



# Lazard Global Listed Infrastructure

## Not All Infrastructure Is Created Equal

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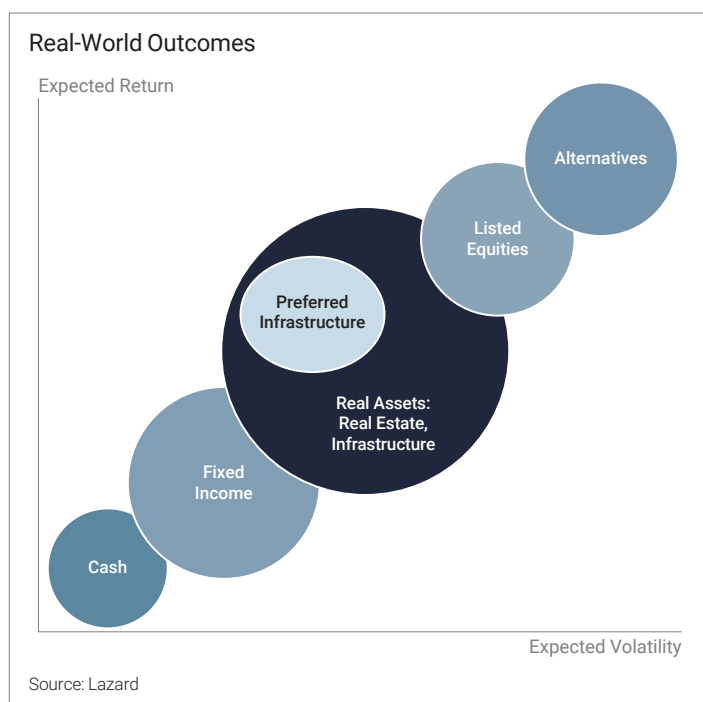
Infrastructure is the backbone of modern society. It is also a unique asset class that can bring durable rewards to investors. By investing in the equities of listed infrastructure operators, such as electricity networks, toll roads, and other essential assets and related services, investors gain exposure to predictable long-term earnings streams. This earnings stability typically enables the asset class to deliver clear benefits: diversification, low volatility, inflation protection, and yield. But not all infrastructure is created equal. Our strict definition of preferred infrastructure has been critical to the long-term success of the pioneering **Lazard Global Listed Infrastructure** strategy.

## Infrastructure: The Backbone of the Modern Economy

Infrastructure encompasses a range of essential assets and related services that make modern economies work. From electricity distribution grids, power stations, gas pipelines, water networks, toll roads, and bridges, to tunnels, airports, ports, cell phone towers, and railways, infrastructure takes many forms and serves many purposes.

These assets and the businesses built around them may often be unglamorous, but for publicly listed infrastructure companies, their inherent stability and the predictability of their cash flows gives them valuable traits prized by long-term investors:

- Tangible assets with lengthy lifespans and operations often underpinned by multi-year contracts or regulated agreements with national or regional governments.
- Generate stable cash flows that can grow year on year.
- Revenues often linked to and protected from inflation.
- Easier-to-forecast revenues and earnings versus those of non-infrastructure companies.



## Why Own Listed Infrastructure?

A distinctive asset class with many potential attractions:

**Diversification**—An asset class that sits between fixed income and equities in terms of its risk/return profile, and which has a relatively low historical correlation with both major asset classes.

**Low volatility**—Listed infrastructure has historically generated less volatile returns than non-infrastructure equities.

**Inflation protection**—Regulated infrastructure companies providing essential public services and operators with long-term contracts often enjoy inflation-linked revenues that make the asset class an effective hedge against rising prices.

**Steady income generation with capital protection**—The typically predictable nature of infrastructure-related cash flows is suited to long-term investors looking for a reliable and growing income stream, while their capital value is supported by physical assets.

**Liquidity**—Once the preserve of large institutional investors, the development of listed infrastructure from its origins in the Australian market (including Lazard) two decades ago means a variety of investors can access the asset class through pooled funds with daily liquidity.

## Pioneers in Public Infrastructure Investment

The **Lazard Global Listed Infrastructure** strategy launched in 2005, making it one of the first-ever listed infrastructure strategies. Our unique preferred infrastructure-based approach has been successfully implemented by predominantly the same team over almost two decades. The team includes six experienced, specialist investors, based in Sydney, New York, and London.

## Product Profile

- **Performance objective:** Total returns (before the deduction of fees and taxes) that exceed inflation + 5% per annum over rolling five-year periods
- **Investment style:** Value, benchmark-agnostic
- **Investment approach:** Bottom-up, fundamental stock selection
- **Number of stocks:** 25–50
- **Currency management:** Passively hedged to an investor's local currency through forward currency contracts

# Why Invest in Lazard Global Listed Infrastructure?

## Preferred Infrastructure: Pivotal to Our Approach

Some listed infrastructure investors take an elastic approach to their definition of the infrastructure investment universe. In contrast, we tightly define our investment universe, which we call preferred infrastructure. It represents a narrow subset of the global infrastructure market that we believe has higher revenue predictability, profitability, and lower volatility.

Not all infrastructure assets will deliver these investment characteristics. We only want to own the equities of infrastructure companies with monopoly-like assets, rather than companies exposed to the return-eroding forces of competitive markets. Indeed, many infrastructure companies are exposed to commodity price risks and construction cost risks. We exclude those from our preferred infrastructure universe. And we also only want to be invested in companies whose cash flows are explicitly linked to inflation through regulation, concession agreements, or government contracts. By rigorously applying our preferred infrastructure approach, we filter the global infrastructure universe from some 450 stocks to about 90 stocks, all with assets invested predominantly in OECD countries to mitigate legal and regulatory risk.<sup>1</sup>

## A Long-Term Track Record of Outperformance

Since its launch, the Lazard Global Listed Infrastructure strategy has produced an attractive long-term return profile compared to other major asset classes and the strategy's listed infrastructure benchmark.

Returns for Period Ending 31 December 2023 (% USD)

	Lazard Global Listed Infrastructure (USD Hedged - Net) <sup>2</sup>	Global Listed Infrastructure Index (USD Hedged) <sup>3</sup>	MSCI World Index (Local)	Bloomberg Global Treasury Index (USD Hedged)
1 Year	11.0	4.3	23.1	6.7
3 Years (annualized)	9.6	6.2	8.7	-2.2
5 Years (annualized)	9.0	8.2	13.2	1.0
10 Years (annualized)	9.8	8.4	9.5	2.3
Since inception (annualized)	8.5	6.4	7.3	3.1

As of 31 December 2023

Performance represents the Lazard Global Listed Infrastructure (USD Hedged) composite, which started 1 September 2006. See notes for composite and benchmark details. The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

Source: Lazard, Bloomberg, FTSE, MSCI, UBS

## A Consistent Pattern of Returns

Lazard Global Listed Infrastructure has demonstrated lower volatility than both its listed infrastructure benchmark and the MSCI World (Local) Index and only a modest sensitivity to movements in the MSCI World (Local) Index.

	Annualized 5-Year (%)		Annualized 10-Year (%)	
	Volatility	Beta	Volatility	Beta
Lazard Global Listed Infrastructure Strategy (US Hedged) <sup>2</sup>	13.7	0.69	11.5	0.63
Global Listed Infrastructure Index (US Hedged) <sup>3</sup>	14.9		12.1	
MSCI World (Local) Index	16.8		13.9	
Bloomberg Global Treasury (US Hedged) Index	4.6		3.8	

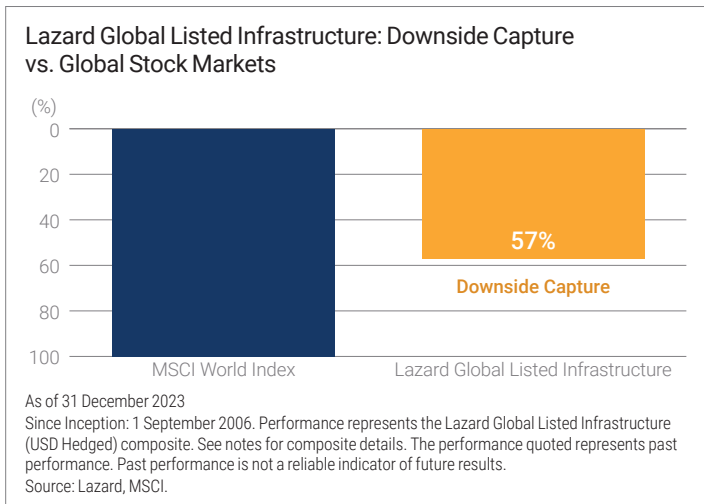
As of 31 December 2023

For illustrative purposes only. Beta vs. MSCI World Index (Local Currency). See notes for composite and benchmark details.

Source: Lazard, Bloomberg, FTSE, MSCI, UBS

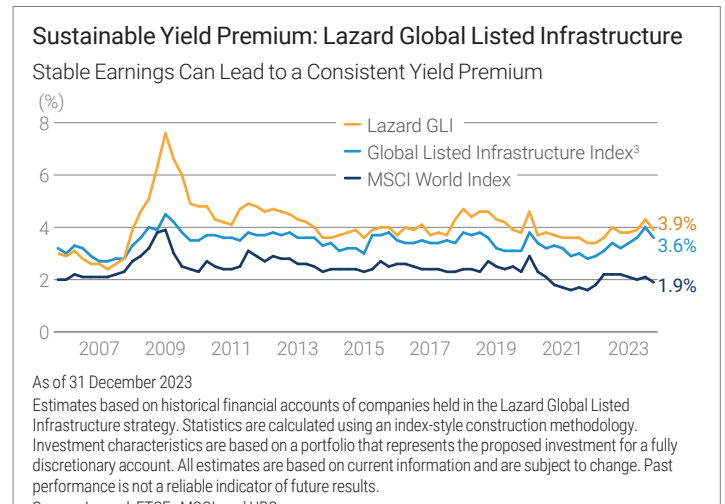
## Defended in Falling Equity Markets

Lazard Global Listed Infrastructure has defended well in falling equity markets, with a 57% downside capture since launch (based on USD Hedged composite).



## Generated a Superior Dividend Yield

Lazard Global Listed Infrastructure has generated a superior dividend yield versus the MSCI World Index and its listed infrastructure benchmark.



## Why Now?

We believe the benefits of listed infrastructure—diversification, low volatility, inflation protection, yield, and liquidity—potentially make a global listed infrastructure fund a core holding in a diversified portfolio. Since its launch in 2005, we believe Lazard GLI has delivered these benefits.

Looking ahead, while investors should expect increased volatility in the short to medium term, we believe value is emerging on a five-year view. Valuations look more attractive on a risk/return basis, particularly within Europe and the UK.

In our view, the returns potentially available from the strategy look attractive at this time compared with a passive investment in infrastructure indices, bonds, or broader equity markets. We believe the preferred infrastructure characteristics we seek for all our investments will continue to serve our investors well over the longer term.

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## Notes

- 1 OECD: Organisation for Economic Co-operation and Development
- 2 The Lazard Global Listed Infrastructure (USD Hedged) composite started 1 September 2006. Please refer to <https://www.lazardassetmanagement.com/gips-disclosures/135/USD/global-listed-infrastructure-usd-hedge-pdf> for a description of this composite. The performance quoted represents past performance. Past performance may not be indicative of future results. This information is for illustrative purposes only and is supplemental to the "GIPS® Composite Information."
- 3 The Global Listed Infrastructure Index (USD Hedged) from inception to 31 March 2015 is the UBS Global 50/50 Infrastructure and Utilities Net Index (USD Hedged); from 1 April 2015 to 30 June 2018, the FTSE Developed Core Infrastructure 50/50 100% Hedged to USD Net Tax Index; and thereafter, the MSCI World Core Infrastructure 100% Hedged to USD Index

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