

## CFSGAM points to new opportunities in listed infrastructure for long-term investors

### Media release

August 2010

Opportunities in listed infrastructure look particularly attractive for long-term investors following the recent market weakness and a push for reform in Europe spurred by the sovereign debt crisis.

Colonial First State Global Asset Management (CFSGAM) Head of Global Listed Infrastructure, Peter Meany said current fears for lower economic growth and political intervention in Europe had led to an increase in the number of mispriced opportunities in listed infrastructure.

Launched in June 2007 in challenging market conditions, the Fund has outperformed its benchmark<sup>1</sup> by 10.5% over the three years to 31 July 2010, which places CFSGAM in the top quartile of Global Listed Infrastructure managers. Highlighting the defensive characteristics of infrastructure, the Fund also outperformed global equities<sup>2</sup> by 18.1% over this time.

“Through our robust investment process, we seek to identify potential sources of risks, be they sovereign, political, legal, regulatory or governance risks”, said Mr Meany.

“By assessing the relative value and quality of companies in the infrastructure sector, we have recently identified a number of undervalued areas.

For example, selected European toll road stocks have fallen to levels last seen at the depths of the global financial crisis. But toll roads have long histories of solid traffic growth and inflation linked toll increases and are far less sensitive to political intervention, compared to say integrated utilities,” he said.

The Fund is now overweight in toll road stocks. Vinci is the fund's largest holding, operating more than 4,000 km of motorways across France. These unique assets delivered 7% compound growth over the past 10 years through solid traffic growth, inflation-linked toll increases and ongoing margin improvements.

Vinci trades at a 30% discount to comparable companies at just 10x earnings with a 5% yield. The fund has also been increasing its exposure to Italian operator Atlantia, Spanish operator Abertis.

In addition, Mr Meany also expects to see longer-term opportunities for infrastructure investors resulting from European governments' efforts to improve their finances.

---

<sup>1</sup> The benchmark from inception was the S&P Global Infrastructure Index (AUD Hedged), from 1 May 2008 the UBS Global Infrastructure & Utilities 50-50 TR Index (AUD hedged) Source: CFSGAM. Past performance is not an indication of future performance.

<sup>2</sup> Global equities is the MSCI World, AUD hedged

Asset privatisations have already been announced as part of austerity measures and reforms and he believes that the emphasis on generating sustainable growth will see productivity-enhancing forms of spending, such as infrastructure expenditure, gradually becoming more pronounced.

- Ends -

#### **About Colonial First State Global Asset Management**

Colonial First State Global Asset Management is the consolidated asset management division of the Commonwealth Bank of Australia Group, one of the largest financial institutions in Australia. Colonial First State Global Asset Management is Australia's largest manager of Australian sourced funds, employing more than 200 investment professionals.

At 30 June 2010, Colonial First State Global Asset Management managed more than A\$144 billion across a diverse range of asset classes including Australian and global shares, short term investments, fixed interest and credit, property securities, direct property, global resources, unlisted infrastructure and listed infrastructure securities.

Colonial First State Global Asset Management has been a signatory to the principles of the United Nations of Responsible Investment since March 2007.

The principles are an initiative developed by institutional investors in conjunction with the UN Environment Programme Finance Initiative and the UN Global Compact.

The UN PRI provide a framework for including environmental, social and governance (ESG) issues in investment decisions. Colonial First State Global Asset Management undertakes to utilise the framework provided by the UN PRI in aligning our investment processes with the objectives of our investors.

By embracing the Principles, Colonial First State Global Asset Management believes it can achieve better long term investment returns for our clients.

#### **Media contact**

**For further information please contact:**

<b>Name</b>	<b>Telephone</b>	<b>Email</b>
Anneliese Diedrichs	02 9303 6412 0407 168 494	adiedrichs@colonialfirststate.com.au