



## Abrdn's Duitz, From AICA's Roundtable, On Infrastructure Plays Post-Election

Friday, November 15, 2024



Chuck Jaffe, in this episode of The NAVigator podcast interviewed Josh Duitz, Portfolio Manager for the abrdn Global Infrastructure Fund. Read the Q&A below as Josh took a break from the program at the Active Investment Company's Fall Roundtable in New York this week to discuss the state of infrastructure investing now that the presidential election has been decided and the policies of the second Trump Administration are becoming more clear. Duitz says that deregulation and lower corporate taxes will help certain freight, for example, balancing out initial concerns about how tariffs might impact demand. He also digs into renewable energy, which critics have said they expect the Trump Administration to hurt, noting that he expects demand to keep it rolling, with some of that demand also coming from the nation's increasing reliance on artificial intelligence.

The podcast can be found on AICA's website by clicking here: <https://aicalliance.org/alliance-content/pod-cast/>

**CHUCK JAFFE:** I'm talking with Josh Duitz, portfolio manager for the Aberdeen Global Infrastructure Funds, this is The NAVigator live from New York. Yes, welcome to The NAVigator, where we talk about all-weather active investing and plotting a course to financial success with the help of closed-end funds. The NAVigator is brought to you by the Active Investment Company Alliance, a unique industry organization representing the full spectrum of the closed-end fund business from users and investors to fund sponsors and creators. If you're looking for excellence beyond indexing, The NAVigator will point you in

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the right direction. We've been in New York for the Active Investment Company's Fall Roundtable, and we've brought you an interview or two, and we'll probably still bring you one or two more, but today for our regular NAVigator segment, I'm joined again by Josh Duitz, portfolio manager for the Aberdeen Global Infrastructure Fund. In closed-end fund form it's ticker ASGI, and you can get more information at [AbrdnASGI.com](http://AbrdnASGI.com), in open-end form it is AIFRX. And Aberdeen, A-B-R-D-N is how they really want us to pronounce it, I just can't help myself, I'm old and I still use vowels, but Josh Duitz, it's great to chat with you again.

**JOSH DUITZ:** Nice to be here, Chuck. Nice to see you.

**CHUCK JAFFE:** I wanted to talk to you about infrastructure, you were on a panel here, and infrastructure, one of those things that everybody's wondering how does this wind up playing out given the political footballs that are being kicked around in this country right now? We had an infrastructure bill that did a lot of stuff for clean energy, there's now talk about how much of that is going away, et cetera. Can you give us first where you are on the state of infrastructure? And we should point out that infrastructure to you is a lot more than just roads, like people tend to think infrastructure, it's roads and bridges, but for you infrastructure is a whole lot of things.

**JOSH DUITZ:** It is, so this new administration is going to affect it in different ways. So let's just talk about what infrastructure is because I think that's important to define it, and as you mentioned, roads, bridges, airports, ports, rails globally is one part of it, then we also have the communications side which are really those large wireless towers which allow cell phones to communicate with each other. The third are utilities, and that includes both regulated and non-regulated, we tend to focus more on regulated utilities, but also on renewables because we think that's a huge opportunity, not only from the energy transition but also what's going on from increased power demand. And then the last is energy, and that's really on the midstream side, midstream pipelines where they take up A-type contracts. How is this new administration going to really affect infrastructure? So there's not one answer that fits it all, but let's talk about several different parts of it, if that's okay?

**CHUCK JAFFE:** Please.

**JOSH DUITZ:** So let's talk about just on transportation side, we've been in a two and a half year freight recession, and we think with deregulation, with lower corporate taxes, that should help volumes going forward. Now on the negative side are the tariff issues, and if

there's increased tariffs, initially that might hurt some of the freight, but we think long term that's going to be positive as we'll have more domestic movements of freight. So overall on it, we call it the industrial transportation side, we think this administration's going to be positive for it. The other big question I keep getting asked already a week or so into the new administration is how is this going to affect the Inflation Reduction Act, the IRA? Which really had nothing to do with decreasing inflation, I'd argue that it increased inflation, but really it was basically about renewables. One thing to point out which is very important, is under the previous administration which is very rare we actually have that opportunity, as a four year gap in between, under Trump the first time around wind and solar deployments actually increased by 28% from where it was under Obama. So we didn't see all of a sudden clean energy going away, and now with the increase of power usage, we think that wind and solar are a key part of that and extremely important, so we think there'll be continued use of wind and solar really onshore, I think offshore wind could be in question. In addition, I think the IRA won't be fully scrapped, I would say there'd be more of a scalpel taken to it than a sledgehammer, it'll be certain parts of it that changes. But if we look where the spending has taken place, the number one state is California, about \$94-95 billion spent there in investments on renewables, but the second biggest state is Texas at \$69 billion, then Florida about \$29 billion, so a lot of states that have a lot of red all over it, a lot of districts that voted for Republicans. So therefore, we think it will be changed a bit, but it won't be totally scrapped, and we think there's still going to be good opportunities to invest in renewables.

**CHUCK JAFFE:** Let's talk a little bit about the energy side of things, because I don't think until recently anyone in your shoes would have said, "Oh, let's look at the AI boom and consider infrastructure to be AI-adjacent." But now with the demands on power, I certainly think in many cases that you've got some energy plays that are AI-adjacent. Is that a play that you want to make and still call it infrastructure? Or if you're doing things because of the need for power and everything that's happening with the power grid, if you're doing it because of the demands, is that not an infrastructure play?

**JOSH DUITZ:** Chuck, it's so interesting what's going on right now. If you look historically at different waves of innovation, what has underpinned every wave of innovation historically over the past 200 or 300 years? It's infrastructure, right? When we had the big wave in the early 1900s of automobiles, you can't have automobiles without the infrastructure of roads.

When we talked about rail, right? Rail is infrastructure. Every wave of innovation is underpinned by infrastructure, this is no different. The bottleneck for artificial intelligence is not chips, it is actually the infrastructure that powers it, we need more and more. Basically power demand has increased by less than 1% over the last 20 years in the US, and it's gone down by 10% in Europe since 2008, that's inflected because we're using now GPUs instead of CPUs. A graphic processing unit, which you need for artificial intelligence, machine learning, a high-performance computer uses about three to four times as much energy as a CPU. If you do a search on ChatGPT, which I do all the time, I love it, I think it's fantastic, it uses about 10x as much energy as a Google search. All that we need more power, and power usage is going to increase, and that's the infrastructure behind it, and that's why I mentioned earlier that we're going to need more renewables as well. For the past 15 years, wind and solar was to replace carbon emitting alternatives, that is now changing, and that's going to be another source, an essential source of energy going forward.

**CHUCK JAFFE:** When it comes to the whole infrastructure side of things, as you pointed out, the Inflation Reduction Act was really about infrastructure, but infrastructure definitely is one of those things that is dramatically impacted by inflation. We have seen inflation come down but the Fed has struggled to get to its 2% target, and there is talk about certain policies which at least some economists believe will be inflationary. How much does the comfort level you have with everything being great in infrastructure depend on the fact that we have to keep inflation as low as we can to make that work?

**JOSH DUITZ:** So there's two different sides to it, we've seen all these structural tailwinds for infrastructure, we've talked about the energy and increased use of energy for artificial intelligence, and we see more and more data usage which will help on the communication side, and population growth and urbanization which helps on the transportation side. So all of that helps, and what's nice about infrastructure and where other real asset classes such as real estate are cyclical, infrastructure is not cyclical, but what's the beauty of infrastructure, there is an inflation component to it. As GDP grows, infrastructure will grow, and what's nice is that it's actually hedged from inflation as many of the assets have inflation protection clause to it. Roads that we own in Brazil for instance, every year they get to raise a toll or tariff with inflation, so inflation protection helps it and makes it an attractive investment. We've talked about this as I've mentioned or 16 years, we saw it in 2022 when there was

high inflation and infrastructure assets significantly outperformed. Even as central banks are trying to bring down inflation, which they've done a decent job of, if you just look at the balance sheets of the Fed and the ECB, there's so much debt on there, I can't imagine we're going to go through a period of 1% inflation again. So I think with inflation and knowing we're going to have inflation in the future, and certainly the budgets of the new president, seems like it will be somewhat inflationary, we think infrastructure, that just makes it an even more compelling case to invest in infrastructure.

**CHUCK JAFFE:** Last question. Here we are at a conference run by folks from the closed-end fund industry, I mentioned that Aberdeen Global Infrastructure, you've got ASGI, the closed-end variation, you've got AIFRX, the open-end variation, is there a dramatic difference? Is there a case to be made that an investor who's an infrastructure investor would want to own an open-end fund and a closed-end fund, whether with the same management company or not, in that space?

**JOSH DUITZ:** The difference between our open-end and closed-end fund is the fact that in our closed-end fund we can invest in private infrastructure, we think that's a unique opportunity and a unique opportunity for retail investors to invest alongside institutional investors on private infrastructure companies. So that's why we like that on ASGI, we think it's such a great investment vehicle. Now if an investor does not want that access to the private markets, then certainly the open-end funds are 100% liquid. We believe that if you're invested in private infrastructure or private markets in general, it should be in the closed-end fund space rather than the open-end space, for many different reasons, we could probably do another whole podcast on the differences and the reasons for that.

**CHUCK JAFFE:** We could, Josh. I have more questions, I just don't have more time, but this has been great. Thanks so much for taking time out of AICA's Fall Roundtable to join me.

**JOSH DUITZ:** Great, thanks as always for having me. Loved being on your show, Chuck.

**CHUCK JAFFE:** The NAVigator is a joint production of the Active Investment Company Alliance and Money Life with Chuck Jaffe. And I'm Chuck Jaffe, and yes, I did several other interviews from the AICA Fall Roundtable which aired on the November 14th edition of Money Life, but which will be here for you as bonus episodes of The NAVigator next week. The AICA event this week was outstanding, and if you want to learn more about what the organization does so that you can attend future events, go to [AICAlliance.org](http://AICAlliance.org), that's also where you can learn

more about closed-end funds, interval funds, and business-development companies. Thanks to my guest Josh Duitz, he's a portfolio manager for abrdn, where among other things he runs the Aberdeen Global Infrastructure Fund, ticker symbol ASGI in closed-end fund form, AIFRX in its open-end variation. Learn more about the firm at [Abrdn.com](http://Abrdn.com), and about the fund itself at [AbrdnASGI.com](http://AbrdnASGI.com). Abrdn's on X @Abrdn\_PLC. The NAVigator podcast is new every Friday, and we will have those bonus episodes for you next week but you can make sure you won't miss them or any of our episodes by subscribing and following along on your favorite podcast app. We'll be back with those episodes next week, and until then, happy investing.

*Recorded on November 15<sup>th</sup>, 2024*

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