



## Zenith Media Release

### Hedged Infrastructure funds worth considering, says Zenith.

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Hedged infrastructure funds may be a better option than their unhedged counterparts according to Zenith Investment Partners Infrastructure Sector Review released this week.

“Investors need to consider many factors when making the decision between hedged and unhedged listed infrastructure investments”, says Jonathan Baird, Investment Analyst with Zenith.

“Volatility is definitely a key consideration. During periods of heightened volatility, such as the GFC or the European Credit crisis, the difference in the level of volatility of unhedged versus hedged global equities has definitely been to the advantage of unhedged investors. That is, unhedged global equities have experienced lower levels of volatility than hedged global equities. But for global listed infrastructure, the same relationship hasn’t been as strong. During the GFC, unhedged infrastructure strategies provided a dampening of volatility, but this wasn’t the case during the European crisis of 2011 for example, and overall, the volatility of hedged and unhedged Infrastructure strategies has been much closer over time.”

In Zenith’s sector report, other factors such as the income distribution processes that Infrastructure managers need to contend with, and the fact that valuations are often undertaken in the listing currency are also considered. Baird goes on to say, “Overall, we don’t believe the benefits for remaining unhedged are as strong in infrastructure versus global equities for example, and therefore we would generally advocate using hedged in infrastructure and unhedged in global equities when planning a long term neutrally hedged portfolio structure.”

The report also discusses the potential impact of some of the infrastructure asset sales proposed by state governments in Australia, and takes a deeper dive into the Master Limited Partnership (MLP) structure which has seen significant growth in the infrastructure sector in North America.

From an initial investment universe of 15 Infrastructure products, 4 were rated “Highly Recommended”; 5 “Recommended”; and 2 were rated “Approved”.

Zenith’s Approved list for the Infrastructure Sector:

<b>Fund Name</b>	<b>APIR Code</b>	<b>Rating</b>
AMP Global Infrastructure Securities Fund (Hedged) - Class A	AMP1595AU	Recommended
AMP Global Infrastructure Securities Fund (Unhedged) - Class A	AMP1593AU	Recommended
CFS Wholesale Global Listed Infrastructure Securities Fund	FSF0905AU	Recommended
Lazard Global Listed Infrastructure Fund	LAZ0014AU	Recommended
Macquarie International Infrastructure Securities Fund	MAQ0432AU	Approved
Macquarie International Infrastructure Securities Fund Unhedged	MAQ0825AU	Approved
Magellan Infrastructure Fund	MGE0002AU	Highly Recommended
Magellan Infrastructure Fund (Unhedged)	MGE0006AU	Highly Recommended
RARE Emerging Markets Fund	TGP0015AU	Recommended
RARE Infrastructure Value Fund - Hedged	TGP0008AU	Highly Recommended
RARE Infrastructure Value Fund - Unhedged	TGP0034AU	Highly Recommended

**ENDS**

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**Media Enquiries:**

Mr. Jonathan Baird  
Senior Investment Analyst  
Zenith Investment Partners  
Tel: +61 3 9642 3320  
Email: [jonathan.baird@zenithpartners.com.au](mailto:jonathan.baird@zenithpartners.com.au)

Mr. Joe Perri  
Joe Perri & Associates Pty Ltd  
Tel / Fax: +61 3 9324 0362  
Mobile: +61 412 112 545  
Email: [jperri@joeperry.com.au](mailto:jperri@joeperry.com.au)