



# Fisher Morrison Infrastructure Fund Fact Sheet

Infrastructure assets can form the backbone of your investment portfolio

The goal of the Fisher Morrison Infrastructure fund is to provide investors with a regular income and capital appreciation. We've created a handpicked portfolio of 10-15 infrastructure and utilities companies from around the world. We think of this fund as the "backbone" fund because infrastructure is the backbone of economies and indeed, of your portfolio.

Morrison and Co, a veteran infrastructure investor of 20 years, has partnered with Fisher Funds in managing the fund. They currently manage over \$5 billion in listed and unlisted global infrastructure assets and are held in high regard for their long and enviable track record.

The Fund's quarterly distribution may be an attractive alternative to your bank deposits, offering a consistent income while also seeking to achieve long term capital growth to protect your investment from inflation.

## What is Infrastructure?

Infrastructure assets are the physical assets that provide products or services that communities depend upon for day to day living. They include things like bridges, airports, railways, buses, waterpipes and electricity. Infrastructure is the base upon which economic growth is built.

## Why Infrastructure?

**Stable and Predictable Income** - The companies we buy generally own infrastructure assets and receive income every time someone uses their service. Because these are essential public services they generate predictable and stable cash flows which investors receive via a dividend. In the current financial environment, predictability and stability are very attractive features.

**Capital Appreciation and Inflation protection** - We buy quality assets with high barriers to entry and a sustainable competitive advantage. As these assets become more important for economic and social activity their value increases over time.

**Secular growth opportunity** - Infrastructure is the foundation of modern civilisation. We must keep our utilities running so we can have water, roads and power. For decades, countries around the world have been under-investing in infrastructure and many governments are

planning increased investment. We believe this "mega-trend" supports attractive long term returns from infrastructure assets.

## Why Now?

- » Strong cashflows resistant to impacts of economic shocks
- » Undervalued
- » Heavy investment planned worldwide

## Why Fisher Morrison?

Proven approach and track record -Morrison & Co is recognised as NZ's premiere infrastructure investment management team. They have over \$4BN of assets under management and have access to more than 20 senior industry experts and transaction specialists "on the ground" around the globe.

Candid communication – We believe in honest, candid communication. We tell you where your money is invested and why we like the businesses we own.

New Zealand based – We seek to maximize the New Zealand dollar return to you. And we are local and available to answer your questions and explain our strategies.

Your personal portfolio managers – With Fisher Funds you can talk to the people who manage your money. We are real people investing your money in great infrastructure companies. We like to see ourselves as your personal portfolio manager.

## Our Infrastructure Portfolio team



**Lib Petagna**  
Morrison & Co  
Executive Director

Lib is an Executive Director of Morrison & Co and Chairman of NZ Bus. Lib has had an extensive involvement in the provision of advisory services to the infrastructure sector having joined Morrison & Co twenty years ago.



**Tim Skerman**

Tim has extensive experience in alternative asset management as a specialist investor in infrastructure and utilities. Tim has responsibility for portfolio management and investment across mandates as well as business development and deal origination for the Morrison & Co group.

# Up Close & Personal

The fund will be built around a series of what we call “mega-trends” that support attractive long term returns from infrastructure assets. The Morrison Team describes two of these:

## US Electricity Transmission

The US electricity grid is the high voltage transmission network that carries electricity around the country. Substantial under investment over the last 40 years has left transmission assets in need of major upgrades. An unfortunate example of the aging infrastructure was seen in 2003 where there was a multi state breakdown in electricity in the north and eastern United States. It only lasted a few days but it cost the economy US\$10billion in GDP.

In addition to the growth and upgrade of existing infrastructure, new transmission assets need to be built to service renewable energy (such as wind and solar) which are often in different locations to where the grid is currently located.

North East Utilities and ITC Holdings are examples of companies that own monopolistic assets and are governed by favourable regulation that will benefit from the increased transmission infrastructure spending.

## North American Rail

The North American railroad sector represents irreplaceable, loosely regulated, mature infrastructure businesses. Factors that make this an attractive sector for long term, low risk investment are:

- » Demand for freight transport will increase;
- » It is the most efficient land transport mode for large volumes and distances; and
- » Strained road infrastructure cannot support growth without substantial investment.

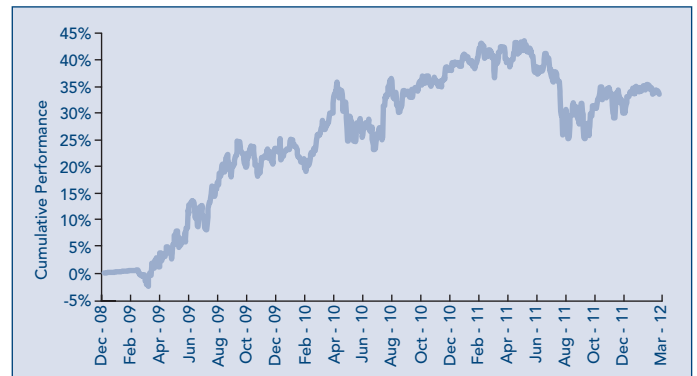
Road infrastructure has experienced a notable lack of investment since the 1950's and presents a substantial infrastructure challenge on a national level. Road congestion is particularly acute and widespread in the East. Railroads maintain sustainable economic, environmental and societal comparative advantages versus trucking. Margin expansion is driven by pricing power railroads are able to sustain (positive real pricing) as well as by declining unit labor costs – rail's largest cost category. CSX and Norfolk Southern are well positioned with a duopoly on the main networks in Eastern North America.

## Fund Details

The Fund invests in listed and unlisted infrastructure companies with a focus on New Zealand, Australia, Europe and the US.

Fund Inception	December 2008
PIE Registered	Yes
Management Fee	1.25%
Performance Fee (charged on the performance margin over benchmark)	10%
Entry Fee – Direct	1%
Entry Fee – Advisor	0–4%
Exit Fee	0
Minimum Investment	\$2,000
Regular Savings Plan	Yes
Target Yield	5% net
Distributions	Quarterly
Distribution reinvestment plan	Yes
Manager	Fisher Funds Management Ltd
Trustee	Trustees Executors Ltd
Custodian	Trustees Executors Ltd

## Fund Performance



## Returns

Fund Pre-tax Returns	1 Month	12 Months	2 Years*	3 Years*	Since Launch*
Infrastructure	1.4%	-5.0%	1.4%	10.3%	9.6%
Benchmark (90 day bank bill)	0.2%	2.7%	2.9%	2.9%	

\*returns are annualised

## MER (post tax, excluding performance fee)

% p.a.	2010	2009
Fisher Morrison Infrastructure Fund	1.81%	1.38%

For a copy of our investment statement, visit our website [www.fisherfunds.co.nz](http://www.fisherfunds.co.nz) or phone 0508 fisher (0508 347 437)

Disclaimer: This Fund Fact sheet has been designed as a summary to accompany the Investment Statement for the Fund so we can provide up to date information. The information contained in this communication does not constitute an offer, an advertisement in respect of an offer or a proposal or an invitation to make an offer to sell, or a recommendation to subscribe for or purchase, any units or securities. No money is being sought and no applications for securities will be accepted or money received until each subscriber has received an Investment Statement and a Disclosure Statement within New Zealand. The information and any opinions herein are based upon sources believed reliable, but the Company, its officers and directors make no representations as to its accuracy or completeness. All opinions reflect our judgment on the date of communication and are subject to change without notice. The information in this Fund Fact Sheet is not intended to be advice. Professional investment advice should be taken before making an investment. Past performance is not a reliable guide to future performance. This disclaimer must accompany any information regarding Fisher Funds or its products.