DUFF & PHELPS
INVESTMENT MANAGEMENT CO.

Global Listed Infrastructure: An all-weather strategy performs well in a choppy market

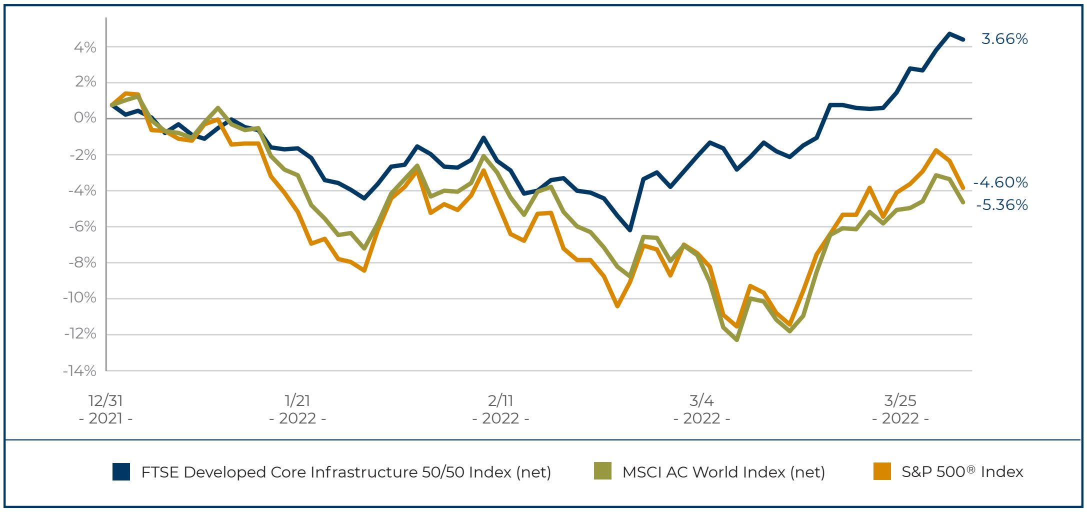
April 2022

> "THE SECTOR'S INFLATION PROTECTION ATTRIBUTES, HIGHER DIVIDEND YIELDS, EXPOSURE TO DURABLE GROWTH, ACCESS TO PROVIDERS OF ESSENTIAL SERVICES AND DEFENSIVE CHARACTERISTICS HAVE DRIVEN THE OUTPERFORMANCE AND WHY WE REFER TO THIS STRATEGY AS AN "ALL WEATHER STRATEGY."

An already choppy market in 2022 has gone from bad to worse with the war in Ukraine. On March 8 global equities found their lowest point during the first quarter, down -13.0%, while global listed infrastructure was only down -3.6% in the same period, as represented by the MSCI ACWI Index (net) and FTSE Developed Core Infrastructure 50/50 Index (net), respectively. The global listed infrastructure sector ("GLI") continued to hold up significantly better and closed the first quarter returning 3.7%, while global equities declined -5.4%. The sector's inflation protection attributes, higher dividend yields, exposure to durable growth, access to providers of essential services, and defensive characteristics have driven the outperformance and are also why we refer to this strategy as an "all-weather strategy."

Global Listed Infrastructure vs Global and U.S. Equity Total Returns

Year to Date, As of March 31, 2022



Source: Bloomberg Finance L.P. Duff & Phelps Investment Management Co.

Returns are represented by the following indices: Global Listed Infrastructure: FTSE Developed Core Infrastructure 50/50 Index (net), Global Developed and Emerging Market Equities: MSCI ACWI (net), and U.S. Equities: S&P 500.

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We have always highlighted the inflation-protection characteristics of GLI. However, this aspect took on greater significance as inflation started to re-emerge last year after being dormant for many decades. Listed real asset companies benefit from owning physical assets, long-term contracts with inflation escalators, and largely fixed-rate debt. As a result, they tend to be much less affected by inflation and higher input costs. Hence, as inflation statistics continued to climb in the first quarter 2022 and both the European Central Bank (ECB) and the U.S. Federal Reserve (Fed) laid out plans to raise interest rates, it is not surprising that GLI attracted investor interest and outperformed.

When we look at the broader market so far in 2022, two factors have stood out. First, with higher inflation and additional rate increases on the horizon, we have seen a significant shift from growth stocks to value stocks. Through March, as can be seen in the U.S., the Russell 1000 Value Index was down -0.7% while the Russell 1000 Growth Index was down -9.0%, which has benefited GLI because the strategy does not rely on large cap growth and is a good diversified allocation away from high priced growth stocks. A second factor has been the outperformance of higher-yielding stocks. The MSCI U.S. High Dividend Yield Index (net) was down -1.7% at the end of March versus a -4.6% drop for the S&P 500.

GLI's defensive characteristics and energy exposure have helped it outperform since the Russian invasion of Ukraine. On the defensive side, GLI tends to have a lower beta than the rest of the market. A good portion of this is driven by significant exposure to regulated utilities. They tend to have much more stable earnings than the broader market and are much less affected by changes in the economy such as inflation or a slowdown. U.S. utilities also came into 2022 near a historically low relative price-earnings ratio versus the broader U.S. market.

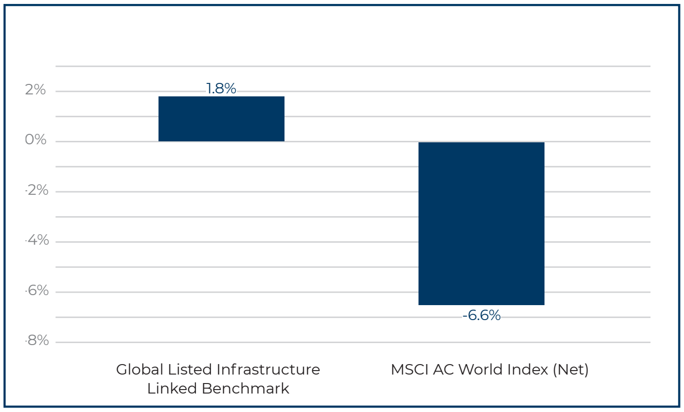
GLI has also been helped by exposure to energy infrastructure. While this sub-sector makes up only about 10% of GLI, it has significantly outperformed the broader market this year. Up ~24% year-to-date through March 31, as represented by the Alerian Midstream Energy Index, energy infrastructure has benefited from rising oil and natural gas prices and exposures such as shipping LNG from North America to Europe and Asia.

Ultimately, GLI offers exposure to four broad areas: communications, utilities, transportation, and energy infrastructure. Not surprisingly, some of these areas, such as wireless communication and European airports, have struggled against the broader market so far in 2022. Nevertheless, what makes GLI attractive is the combination of these sectors and geographies. This mix helps give the portfolio the defensive growth and inflation protection it offers. Additionally, we believe active management and the ability to shift sector exposures according to the expected economic environment offers further upside opportunities, not only in the past quarter but in the quarters to come.

> "IN THE DECEMBER 2004 TO MARCH 2022 TIME PERIOD, THERE WERE 62 PERIODS OF UNEXPECTED INFLATION.
>
> GLOBAL LISTED INFRASTRUCTURE OUTPERFORMED IN 36 OF THE PERIODS.

Global Listed Infrastructure Returns in Periods of Unexpected Inflation

December 31, 2004 - March 31, 2022



Source: Bloomberg Finance L.P., U.S. Bureau of Labor Statistics, Duff & Phelps Investment Management Co.

The Linked Benchmark returns are compiled by linking returns from the FTSE Benchmark beginning October 1, 2016 through March 31, 2022 with returns of the MSCI World Infrastructure Sector Capped Index for the period September 1, 2008 through September 30, 2016 with returns from a blended benchmark comprised of 65% MSCI U.S. Utilities Index, 20% MSCI World Telecom Services Index and 15% MSCI World ex-U.S. Utilities Index for the period from inception to August 31, 2008. The Duff & Phelps strategy inception date is December 31, 2004.

Rising inflation measured as a positive difference between the year-over-year realized inflation rate and the lagged 1-year expected inflation rate. Realized inflation measured by the year-over-year change in the Consumer Price Index for all urban consumers, published by the U.S. Bureau of Labor Statistics. Expected inflation measured by the University of Michigan survey of 1-year-ahead inflation expectations. Results are compiled based on rolling monthly basis comparisons of the annual measures. In periods of unexpected inflation, as defined, monthly performance index returns are linked with the next monthly period of unexpected inflation. Periods not included may have had different results.

For more information about Duff & Phelps Investment Management Co. please visit www.dpimc.com or contact Susan Ford at susan.ford@dpimc.com.

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