

iapf



representing pension savers

WELCOME

Jerry Moriarty
CEO, IAPF

THANK YOU SPONSOR





IAPF TRUSTEE NETWORK EVENT

‘Generating Income from Unlevered Infrastructure Equity Assets’

Generating Income from Unlevered Infrastructure Equity Assets

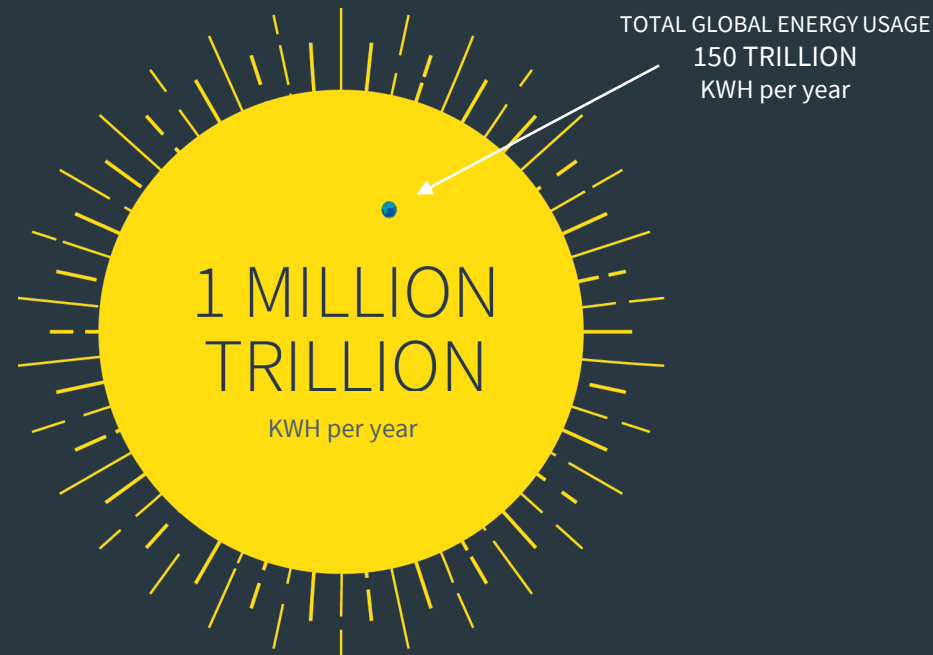
Sean McLachlan

Senior Director Infrastructure

Aviva Investors

Sustainable energy

Do we suffer from a lack of imagination?



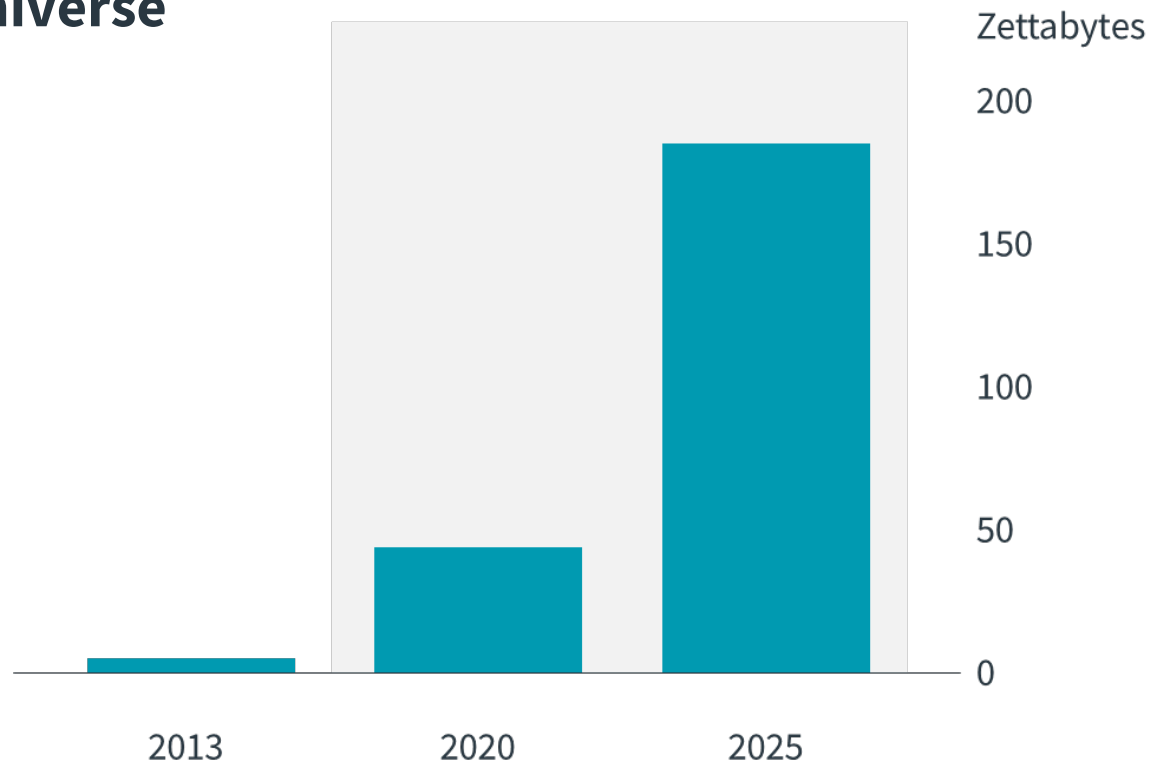
In 1931, not long before his death, inventor and father of electricity Thomas Edison told his friend Henry Ford: “I’d put my money on the sun and solar energy. What a source of power! I hope we don’t have to wait until oil and coal run out before we tackle that.”

Data deluge

Projected data produced by digital universe

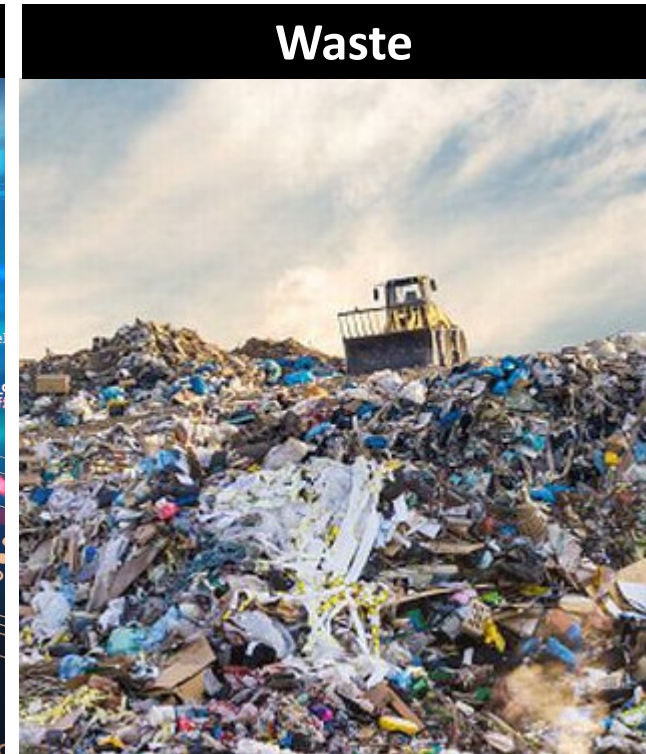
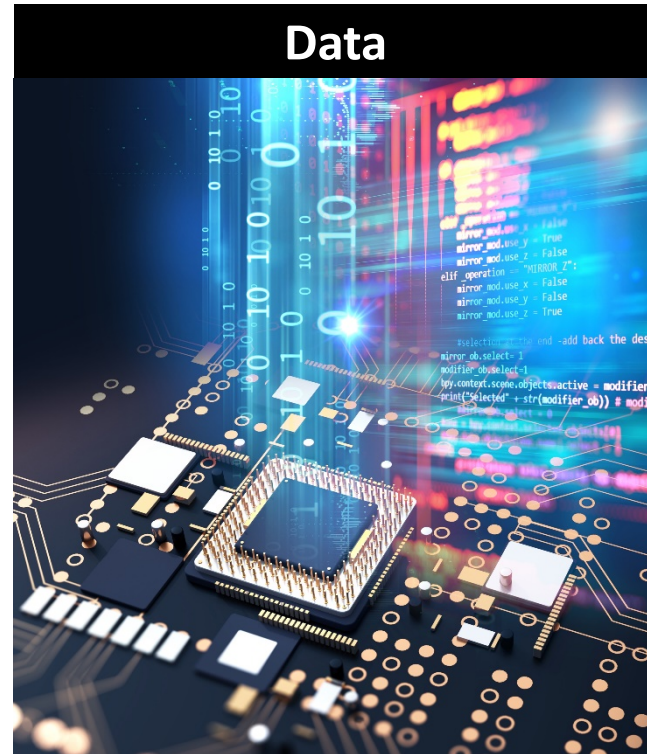
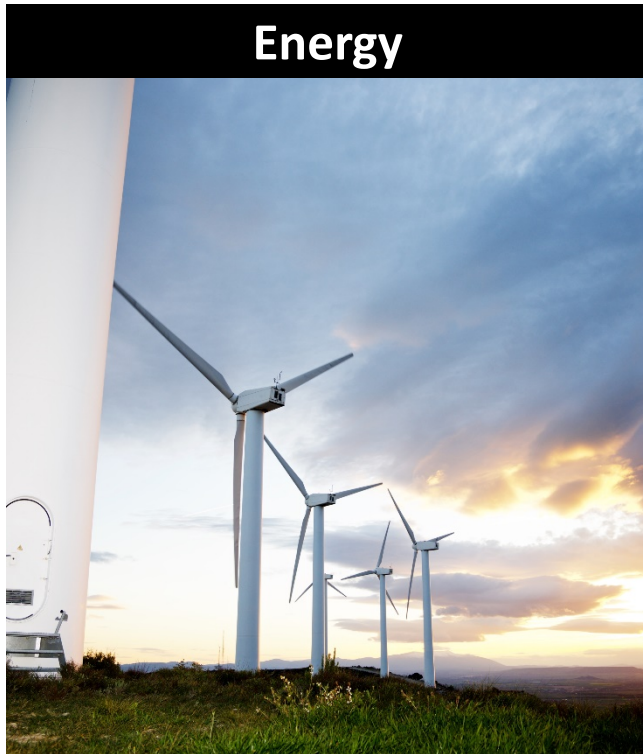


Source: Data Age 2025 – The Evolution of Data to Life-Critical, IDC, April 2017 (<https://www.seagate.com/files/www-content/our-story/trends/files/Seagate-WP-DataAge2025-March-2017.pdf>)



Investing in the future

Accessing the trend



Investing in the trend – Wind

Significantly backed by regulated revenue

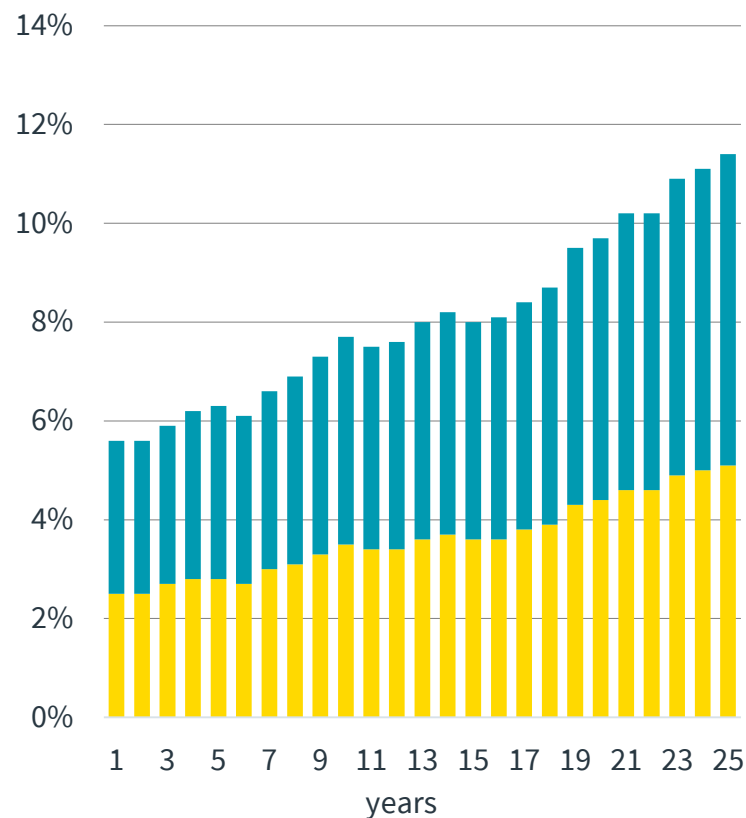


Wind farm, multiple turbines

c.50% regulated – Renewable Obligation Certificates (ROCs)

20-year term, fully inflation linked

c.50% from power price exposure / energy sales



Clean energy from
operationally
simple assets

Educational site
visits for local
school children

Source Aviva Investors 30 September 2019
internal estimates of notional cashflows. Returns
are illustrative and are not guaranteed.

Investing in the trend – Energy from Waste

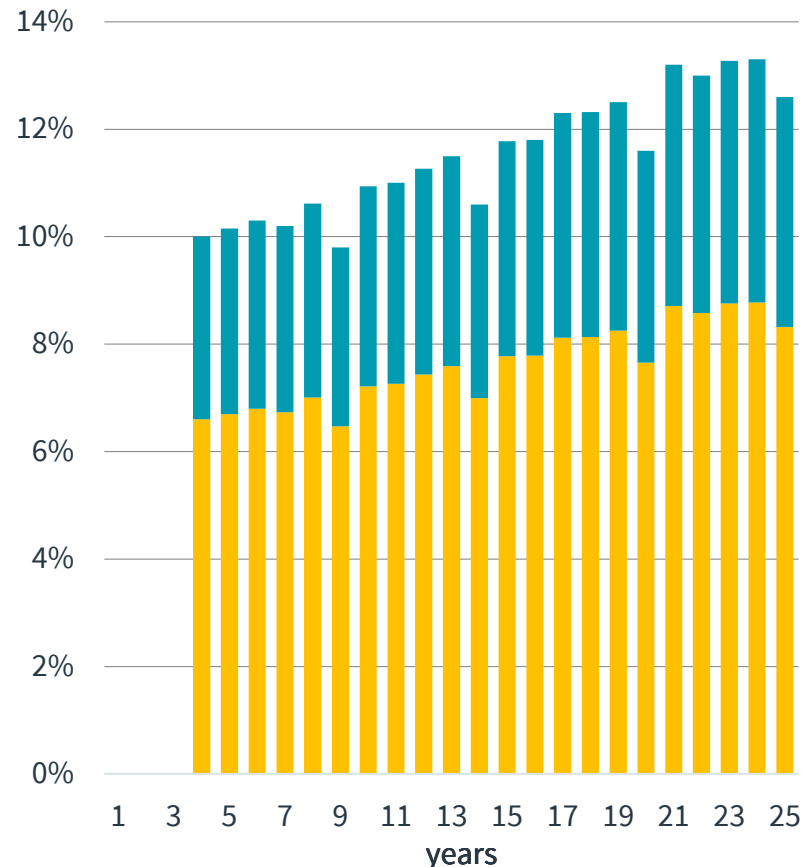
Long-term contractual “gate fee” revenue



Domestic refuse feedstock

Gate fees received for disposing of waste,
15-20 year, fully inflation-linked

Additional power sales revenue
- 24/7 power output



Our plants will process c.500,000 tonnes of waste a year; enough to empty skips placed end to end from Belfast to Cork!

#ReducingLandfill

Source Aviva Investors 30 September 2019
internal estimates of notional cashflows. Returns are illustrative and are not guaranteed.

Investing in the trend – Fibre Broadband

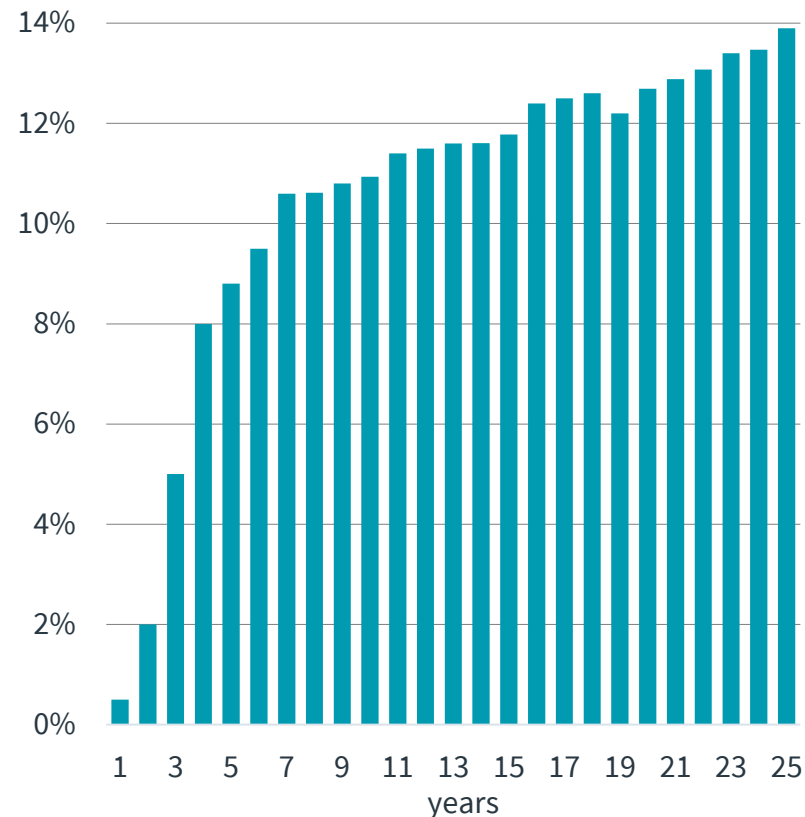
The fourth utility



Providing ultra fast broadband directly to the home in underserved / rural areas

Long term assets with continued growth in demand and data usage

Multiple revenue streams



Helps limit negative impact of urbanisation on rural communities

Reduces strain on transport infrastructure

Stream a movie in 3 minutes, not 3 days

Source Aviva Investors 30 September 2019
internal estimates of notional cashflows. Returns are illustrative and are not guaranteed.

Investing in the Infrastructure capital stack

Unlevered as an alternative approach to traditional structures

Debt

- Secured on physical assets / contracts
- Can be complex
- Cash flows stable / secure

Equity

- Leveraged exposure
- Participation in upside / bear the primary risk
- Volatile cash flows

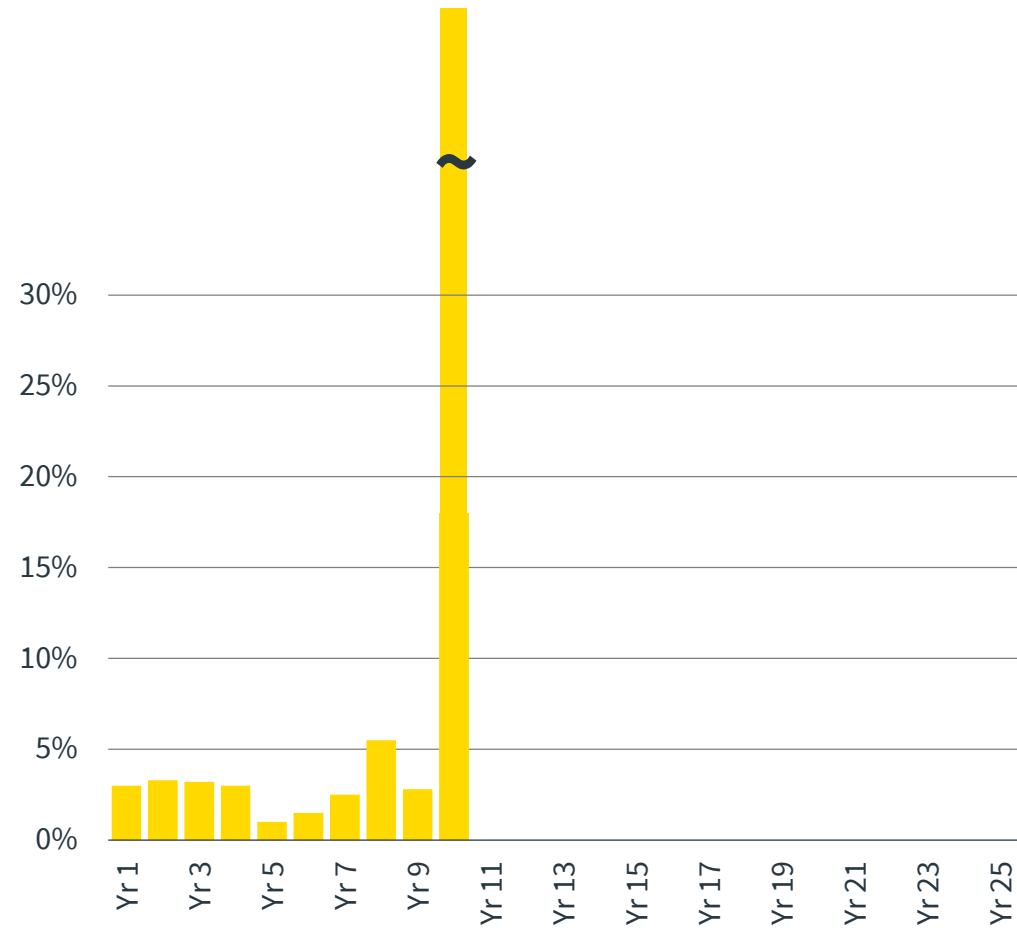
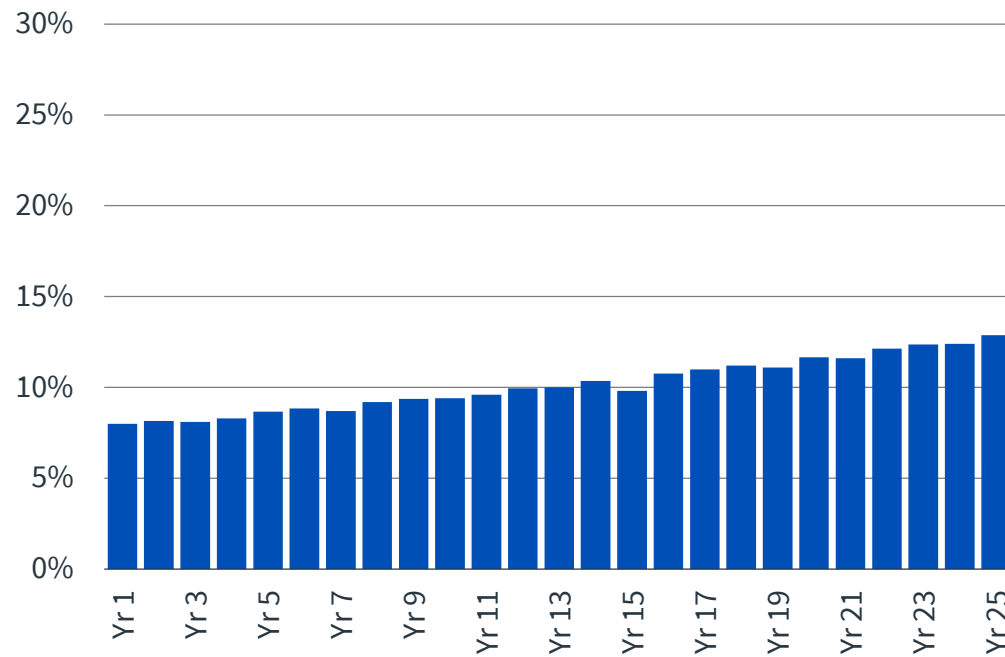


Unlevered

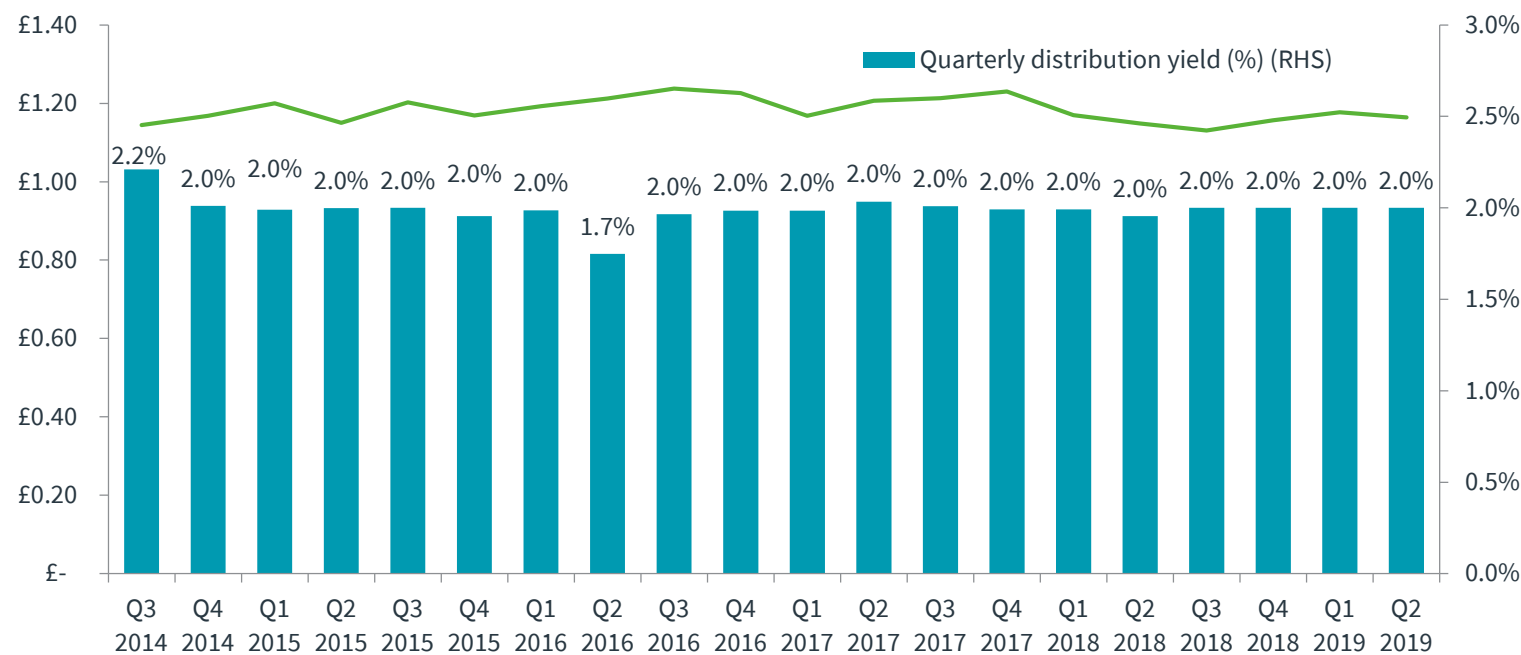
- Buy the whole project and have full control of the asset
- No financial volatility from leverage
- Flexible structures
- Simpler authorisation process
- Can provide stable / secure cash flows
- Significant yield pick-up over debt

Accessing the infrastructure opportunity

Delivering income



Accessing solutions



**Strong and stable
cashflows for the
long-term**

**Sourced through
strategic focus on
“future proofed”
assets**

	1 year	3 year s	5 year s	Since inception
Model Fund	9.8% p.a.	6.8% p.a.	10.3% p.a.	9.2% p.a.
Distribution yield	8.2% p.a.	8.0% p.a.	8.0% p.a.	7.8% p.a.

Source: Model Portfolio as at 30 June 2019. This is for illustrative purposes only and is not intended as investment advice

Investing in the trend – the future

Technology and regulations continue to create new opportunities

Heat networks



Data centres



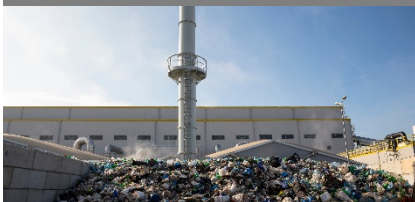
Changing power mix in the UK
- Need for intermittent generation / energy storage

The data deluge
- Need for ultra fast fibre / data centres

Energy storage



Energy from waste

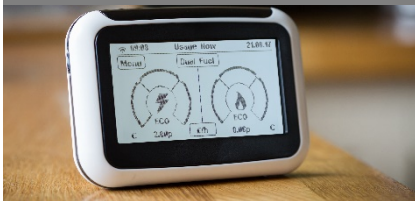


Decarbonising heat
- Need for heat networks

Biogas



Metering



Waste management
#ReducingPlasticWaste / #ReducingFoodWaste

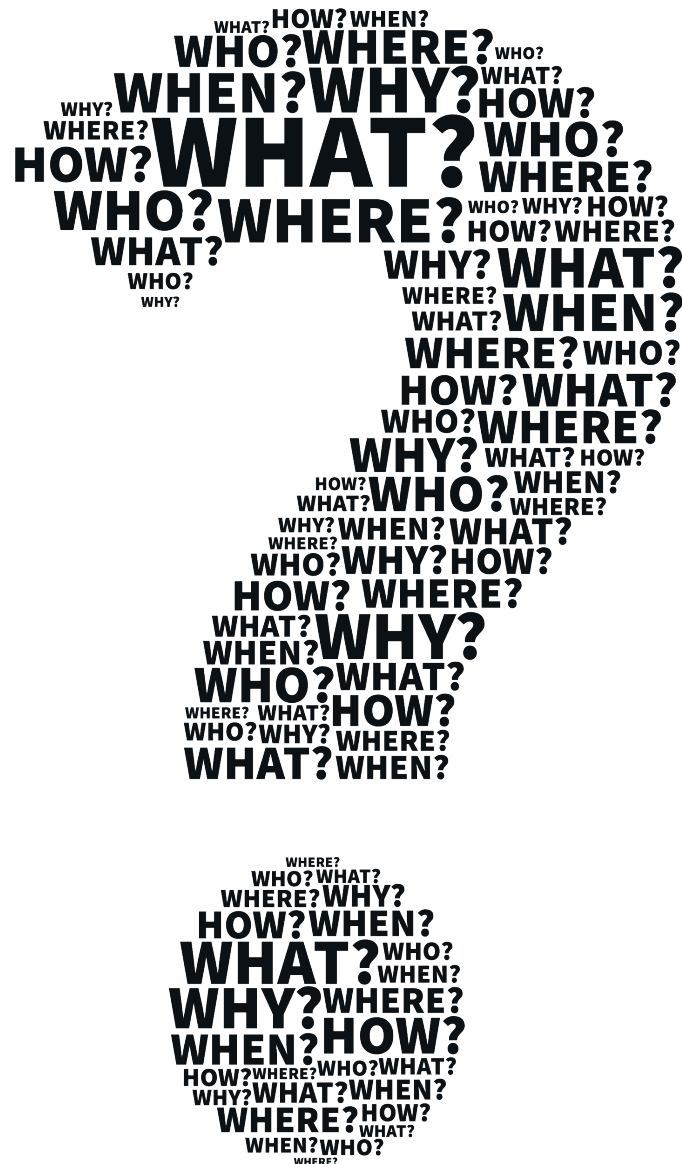
Electric Vehicles
- Charging infrastructure



Aviva Investors is a founder signatory

Our projects include habitat management plans, replanted trees, nesting programmes and badger tunnels

2019: projected 243,000 tonnes of CO₂ saved – equivalent to the domestic energy use of Luimneach, or removing 136,000 cars from the road



We have built
playgrounds and funded
scout huts – all as part of
community engagement
near our projects



G R E S B
INFRASTRUCTURE

A founder member and part
of the Advisory Board

Risks

- The value of an investment and any income from it can go down as well as up and can fluctuate in response to changes in currency exchange rates. Investors may not get back the original amount invested
- Where funds are invested in illiquid private assets, investors may not be able to redeem any units in the fund when they want because illiquid private assets may not always be readily saleable. If this is the case we may defer a request to redeem units

Important information

Except where stated as otherwise, the source of all information is Aviva Investors Global Services Limited (“Aviva Investors”) as at 30/09/2018. Unless stated otherwise any views, opinions and future returns expressed are those of Aviva Investors and based on Aviva Investors internal forecasts. They should not be viewed as indicating any guarantee of return from an investment managed by Aviva Investors nor as advice of any nature. The value of an investment and any income from it may go down as well as up and the investor may not get back the original amount invested. Past performance is not a guide to future returns. Issued by Aviva Investors Global Services Limited, registered in England No. 1151805. Registered Office: St Helens, 1 Undershaft, London, EC3P 3DQ. Authorised and regulated by the Financial Conduct Authority

Generating Income from Unlevered Infrastructure Equity Assets

Q&A



THANK YOU
Sean McLachlan, Aviva Investors



THANK YOU SPONSOR

