

SHINING A LIGHT ON THE.....
Premier Global Infrastructure Fund

AT A GLANCE

Investment Objective
The fund seeks to provide investors with a regular and growing income together with long-term capital growth, by investing globally in securities issued by companies operating in the Infrastructure industry. The fund will invest (either directly or indirectly) in companies involved in ownership and operation of infrastructure assets, including (but not limited to) electricity, water, gas, telecommunications, airports, roads, railways, sea ports and social infrastructure assets (such as hospitals and prisons). It will principally hold listed equities, but also fixed income investments such as bonds (including hybrid and convertible bonds). The fund will seek to maintain a reasonable level of regional and sectoral diversification.

Inception Date	13 July 1987
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR053ZG

Management	
Manager Name	Start Date
James Smith	30 June 2012
Claire Long	1 November 2010

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	5.92%
Large	39.28%
Medium	37.45%
Small	14.15%
Micro	3.19%

Top 10 Holdings		
Total number of holdings	51	
Assets in Top 10 Holdings	38.76%	
Name	Sector	% of Assets
SSE PLC	Utilities	4.98%
Avangrid Inc	Utilities	4.33%
CIA Saneamento Do Parana-SANEPAR Pfd Shs	Utilities	4.15%
Beijing Enterprises Holdings Ltd	Industrials	3.98%
China Everbright International Ltd	Industrials	3.85%
Terraform Global Oper 144A 9.75%	-	3.75%
Huaneng Renewables Corporation Ltd	Utilities	3.68%
Pennon Group PLC	Utilities	3.63%
Saeta Yield SA	Utilities	3.27%
First Trust MLP & Energy Inc Fund	-	3.14%

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Volatility Measurements	
3-Yr Std Dev (volatility)	10.77%
3-Yr Mean Return (average)	12.58%

FUND PERFORMANCE

Performance 1 January 2012 – 31 May 2017

	2012	2013	2014	2015	2016	2017
Premier Global Infrastructure Fund	2.06%	19.34%	18.70%	-1.52%	27.63%	7.19%
iShares Global Infrastructure ETF	-5.54%	6.72%	19.20%	-11.92%	29.69	4.03%
iShares MSCI World	7.46%	21.87%	10.53%	1.85%	26.82%	4.17%

Performance over 12 months, 3 years, 5 years and 10 years:

	1 year	3 years	5 years	10 years
Premier Global Infrastructure Fund	31.33%	41.66%	97.13%	26.82%
iShares Global Infrastructure ETF	21.68%	30.17%	49.62%	29.67%
iShares MSCI World	28.62%	45.51%	95.60%	81.97%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This a fund we have followed for some time. James Smith took on the management of the fund in 2012 and changed the focus from a utility tech fund to a pure utility fund. In May 2017, the fund became the Global Infrastructure Income Fund. The aim was to provide a wider mandate by increasing the investment universe to include toll roads, airports, sea ports, rail assets, social infrastructure and telecommunications infrastructure.

The aim over time is to hold about 25% in non-utility stocks and 75% in utilities. The aim remains to grow assets and achieve an income stream of about 5%.

We talked about the impact of macro events and James explained that the macro picture plays little part in what he does in managing the fund. The function of what they do is to identify stock specific opportunities.

Where this fund differs is across a number of areas. Firstly, the price to earnings ratio across the portfolio is around 12 times earnings, so it is slightly cheaper compared to the market, and certainly a lot cheaper than many of its competitor funds. Secondly, its holdings are important; over half of the fund is in the small and mid-cap space. As James explained they prefer companies that are being missed by the market. Thirdly, from a regional perspective, many funds focus on developed economies especially the US, whereas this fund will fish anywhere which reflects its high weighting to emerging markets.

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We talked about some of the holdings; SSE in the UK is a good example of the type of companies they like, with 75% of the business being regulated. Another example is Beijing Enterprises Holdings Ltd, which supplies gas into Beijing; the demand for which will naturally grow as they move away from coal.

Other examples of opportunities include a telecom tower in Indonesia and sewage waste treatment plant in Brazil. We talked about political risk and James explained there is always risk but for sewage treatment in Brazil the need for this isn't going to change. Political risk can play a part; for example Acea in Italy supplies water in Rome, and was threatened with nationalism if Five Star won in the region. When this happened the shares collapsed, until there was a realisation this wasn't likely, and since then the shares have recovered.

Choosing companies with sustainable models is crucial; when considering toll roads these are companies with 30 year contracts. They are not looking at demand-sensitive companies. We talked about what happens if we have a 2008 type crash and James explained that the fund would fall as it is an equity fund, but these holdings tend to be more robust and the recovery quicker. He also explained that the companies they hold are not expensive and therefore there is not the additional risk of overpriced holdings.

In summary, this fund is well managed and has performed well since James took over. This is different to many infrastructure funds that are in the market, and may act well as a blend to other global funds.

The source of information in this note has been provided by Premier and is correct as at June 2017. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.