations to provide an expected real return » Allocates to stocks with the best valuation rank, with a maximum of 6% to those stocks with an expected 3%+ real return, within sector and regional constraints » Portfolio typically has 30-60 stocks.
Fees**	0.83% p.a. (Managed account class).

Source: Mason Stevens OCIO

HSBC Global Infrastructure Equity

	HSBC Global Infrastructure Equity
Summary	A core, benchmark aware Global Listed Infrastructure strategy with a value focus
Objective	Outperform the Dow Jones Brookfield Global Infrastructure Index by 2% p.a. over a rolling 5 year period.
People	A highly cohesive team with the 4 most senior member working together for the past 7 years. Led by Giuseppe Cortona who has over 25 years experience. The change from AMP to HSBC has not affected the team or process.
Processes	» A focus on quality and value in initial screening results in a universe of 250 stocks of which 150 are fully researched. Key broad sectors are Transport, Communications, Utilities, Energy infrastructure - includes Data centres, satellites, optical fibre, Hydrogen and carbon capture. » Bottom-up research by the analysts results in companies being scored for Quality - Asset (50%), company (25%) and ESG (25%) - and Valuation (Equity IRR). » The manager invests in stocks based on a matrix of those quality and valuation scores – ensuring they avoid bottom quadrant companies » Results in a portfolio of 30-45 stocks
Fees*	0.90% p.a. (Effective fee of 0.70% p.a. with 20bps rebate).

Source: Mason Stevens OCIO

KKR Private Infrastructure Fund

	KKR Private Infrastructure Fund
Summary	A global, diversified direct infrastructure fund that accesses KKR's global infrastructure platform
Objective	Targeting 9-11% net of fees return over the cycle
People	KKR is the 4th largest infrastructure manager in the world. Led by a highly experienced 6-person leadership team within a broader team of 85.
Processes	» The strategy invests alongside KKR's institutional platform and has access to every deal that KKR do » KKR's infrastructure approach focuses on hard assets, long visibility of cash flows, regulatory protections, and high barriers to entry » Insight and competitive advantage come from KKR's broader network including their PE capability, which enables them to avoid auctions with many assets that they purchase » KKR also seeks to create value with purchased assets utilising the broader KKR capabilities » Portfolio is diversified across infrastructure sectors and geographies and typically has 10-20% in cash and cash like securities » Monthly liquidity (limited to 5% of NAV on a quarterly basis)
Fees**	2.90% p.a. (Cornerstone share class - includes a 12.5% performance fee with a 5% hurdle rate with a HWM)

Source: Mason Stevens OCIO

* Rebates are payable with respect to holdings in Managed Accounts only, exclusively for Mason Stevens OCIO clients. Some rebates may vary based on FUM hurdles negotiated with each product issuer.

**Managed account share classes are available for investment via Managed Accounts only, exclusively for Mason Stevens OCIO clients.

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