BUILDING THE INFRASTRUCTURE OF THE FUTURE

John Dewey, Head of Investment Strategy and Darryl Murphy, Head of Infrastructure Debt, ask how emerging technologies will drive infrastructure development in new directions in the next 20 years.

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JOHN: Hello, I'm John Dewey, Head of Investment Strategy. And today, I'm here with Darryl Murphy - Head of our Infrastructure Debt team - to talk about the very topical area of the best infrastructure opportunities we see across sectors, across geographies, globally today.

JOHN: If we think about how society and financial markets are changing. Do you see any key trends that we should be getting ahead of as investors in infrastructure?

DARRYL: Oh, absolutely John. I think I've been involved in infrastructure for over 20 years.

But in reality, what I'm investing in today looks pretty similar to what we've done over the last 20 years or so.

I strongly believe that the next 20 years are going to show much larger changes due to the advent of technology.

Technology hasn't really touched directly infrastructure in the same way perhaps up ‘till now.

But if we look forward, we'll look at where's exciting opportunities to invest. It is in areas that are being driven by this technological change.

So that would be for example: energy storage, smart meters, advent of increased broadband, electric vehicles.

This and the way we work as a society is going to radically change the nature of the infrastructure over the next 20 years and that's going to ensure this will remain a very exciting asset class for the years to come.

JOHN: If we think specifically about the current political uncertainty surrounding Brexit. Is this a threat to investment in UK infrastructure or could there be potential opportunities hidden amongst this?

DARRYL: I think clearly, Brexit and infrastructure being heavily debated at the moment, the important thing to note is the infrastructure requirement for the UK will remain. Arguably it will be greater post Brexit because there is a correlation between infrastructure investment and economic growth.

So therefore, I think there's a great opportunity there in seeing that we should be investing more into that sector.

There's certainly the supply from Sterling investors. So, I don't necessarily see that there will be an impact in terms of international investment not forthcoming.

I think the bigger challenge is the macro economic impact of a potential downturn. And that is something which, although infrastructure has always fared well in an economic downturn, we must be careful that it can often inhibit investment from a government point of view.

The one direct impact of Brexit is the possible reduction of lending from the European Investment Bank.

To date, they have played quite a big role in the UK infrastructure market.

Now again, that could be an opportunity for greater private finance. Although I do feel that the government needs to also look at providing some of the supports which today the European Investment Bank provides.

So, I think going forward, we might see greater opportunities of the private sector and the public sector working together on transactions.

JOHN: Thank you very much Darryl.

DARRYL: Thanks John.

The views expressed in this video are subject to change and do not constitute investment advice.

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