



# MAPLE-BROWN ABBOTT

INVESTMENT MANAGERS SINCE 1984

## Maple-Brown Abbott Limited Form ADV Part 2A: Firm Brochure

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This Brochure provides information about the qualifications and business practices of Maple-Brown Abbott Limited ("Maple-Brown Abbott"). If you have any questions about the contents of this Brochure, please contact us via email at [invest@maple-brownabbott.com.au](mailto:invest@maple-brownabbott.com.au) or by phone on +61 2 8226 6200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Maple-Brown Abbott also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Maple-Brown Abbott is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 ("Advisers Act"). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Maple-Brown Abbott Limited ACN 001 208 564

## **Item 1 Cover Page**

Please refer to previous page.

## **Item 2 Material Changes**

The following is a summary of the material changes made to this Brochure since the last annual update dated September 24, 2020:

- In Item 8, the Asian Equity Income strategy was added and we have updated and clarified the disclosure related to certain investment risks.

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This Brochure is not:

- An offer or agreement to provide advisory services to any person.
- An offer to sell interests (or a solicitation of an offer to purchase interests) in any investment fund.
- A complete discussion of the features, risks or conflicts associated with any investment fund or any other product or service offered by Maple-Brown Abbott.

As required by the Advisers Act, Maple-Brown Abbott provides this Brochure to current and prospective U.S. clients prior to the commencement of Maple-Brown Abbott's advisory services and will offer this Brochure to such U.S. clients on an annual basis thereafter. The Brochure may also be provided to current or prospective investors in an investment fund, in conjunction with the investment fund's disclosure and investment documents and other relevant offering materials, such as the investment fund's offering document, prior to or in connection with such persons' consideration or execution of an investment in an investment fund, and may subsequently be provided, in Maple-Brown Abbott's discretion, annually or upon request. This Brochure is also available through the SEC's Investment Adviser Public Disclosure website.

Although this publicly available brochure describes investment advisory services and products of Maple-Brown Abbott, persons who receive this Brochure should be aware that it is designed solely to provide information relevant to U.S. persons about Maple-Brown Abbott as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in disclosure and investment documents and other relevant offering materials. More complete information about each product or service offered by Maple-Brown Abbott is included in disclosure and investment documents and other relevant offering materials, certain of which may be provided to current and eligible prospective clients and investors only by Maple-Brown Abbott and/or its affiliates. To the extent there is any conflict between discussions herein and similar or related discussions in any such materials, the relevant disclosure and investment documents and other relevant offering materials shall govern and control.

Moreover, Maple-Brown Abbott's activities with respect to non-U.S. clients may differ from those described generally herein and Maple-Brown Abbott may provide additional or different services to non-U.S. clients. Maple-Brown Abbott does not generally hold itself out to non-U.S. clients as an SEC-registered adviser nor does it provide this Brochure to non-U.S. clients. Since Maple-Brown Abbott does not maintain a place of business within the U.S., it may rely on SEC staff guidance to apply local governing law, rather than the substantive provisions of the Advisers Act, to its relationships with such non-U.S. clients to the extent that activities with respect to those relationships do not constitute "conduct" or have "effects" within the U.S.

#### Item 4 Advisory Business

Maple-Brown Abbott Limited is a privately-owned investment management company, based in Sydney, Australia.

As one of Australia's first boutique investment managers, we have evolved into a business focusing on managing Australian equity, Asian equity, global listed infrastructure and multi-asset strategies. Operating for nearly 40 years, we manage investment portfolios for institutional, high net-worth and retail clients in Australia. We have clients across the world including in North America, Europe and Asia. We are privately owned with around 60 staff in Sydney and over USD 8.8 billion in assets under management, as at 31 August 2021. We manage assets on a discretionary basis, and no assets on a non-discretionary basis, although we do provide non-discretionary advisory services to certain client accounts.

We have a long-standing commitment to responsible investing and are a signatory to the United Nations Principles for Responsible Investment.

Being a focused boutique investment manager remains an important driver of our culture, ensuring our interests are strongly aligned with those of our clients. We strive to deliver the highest level of service to our clients and to always act with integrity and the highest ethical standards.

We hold an Australian Financial Services Licence (AFSL 237296) issued by the Australian Securities & Investment Commission. We are principally owned by entities associated with, and the family of, one the founders of the company, Robert Maple-Brown, through Maple-Brown Family Investments Pty Limited.

**Within the United States, we offer investment advisory services of our global listed infrastructure, Asia Pacific ex-Japan equities and Asian equity income strategies to clients through separately managed portfolios. We implement these core investment strategies, within the investment guidelines and restrictions set by the client, and may delegate the investment advisory services to our subsidiary companies. We then select the specific securities to be traded and the timing of those trades, including the broker through which those securities are to be traded.**

#### Item 5 Fees and Compensation

The management fee charged by Maple-Brown Abbott for separately managed accounts is charged as a percentage of the value of the assets under management for that account, and is set out in the Investment Management Agreement ("IMA") we negotiate with the client.

The management fee is calculated on the value of the portfolio of assets for the relevant period. Fees are normally paid monthly or quarterly in arrears, and clients are invoiced directly. Fees are normally prorated for any incomplete months during account commencement and termination.

Fees may be negotiated based on a number of factors including the size of the account, the complexity of the investment advisory services and any existing relationships we have with a client. Our fixed fees generally range up to 1.00% of the market value of assets under management.

Clients will also incur transaction related charges such as brokerage, custody, taxes and other related costs and expenses. Please refer to Item 12 of this Disclosure Brochure.

We may also negotiate a performance-based fee with some clients. Please refer to Item 6 of this Disclosure Brochure.

#### Item 6 Performance-Based Fees and Side-By-Side Management

Maple-Brown Abbott generally charges an asset-based fee on our separately managed accounts. However, we may negotiate a performance-based fee with clients, which would be structured to comply with the Advisers Act, and the regulations thereunder.

Some of our investment professionals manage accounts with performance fees on a side-by-side basis with accounts that do not. This may give rise to an incentive for inappropriate or inequitable allocation of trades to benefit certain portfolios at the expense of other portfolios. We are conscious of these potential conflicts of interest and have policies and procedures designed and implemented to help ensure that all clients are treated fairly and equitably, regardless of their strategy and fee arrangement. We have a Trade Allocation Policy to manage these potential conflicts. It is our policy to allocate trades in a manner that is fair and equitable over time, to prevent these potential conflicts from

influencing the allocation of investment opportunities among clients. Please refer to the more detailed discussion on trade allocation and aggregation at Item 12.

## **Item 7 Types of Clients**

We may provide investment advisory services to corporations, pooled investment vehicles, pension plans, state or municipal government entities, charitable organisations, foundations, individuals and other investment management companies and advisers. Generally, we do not accept separately managed accounts below USD40m to USD75m, depending on the strategy.

The clients to whom we provide investment advisory services include SEC-registered organisations and we may act as a sub-manager in a fund-of-funds or multi-manager structure.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

Maple-Brown Abbott offers the following investment strategies to U.S. clients:

### **Global Listed Infrastructure**

#### ***Investment Strategy***

The strategy is an actively managed strategy that invests in global listed infrastructure securities across regulated, contracted and concession assets or networks that provide essential services, with a focus on sustainability and ESG factors. These infrastructure assets typically deliver lower volatility and higher earnings stability as well as higher inflation protection compared with broader global equities. In addition, we place a high emphasis on strong corporate governance. We are able to offer both currency hedged and currency unhedged versions of our strategy. For currency hedged strategies we typically utilise forward foreign exchange contracts, to substantially remove the impact of movements in the value of foreign currencies from the value of offshore securities.

The minimum suggested timeframe for investing in our GLI strategy is 5 years.

#### ***Investment Philosophy***

GLI invests in listed infrastructure securities that own and/or operate physical infrastructure assets around the world.

The infrastructure assets targeted are the physical structures and networks that provide essential services to their relevant communities. Infrastructure asset examples include water providers, natural gas and electricity networks, toll roads and airports. Infrastructure securities can generate reliable cashflows from what are often regulated, contracted or concession assets. This can provide higher yield, inflation protection and portfolio diversification benefits when compared to global equities.

We consider a narrower range of “core” infrastructure assets compared to many other fund managers and infrastructure indices. Attributes that we believe are important in infrastructure companies include a strong strategic position within the economy in which they operate, inflation protection, low volatility and a high level of corporate governance.

The focus is both long term and global in nature. We believe that rigorous analysis of fundamentals and valuation is necessary to find the best listed infrastructure investment opportunities. We prefer to take a long-term view of the value in the companies in which we invest. Macroeconomic risks are ever present in a global asset portfolio and we seek to reduce these risks where possible.

#### ***Investment Process***

A key aspect of our investment process is our bottom-up approach to stock selection and portfolio construction, based on company analysis and estimates prepared by our investment staff. For all stocks in, or being considered for, our investment portfolios we conduct our own proprietary research. This research is based on an objective examination of financial information for that stock and, normally, discussions with management of the company concerned.

In constructing our portfolios, we rank stocks on selected risk, inflation protection and corporate governance criteria, and on their estimated 10-year investment returns. This process identifies those stocks we consider to show the greatest risk adjusted valuation upside.

We are explicitly macro-aware throughout the investment process, focussing on the macro factors that we believe to have the greatest impact on infrastructure asset valuations. In line with our longer-term investment objective, we are long term holders of stocks, not traders.

### **Investment Guidelines**

We invest in global listed infrastructure equities either directly in their locally domiciled market, or indirectly through Depository Receipts ("DRs"). Generally, the companies we invest in have a market capitalisation greater than US\$500 million. We may also invest in hybrid or debt securities issued by infrastructure entities, or in unlisted equities provided that they are expected to be listed within 3 months from the date of investment.

Whilst investment limits will be finalised in our agreements with clients, the primary guidelines are typically:

- individual stock weightings will be limited to 10% of the total portfolio;
- the exposure to equities listed in the United States of America (excluding DRs) will not be greater than 65% of the total portfolio;
- the exposure to equities listed in any other individual OECD country (excluding DRs) will not be greater than 30% of the total portfolio; and
- the exposure to equities listed in any individual non-OECD country will not be greater than 15% of the total portfolio, and will not be greater than 30% in aggregate.

From time to time portfolios may move outside these guidelines due to market movements.

### **Asia Pacific ex-Japan Equities**

#### **Investment Philosophy**

- Value Managers.
- Bottom-Up.
- Long term Investors.
- Contrarian Investors.

The principal element in our investment philosophy is a **value** orientation. We believe that the price and value of a company are often not the same and deviate over time. 'Price is what you pay, value is what you get' best summarises this difference. Greed and fear in markets drive a wedge between these concepts at the stock level and we seek to take advantage of this behavioural phenomenon by being patient and disciplined. We will only invest in a stock where we assess the discount to intrinsic value is sufficiently attractive. A value-orientation philosophy has proven to create alpha over the medium or longer term.

Another key aspect of our investment philosophy is a **bottom-up** approach to stock selection. By virtue of the fact we are regularly looking at the unloved or unpopular segments of the market, there is often a narrative attached as to why there are out of favour. Only by analysing companies on a bottom up basis (in conjunction with what prevailing valuation imply) can one determine whether a mis-pricing exists or not. All investment decisions are based on research prepared using internally generated forecasts and analysis. Stock selection is ultimately focused on those companies which indicate the greatest disparity between what current prices imply and our assessment of their intrinsic value and relative to the market as a whole.

We are **long term** investors. Our investment analysis involves forecasting all key financial metrics over a time horizon of at least four years. Since we are focused on the long-term earnings capability and hence intrinsic asset value, we are able to make long term trading decisions and ignore shorter term volatility. This approach has historically meant that portfolios have a low turnover and are high conviction. A disciplined focus on the long term is an important aspect of our philosophy, as we frequently find that the best return opportunities are only available to investors willing to take a pragmatic and patient perspective with regard to company valuations.

Our investment philosophy can also be described as contrarian in that we often tend to be buying stocks that have fallen out of favour in the market and selling or avoiding stocks that are market favourites. The market favourites are typically more expensive based on our value criteria because there is generally good news priced into the share price, often with high expectations for further growth. Our typical investments are characteristically 'value' stocks; often cheap because the market regards their immediate prospects as poor, but having regard for the longer-term prospects of a business and longer investment horizon we can identify circumstances where this leads to an attractive buying opportunity. Our experience has shown that the market generally over-reacts to short term events, either pricing stocks well above their intrinsic value because of excessive optimism, or pricing them well below their intrinsic value because of excessive pessimism.

### ***Investment Process***

A key aspect of our investment process is our bottom-up approach to stock selection and portfolio construction, based on company analysis and estimates prepared by our investment staff. For all stocks in, or being considered for, our investment portfolios we conduct our own proprietary research. This research is based on an objective examination of financial information for that stock and, normally, discussions with management of the company concerned.

We effectively monitor the large Asia Pacific investment universe spanning more than 1000 companies by employing quantitative 'value' screens. This ranking tool objectively identifies 'cheap' from 'expensive' companies. The experienced team conducts due diligence on companies and industries, including meetings with senior management of potential investments. This process of regular business analysis and valuation identifies the most attractive prospective stocks for inclusion in the portfolio. Industry analysts present their stock recommendations to an investment committee supported by a formal written research report, expected 4-year holding period return and detailed valuation model forecasting the future profit and loss, balance sheet and cash flow statements. Stocks approved by the committee are eligible for client portfolios.

The first step in the portfolio construction process is to construct the 'Analysts' Portfolio'. The portfolio reflects the collective investment team's highest conviction recommendations at a particular time. It is a sub set of the buy list with stocks and their weightings chosen for inclusion based on relative valuations and analysts' recommendations. Additional considerations are taken into account, such as stock and sector diversification, macro exposures (interest rates, oil exposure etc.) value characteristics and stock limits.

The second step of portfolio construction process is the construction of the client portfolio. The portfolio manager will construct the client portfolio with reference to the Analysts' Portfolio and the buy list. The Analysts' Portfolio is a strong guide for the portfolio manager but they do not have discretion to deviate. Investments have historically been held for between three and six years on average.

### ***Investment Guidelines***

We invest in listed Asia Pacific equities either directly in their locally domiciled market, or indirectly through Global and American Depositary Receipts. Generally, the companies we invest in have a market capitalisation greater than US\$500 million. We may also invest in unlisted equities, provided that they are expected to be listed within 3 months from the date of investment.

Whilst investment limits will be finalised in our agreements with clients, the primary guidelines if the Benchmark is the MSCI All Countries Asia Excluding Japan Net Index are typically that the:

- equity exposure to a single entity should not be greater than 5 percentage points above that entity's weighting in the Benchmark;
- exposure to a single sector as defined in the Benchmark (Global Industry Classification Standard) should not vary from that sector's Benchmark weight by more than 10 percentage points, except if the Benchmark weight is greater than 20%, in which case the minimum weight is half the Benchmark weight; and
- exposure to a single country should not vary from that country's Benchmark weight by more than 10 percentage points, except if the Benchmark weight is greater than 20%, in which case the minimum weight is half the Benchmark weight.

Such guidelines enable the portfolio to have zero exposure to specific countries and sectors which represent less than 10% of the Benchmark and which we believe do not offer value or which possess excessive risk.



## Asian Equity Income

### Investment Process

The strategy's investment universe comprises companies across the Asian region with a market capitalisation typically above US\$1 billion dollars. To narrow the investment universe, we apply two distinct quantitative screening models to identify those companies with both the ability to pay a sustainable and attractive dividend stream, and the intention to reward shareholders with an attractive dividend profile going forward. The quantitative screens are complemented by bottom-up fundamental research, where we conduct detailed quantitative and qualitative analysis on select companies that have been identified from the two quantitative screens. This in-depth research includes detailed financial forecasts, meetings with company management and an assessment of management quality, industry structure and ESG factors.

### Investment Guidelines

The strategy is an actively managed strategy that invests in listed (and to be listed) securities across Asia that we believe have sustainable and growing income streams and the potential for long-term capital growth. It is benchmark unaware and comprises a high conviction portfolio of 25–40 securities with an emphasis on preserving capital and delivering favourable risk-adjusted returns.

### Risks specific to the investment strategies

Investment in our global listed infrastructure, Asia Pacific ex-Japan and Asian equity income strategies involves risk of loss that clients should be prepared to bear. There is a high risk of short-term loss. As with all investing, it is not guaranteed that investors will make money from our strategies. The value of an investor's portfolio can fluctuate with the value of investments in that portfolio. The risks may result in an opportunity costs, loss of income or loss of capital invested. We do not guarantee the return of capital, performance of a portfolio or any specific rate of return.

Risks can be managed although they cannot be eliminated. Specific risks include:

Risk	Description
<b>Market risk</b>	The risk that the market price of the portfolio's assets may fluctuate as a result of factors such as economic conditions, interest rates, sentiment and geopolitical events as well as environmental, regulatory, social and technological changes. These fluctuations may affect the value of the investments in the portfolio which may impact the unit price of the portfolio.
<b>Active management risk</b>	The risk that the portfolio's performance may deviate significantly from the performance of any benchmark due to our active management. The portfolio will generally be exposed to a smaller range of securities than are in a broad benchmark and therefore the portfolio is more sensitive to fluctuations in the share prices of those securities. These factors together may result in a significant variance between the portfolio's performance and the performance of any benchmark.
<b>Investment manager risk</b>	The risk that we will not achieve the portfolio's stated investment objective or deliver returns that compare favourably to other investment managers in the same asset class. Many factors can negatively impact our ability to generate acceptable returns, such as a change in our investment professionals.
<b>Country risk</b>	The risk that political, economic, regulatory or social developments may adversely affect the return on the portfolio's assets. Examples includes political instability, health pandemic or disease outbreaks, recession and war. Exposure to country risk may be higher in relation to investments in emerging markets or developing countries, where risk factors such as lower liquidity, potential for political unrest, increased likelihood of sovereign intervention, currency volatility, and legal and tax risk may be heightened.

<b>Company and sector specific risk</b>	The risk that factors specific to a particular company or sector may cause a company or sector to perform adversely. Such factors include changes in management, actions of competitors and regulators, changes in technology and market trends. Where the portfolio has exposure to a company or sector negatively impacted by one of these factors, it may reduce the value of the portfolio.
<b>Currency risk</b>	The risk that fluctuations in exchange rates may impact the value of the foreign investments that the portfolio has exposure to, as the portfolio has investments denominated in currencies other than the base currency.
<b>Credit risk</b>	The risk that issuers of fixed income instruments may fail to make principal or interest payments or fulfill other financial obligations in full and/or on time. As a result, the Fund may suffer losses as the market value of an investment can fall significantly if the perceived risk of a note or bond defaulting increases or its credit rating declines. This risk is higher if the portfolio holds low-rated, non-investment-grade securities, such as high yield bonds and securities of issuers that are in or at risk of default, or have filed for bankruptcy protection or reorganisation.
<b>Distribution risk</b>	The risk that unexpected or adverse currency movements, or changes in market or economic conditions, may result in fluctuations to the distributions you receive. In some circumstances the portfolio may not pay a distribution.
<b>Derivative risk</b>	The risk that the use of derivatives may expose the portfolio to the potential for the value of a derivative to fail to move in line with the underlying asset. As a result, the use of derivatives may have the effect of magnifying both gains and losses to the portfolio.
<b>Liquidity risk</b>	The risk that an asset may not be able to be sold in a timely manner or at a fair price. This may potentially result in delays in processing a withdrawal, the suspension of withdrawals or not being able to realise what we perceive to be the fair market value.
<b>Portfolio risk</b>	The risk that changes to the portfolio or the broader regulatory environment, such as termination, a change in the fees and expenses or a change in tax status of the portfolio or a change in government policies and regulations can have a negative impact on the potential investment return.
<b>Counterparty risk</b>	The risk that counterparties of the portfolio, such as brokers or custodians, may fail to perform or meet their contractual obligations (either in whole or part) resulting in losses to the portfolio.

For our global listed infrastructure strategy, there are additional specific risks:

<b>Infrastructure risk</b>	The risk that the performance of infrastructure securities may be impacted by factors specific to infrastructure companies. Such factors include changes to regulatory regimes, actions of government and their agencies, taxation of the assets, the availability and cost of finance, and the level of usage of the infrastructure assets. Where the portfolio has exposure to securities negatively impacted by one of these factors, it may reduce the value of the portfolio.
<b>Currency (hedging) risk</b>	The risk that the use of currency hedging does not eliminate the risks arising from foreign exchange risk. That is, the risk that fluctuations in exchange rates between the base currency and foreign currencies impacted by the base currency of the foreign investments that the portfolio has exposures to will have a negative impact on the investment valuations of the portfolio. Hedging can limit the impact of foreign exchange risk on the portfolio's investments however the hedging is unlikely to fully offset this risk.

## Item 9 Disciplinary Information

Maple-Brown Abbott and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of our business or the integrity of our management.

## Item 10 Other Financial Industry Activities and Affiliations

Neither we, nor any of our affiliates, directors or employees, are registered, and do not have any applications pending to register, as a broker-dealer, a representative of a broker-dealer, a futures commission merchant, commodity pool operator, or a commodity trading advisor. We do not have any material relationships or arrangements with broker-dealers, other investment advisers, futures or commodity merchants or advisors, banks, accounting firms, law firms, insurance companies, pension consultants, real estate brokers or any other type of firm or partnership.

Maple-Brown Abbott is the responsible entity of Australian registered and unregistered pooled investment vehicles. We manage the investments for these vehicles within the investment objectives and restrictions set out in disclosure documents for these funds. The portfolios we manage for clients are invested similarly to the relevant asset classes within these Australian pooled vehicles. Conflicts of interest may in theory arise from our management of multiple client accounts and these pooled investment vehicles, giving rise to an opportunity for inappropriate or inequitable allocation of trades to benefit certain portfolios at the expense of other portfolios. We have a Trade Allocation Policy to manage these potential conflicts. It is our policy to allocate trades in a manner that is fair and equitable over time, to prevent these potential conflicts from influencing the allocation of investment opportunities. Please refer to the more detailed discussion on trade allocation and aggregation at Item 12. All sub-underwriting and offers of new issues received by us, if accepted, are accepted on behalf of clients. No offers are accepted on behalf of Maple-Brown Abbott or its personnel. All sub-underwriting commissions accrue to clients.

Certain accounts may be managed using advice provided by one or more affiliated investment advisers that are not registered in the U.S. Pursuant to agreements between Maple-Brown Abbott and such affiliated investment advisers, designated personnel of such an affiliated investment adviser may serve as investment professionals who are involved in (or have access to) investment advice to be used for or on behalf of Maple-Brown Abbott's U.S. clients, as well as investment funds advised by Maple-Brown Abbott. Such personnel also may be employees of Maple-Brown Abbott.

Pursuant to the agreements, each such affiliated investment adviser is a "Participating Affiliate" of Maple-Brown Abbott as that term is used in guidance provided by the staff of the SEC allowing U.S.-registered advisers to use portfolio management and trading resources of unregistered advisory affiliates subject to the regulatory supervision of the registered adviser. Each affiliated investment adviser has agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services it provides for such U.S. clients. In particular, investment advice to clients may be provided via a participating affiliate arrangement with Maple-Brown Abbott Global Listed Infrastructure Pty Limited (the "Participating Affiliate"), a corporation organized under the laws of Australia. Any such advice is subject to our oversight and supervision. The Participating Affiliate may recommend to other clients, or invest on behalf of other clients in, securities that are the subject of recommendations to, or discretionary trading on behalf of, our U.S.-based clients.

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics which prescribes the standard of business conduct that we require of all our employees, and which reflects our fiduciary obligations to our clients. The Code contains provisions requiring compliance with all applicable federal securities laws, personal securities trading procedures, prohibition on insider trading, and guidelines on the acceptance of gifts and entertainment, and other policies. All employees are required to certify their compliance with it on a quarterly basis. A copy of our Code is available to any client or prospective client upon request.

To avoid any actual or potential conflicts of interest arising if an employee wishes to trade in a security which is, or may be, part of a client's portfolio, all staff must observe the following rules in relation to personal securities trading, which are addressed in more detail in the Code of Ethics:

- staff must not deal in any stock where there is an uncompleted order in the market for any client;
- before any transaction is undertaken, staff must seek written permission from the relevant Head of Strategy and the dealer or their delegate to deal; and

- a register of staff dealings is maintained electronically and the Compliance department complete independent verification of trades.

## **Item 12 Brokerage Practices**

### ***Selection of broker/dealers***

Maple-Brown Abbott has an extensive process to ensure the quality, financial integrity and performance of the brokers that we use to execute trades on behalf of our clients.

Our broker due diligence process may include obtaining and reviewing the audited annual financial statements of the broker or of its guaranteeing parent company. Analysis of key solvency, liquidity and profitability ratios is undertaken. Our Broker Panel is reviewed and approved regularly.

A target allocation of commissions to each broker is reviewed at least annually and includes input from the investment and dealing teams. This allocation takes into account the ability to provide trade execution outcomes that are consistent with our Best Execution Policy, the ability of the broker to provide access to the management of prospective investments and the ability of the broker to provide quality research.

Our Best Execution Policy represents our commitment to take all reasonable steps to provide the best trading result for our clients, taking into consideration a range of factors including, among others, the prevailing market price of the security, the liquidity of the security, the size of the order, transaction costs, the need for timely execution, and the selection of an appropriate broker to execute the trade. An important factor in selecting an appropriate broker for a trade may be the ability of that broker to source liquidity in the security.

As part of this commitment to best execution, our dealing team monitors the performance of trading execution, both in real-time on a trade-by-trade basis, and through the analysis of aggregate historical trading data on at least a quarterly basis. This monitoring assists the dealing team in assessing the performance of individual brokers in achieving best execution.

Maple-Brown Abbott may cross an order for one client with an opposing matched order for another client(s). We will only conduct a cross trade where:

- We have determined that the transaction is in the best interests of each Client involved.
- A third-party broker is used to affect the Cross Trade and the broker will not be compensated in any way for the transactions.
- It will be transacted at the current independent market price or in the case of a rebalancing transaction, as of the close of the market on the day of the trade.

Maple-Brown Abbott conducts no proprietary trading. All dealing with brokers is on behalf of clients.

All our clients are fairly treated in the allocation of Initial Public Offerings and the underwriting of issues. The benefits of sub-underwriting offers on behalf of non-US clients accrue solely to our clients – Maple-Brown Abbott does not retain any sub-underwriting commission.

### ***Broker research, soft dollar and commission sharing arrangements***

The term “soft dollar” is generally used to describe an arrangement or agreement between the Company and a broker, whereby the broker provides the Company with research and/or other services in addition to brokerage services in return for commissions paid for executing transactions. Soft dollar services are used by the Company to assist it in making investment decisions.

Commissions paid in a soft dollar arrangement are usually greater than what the Company would normally pay for an execution-only service. Because of this, soft dollar arrangements create a potential conflict of interest, in particular because the investment performance of client funds may suffer as a result of the higher commission cost being paid to brokers.

We have soft dollar arrangements in place to receive normal brokerage services, investment data, research and related seminars. We receive these services from brokers in the normal course of our business, as well as from third party research providers. We may enter into Commission Sharing Arrangements in relation to our soft dollar arrangements

### ***Client-directed brokerage arrangements***

Where possible, Maple-Brown Abbott generally avoids the use of client-directed brokerage agreements. The selection of an appropriate broker to execute a trade is an important factor in achieving best execution. The use of client-directed brokerage may inhibit our ability to use the most appropriate broker for a trade and may result in the fragmentation of trades across multiple brokers. Such factors may be detrimental to our ability to provide best execution.

### ***Brokerage for client referrals***

Maple-Brown Abbott does not receive client referrals from broker-dealers.

### ***Trade allocation and aggregation***

We invest client portfolios with the same, or very similar, investment objectives in a similar manner so that all clients receive similar investment opportunities. However, in the normal course of providing investment advisory services to a variety of different clients managed by different portfolio managers, we sometimes make investment decisions with respect to one client which may differ from the action taken in respect of other clients. In appropriate circumstances, and where consistent with clients' investment objectives, we sometimes effect the purchase and sale of securities between client accounts. Maple-Brown Abbott does not receive any compensation for any cross transactions (other than its management fee).

When a portfolio manager wishes to trade in respect of a client, the following details are entered via our automated investment management system:

- client number;
- security code;
- quantity;
- buy/sell; and
- notes, such as price limits.

As such, allocations are determined on a pre-trade basis, as portfolio managers place individual orders for each client-security combination. The orders are then automatically processed by our pre-trade compliance system. If the orders do not cause any investment guidelines breaches, they are then electronically transmitted to our dealers, for placing the orders on the market.

Purchase and sale orders for the same securities, being made simultaneously for a number of clients, are aggregated if we think this is likely to result in an overall economic benefit to all the accounts involved because of relatively better purchase and sale prices, lower expenses, beneficial timing or a combination of these and other factors. It is possible that aggregation will not benefit all accounts on every trade. Aggregated orders are often worked over the course of a day in a series of smaller transactions where the final allocation is not made until the completion of the order, or until the market closes (in the case of uncompleted orders). In all such cases the final allocation is made at the weighted average price for each participating client account.

Where an order has been initiated in respect of a client during the day and filled, and a subsequent order is received in respect of another client (and initiated), the trades are allocated separately at the prices received for each client, i.e. the trades are not allocated on a pro-rata basis, even though they were completed on the same day. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders.

Quantities of securities bought or sold are indicated on a completed orders sheet by the dealer at the completion of each day's trading, which is then given to the portfolio managers and back-office staff. Each portfolio manager initials the completed orders sheet for his or her own portfolios, as evidence of acceptance of allocations, volumes and prices. Any uncompleted or outstanding orders appear on the portfolio manager's electronic workbench the next morning, to be confirmed or cancelled.

Completed trades are finally allocated to client portfolios at the end of each day's trading. Where an aggregated order is filled in its entirety, the volume is then allocated according to the size of the original order at the average price received for the day, and transaction costs are also shared pro rata. If the order is only partially filled, trades generally are

allocated in proportion to the size of the original order. Exceptions to the pro rata allocation of partially filled orders may occur in the following circumstances (among others):

- completed trades are allocated first to any clients that have inflows or outflows; and
- occasionally, if only a small proportion of the order is completed, this may be allocated to a few clients instead of on a pro-rata basis across all clients in order to save on client administration costs.

Our Compliance team checks the allocations at the end of each day. This review process can involve discussions with our dealers and portfolio managers. In particular, our Compliance team checks exceptions to pro rata allocations to prevent any discrimination in favour of certain clients or types of clients, and final allocations may need to be adjusted accordingly. Our policy is to allocate fills so that accounts are neither preferred nor disadvantaged over time. Our Compliance team also reviews orders intra-day, checking not only the orders that are present but also checking that all portfolios that should be present are in fact present, absent a valid reason. For example, if a new security is being bought for the first time and not all eligible portfolios are participating, then Compliance would enquire of the portfolio managers.

### **Item 13 Review of Accounts**

Client accounts are invested in accordance with mandate restrictions set out in the IMA for the client.

Our systems contain compliance and risk management modules that are fully integrated. In summary, the compliance and risk management module contains:

- automated pre- and post-trade compliance; and
- automated Daily Compliance Checks.

Automated compliance reports are produced daily and monitored by our Compliance Department.

#### **Pre-Trade Monitoring**

We have both Pre-Trade and Post-Trade Compliance Workbenches. Pre-Trade Compliance (PTC) checks orders by the portfolio managers ("PMs") to ensure they are within certain limits. These limits include:

- sector limits;
- individual stock limits;
- cash limits; and
- mandate-specific limits.

The system will either approve or reject the order. Only orders that are approved by the system are sent to our dealers so they can trade. All orders that are rejected are followed up by Compliance with the PM. In the event of a potential breach Compliance and the PM are notified via the PTC system and via automated email.

Maple-Brown Abbott maintains a 'Restricted List' whenever a security is placed on embargo, due to material non-public information coming into our possession. A transactions block on the security is placed by Compliance. This block prevents trades being entered by PMs.

Once a security is placed on the restricted trading list, Compliance continues to monitor whether a security should remain on the Restricted List. Until such time a security is taken off the list, both Maple-Brown Abbott and staff are unable to transact. The usual personal trading policy applies. This list is updated, typically when a public announcement is made by the company concerned. Once a security is taken off the Restricted List, the trading block is removed and communicated as such.

Compliance also maintains Restricted Lists for certain clients, according to the investment mandate.



## Post-Trade Monitoring

In terms of Post-Trade Compliance, a Daily Compliance Check details portfolio positions against investment guidelines. We run this report on an exception basis each morning, which highlights any guidelines which have been breached or are getting close to applicable limits. We use these warnings to proactively engage with the PM, thus lessening the likelihood of a breach occurring.

All breaches are rectified and reported promptly to clients, in accordance with our Breach and Incident Handling Policy.

Clients are provided written reports as prescribed in the IMA, which is typically on a monthly, quarterly and annual basis. These reports include details of portfolio holdings, performance, transactions, strategy and outlook.

## **Item 14 Client Referrals and Other Compensation**

Under formal written arrangements which will comply with the Advisers Act, Maple-Brown Abbott may pay retainers and commissions to unrelated third-party distributors for client referrals. These fees are paid by Maple-Brown Abbott and are not an additional cost to clients. Maple-Brown Abbott currently has a distribution agreement with Douse Associates LLP covering clients including in the UK, Europe and the Middle East.

We do not receive economic benefits from someone who is not a client for providing investment advice or other advisory services to our clients.

## **Item 15 Custody**

All separately managed client portfolio assets are held in custody by unrelated qualified custodians nominated by the client.

Maple-Brown Abbott advises clients to compare the account statements received from their qualified custodian with reports they receive from us. It is possible that reports provided by us may vary from these custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 Investment Discretion**

We accept discretionary authority to manage securities accounts on behalf of clients. The IMA we negotiate with our clients specifies the extent of the investment discretionary authority we have, which typically extends to security selection, execution of trades and selection of brokers. Clients will set parameters within which we may exercise our discretion which may include guidelines such as authorised investments, limitations on use of derivatives, limitations on individual country exposures and maximum exposure to individual securities, maximum cash exposure and hedging ratios.

All guidelines, limitations and restrictions set by a client are included in the written IMA executed by Maple-Brown Abbott and the client. We report on our compliance with these guidelines, limitations and restrictions in accordance with the reporting schedule agreed with the client.

## **Item 17 Voting Client Securities**

Maple-Brown Abbott accepts authority to vote client securities.

If a client has delegated this authority to us in the IMA then we will vote in respect of the securities included in their portfolios in accordance with our Proxy Voting Policy.

If a client has not delegated authority to vote client securities then, if requested by the client, we will forward any proxies which we receive to the client, for the client to exercise the voting rights. The client in these circumstances may require us to advise them regarding voting issues, as set forth in the IMA.

Some clients from time to time direct us on how to vote their shares, as set forth in the IMA.

Our Proxy Voting Policy outlines our commitment and approach to proxy voting. This policy should be read in conjunction with our Responsible Investment and Engagement Policies, all of which are published on our website, and are available upon request.

Each investment analyst reviews the proxy resolutions and makes voting recommendations. Voting recommendations are made after consideration of all relevant information, and may include consultation with the company for further information. We also engage the services of proxy advisors, and analysts also consider their independent research in making their voting recommendations. We may also refer to published research.

Maple-Brown Abbott seeks to avoid any material conflict of interest in its voting recommendations. Our business and corporate structure contributes to conflict of interest management in that we are solely engaged in asset management and the administration in relation to those assets. The effect of this structure is that the potential for conflict of interests is reduced. In situations where we perceive a material conflict of interest, we may seek direction from the client, or take such other action in good faith which would protect the interests of our clients.

The guiding principle in reaching the voting decision is what, in our opinion, is in the best interests of our clients as shareholders.

A record of all votes cast for all 'voting' clients is maintained and collated in our proprietary investment management system. Maple-Brown Abbott reports on its proxy voting activities to stakeholders, through our quarterly report, marketing presentations, bespoke client requests and on our website. Clients may obtain information on how their shares were voted by contacting us via email at [invest@maple-brownabbott.com.au](mailto:invest@maple-brownabbott.com.au) or by phone on +61 2 8226 6200.

#### **Item 18 Financial Information**

Maple-Brown Abbott does not have any financial condition that is reasonably likely to impair our ability to meet contractual obligations to clients, and we have not been the subject of a bankruptcy petition at any time during the past ten years.

We are not required to include a balance sheet with this Disclosure Brochure because we do not require or solicit payment of fees from clients six months or more in advance.

#### **Item 19 Requirements for State-Registered Advisers**

Maple-Brown Abbott is not a State-registered adviser, so these requirements are not applicable.