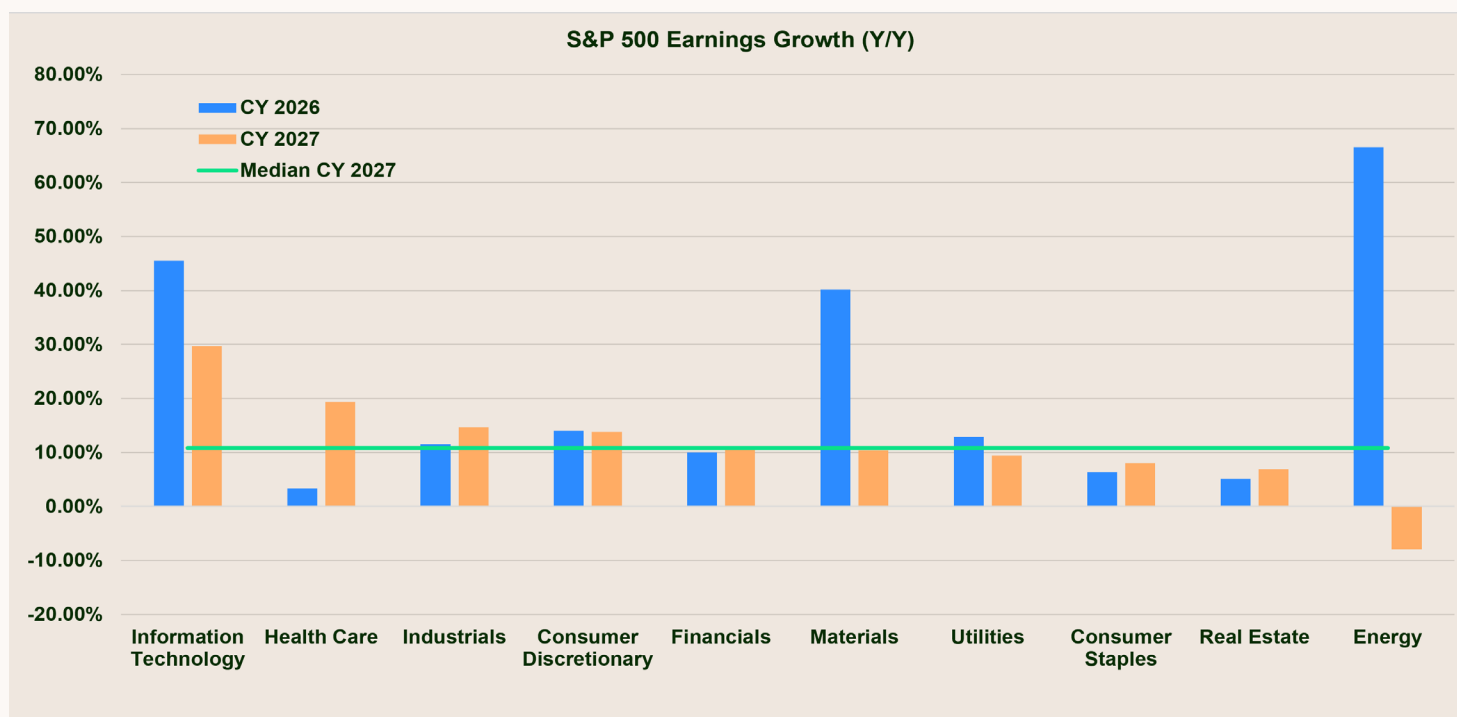


Infrastructure in focus: July 2026

A hard-wearing HALO in infrastructure

With a tentative peace deal between the US and Iran in place, the reset in markets poses the question of what we should next expect from listed infrastructure in the aftermath of this shock. The chart below shows S&P 500 earnings growth estimates by major sub-sector for Calendar Year (CY) 2026 and 2027. You can observe that, unsurprisingly, energy is the standout for earnings this year, followed by IT, which also underscores the strength of the AI theme. Looking to 2027, earnings growth cycles down significantly for energy along with materials and tech. The more interesting story for us is those sectors – including utilities – that continue to plough through, delivering solid, consistent earnings growth. S&P 500 utilities companies are expected to achieve 13% earnings growth in CY 2026 and 9.4% in CY 2027.



Source: FactSet. Data as of 18 June 2026

- Recall that the HALO (Heavy Assets, Low Obsolescence) rotation was predominant in early 2026 before the Iran war upended markets. Utilities, along with sub-sectors including materials and industrials, were beneficiaries of the rotation away from AI-exposed tech companies. Now, the unwind in the conflict suggests an environment of better economic growth but persistent inflation for some quarters to come. At the same time, hopes are sky-high for the AI-driven technology sector.
- Infrastructure assets are well-positioned in risk-on markets. Solid earnings growth such as that expected for regulated utilities is achievable, with AI demand for power strong and some embedded inflation protection in these businesses. Conversely, if the US/Iran truce backslides and we once again see rising geopolitical tensions and energy supply ructions, infrastructure can be expected to still deliver consistent, solid-paced returns. Demand for essential services, including power and water, supports sustained performance, even in a downturn. It is this hard-wearing HALO effect that positions infrastructure well in the current climate.

For more information, please visit

magellaninvestmentpartners.com
or contact your financial adviser.

Connect with us

Email: info@magellanfinancialgroup.com

Phone: +61 2 9235 4888 or 1800 6243 5526

IMPORTANT INFORMATION

This material has been delivered to you by Magellan Asset Management Limited ABN 31 120 593 946 AFS Licence No. 304 301 trading as Magellan Investment Partners ('Magellan') and has been prepared for general information purposes only and must not be construed as investment advice or as an investment recommendation. This material does not take into account your investment objectives, financial situation or particular needs. This material does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should obtain and consider the relevant Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') and consider obtaining professional investment advice tailored to your specific circumstances before making a decision about whether to acquire, or continue to hold, the relevant financial product. A copy of the relevant PDS and TMD relating to a Magellan financial product may be obtained by calling +61 2 9235 4888 or by visiting www.magellaninvestmentpartners.com

Past performance is not necessarily indicative of future results and no person guarantees the future performance of any financial product or service, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of a Magellan financial product or service may differ materially from those reflected or contemplated in such forward-looking statements.

This material may include data, research and other information from third party sources. No guarantee is made that such information is accurate, complete or timely and no warranty is given regarding results obtained from its use. This information is subject to change at any time and no person has any responsibility to update any of the information provided in this material. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Magellan or the third party responsible for making those statements (as relevant). Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. No representation or warranty is made with respect to the accuracy or completeness of any of the information contained in this material. Magellan will not be responsible or liable for any losses arising from your use or reliance upon any part of the information contained in this material.

Any third-party trademarks contained herein are the property of their respective owners and Magellan claims no ownership in, nor any affiliation with, such trademarks. Any third-party trademarks contained herein are the property of their respective owners, are used for information purposes and only to identify the company names or brands of their respective owners, and no affiliation, sponsorship or endorsement should be inferred from such use. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of Magellan. (080825-#W17) UID479