Magellan
Global Listed
Infrastructure

Distributed by Magellan Investment Partners

MFG Select Infrastructure (USD)

AS AT 30 SEPTEMBER 2026

PORTFOLIO MANAGERS BEN MCVICAR, CFA AND OFER KARLINER, CFA

INVESTMENT PHILOSOPHY	OBJECTIVE	PORTFOLIO CONSTRUCTION
To prudently invest in outstanding infrastructure and utilities companies at attractive prices that exhibit highly predictable cashflows.	To achieve attractive risk-adjusted returns over the medium to long term; while reducing the risk of permanent capital loss.	Concentrated 20-40 stock portfolio applying Magellan Investment Partners' proprietary infrastructure classification. Valuation driven benchmark-unaware strategy. Highly defensive, inflation-linked exposure.

MFG SELECT INFRASTRUCTURE (USD)

TOTAL STRATEGY ASSETS	TOTAL INFRASTRUCTURE ASSETS[1]	INCEPTION DATE
USD $3,624.2 million	USD $9,907.6 million	02 May 2013

USD PERFORMANCE[2]

	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	-7.6	3.0	14.5	7.6	7.3	7.9
Composite (Net)	-7.8	2.2	13.6	6.7	6.4	7.1
Global Infrastructure Benchmark[3]	-7.6	3.4	15.8	8.9	7.0	6.4
Excess (Gross)	0.0	-0.4	-1.3	-1.3	0.3	1.5
MSCI World NTR Index[+]	1.9	15.2	21.4	11.9	12.8	11.3

CALENDAR YEAR RETURNS[2]	CYTD (%)	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)*
Composite (Gross)	1.1	25.8	4.2	7.6	-7.0	13.6	-5.7	26.7	-4.4	25.0	4.4	3.9	14.1	4.6
Composite (Net)	0.5	24.8	3.3	6.8	-7.8	12.7	-6.4	25.7	-5.2	24.0	3.6	3.1	13.2	4.0
Global Infrastructure Benchmark[3]	1.2	21.5	14.0	5.8	-1.0	11.0	-6.5	25.8	-10.4	19.1	11.4	-12.2	14.1	0.9
Excess (Gross)	-0.1	4.3	-9.8	1.8	-6.0	2.6	0.8	0.9	6.0	5.9	-7.0	16.1	0.0	3.7
MSCI World NTR Index[+]	11.8	21.1	18.7	23.8	-18.1	21.8	15.9	27.7	-8.7	22.4	7.5	-0.9	4.9	14.7

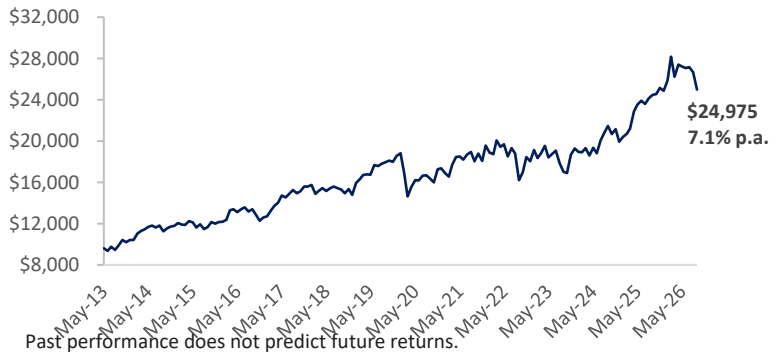
Past performance does not predict future returns.

STRATEGY FUNDAMENTALS[4,5]

Number of Holdings	29
Dividend Yield (%)	4
P/E Ratio (1 year forward)	18
EBITDA multiple (historic)	13.6
EPS Growth (%) (next 3 years)	5.9
Carbon Intensity (CO_2t/US$1m revenue)[#]	646

[#]The carbon intensity score is calculated using MSCI data. In a limited number of circumstances, where data is not available or Magellan Investment Partners deems it appropriate, manual adjustments are made to the MSCI carbon intensity.

PERFORMANCE CHART GROWTH OF USD $10,000 (NET)[2]



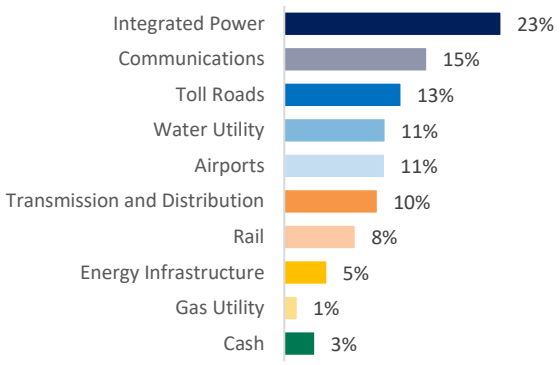
Past performance does not predict future returns.

[1] Comprised of all Infrastructure strategies.
[2] Returns are for the Global Select Infrastructure Composite ("**composite**") and denoted in USD. Performance would vary if returns were denominated in a currency other than USD. Refer to the GIPS Disclosure section below for further information. Strategy inception is 02 May 2013. Composite (Net) returns are net of fees charged to clients and have been reduced by the amount of the highest fee charged to any client employing that strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request.
[3] S&P Global Infrastructure Index Net Total Return spliced with UBS Developed Infrastructure and Utilities Net Total Return Index prior to 1 January 2015.
Note: as the UBS Developed Infrastructure and Utilities Net Total Return Index ceased to be published from 31 May 2015, it was replaced by Magellan on 1 January 2015 with the S&P Global Infrastructure Index Net Total Return.
[4] The data is based on a representative portfolio for the Global Select Infrastructure Strategy. Refer to the Glossary for further information on representative portfolio use.
[5] Please refer to the Glossary for definitions.
[+]All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.magellaninvestmentpartners.com/funds/benchmark-information/
[*]Part year return.

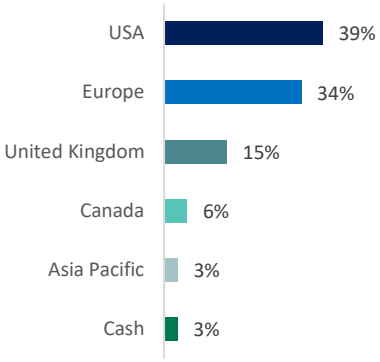
TOP 10 HOLDINGS[6]

STOCK	SECTOR	%
Aena	Airports	6.2
United Utilities	Water Utility	5.6
Cellnex Telecom	Communications	5.3
Severn Trent	Water Utility	5.3
National Grid	Transmission and Distribution	4.5
Crown Castle	Communications	4.1
Xcel Energy	Integrated Power	4.1
Evergy	Integrated Power	3.9
Sempra	Integrated Power	3.9
Vinci	Toll Roads	3.8
	TOTAL:	46.7

SECTOR EXPOSURE[6]



GEOGRAPHICAL EXPOSURE[6]



CONTRIBUTION HIGHLIGHTS[5,7]

1 YEAR

TOP 5	CONTRIBUTION (%)
Severn Trent	1.3
United Utilities	1.1
Italgas	0.9
Snam	0.9
CSX	0.7
BOTTOM 5	**CONTRIBUTION (%)**
Cellnex Telecom	-1.4
Crown Castle	-1.2
CMS Energy	-0.6
Xcel Energy	-0.5
Sempra	-0.4

5 YEARS

TOP 5	CONTRIBUTION (%)
Ferrovial	7.5
Aena	6.1
Vinci	4.2
National Grid	3.8
Italgas	3.6
BOTTOM 5	**CONTRIBUTION (%)**
Crown Castle	-2.8
American Tower	-1.4
Cellnex Telecom	-1.0
CMS Energy	-0.5
American Water Works	-0.4

10 YEARS

TOP 5	CONTRIBUTION (%)
Ferrovial	7.5
Aena	5.9
CSX	5.5
Sempra	4.9
Transurban	4.7
BOTTOM 5	**CONTRIBUTION (%)**
FirstEnergy	-1.7
Aguas Andinas	-1.1
Cellnex Telecom	-1.0
Fraport	-0.9
SES	-0.8

SUPPLEMENTARY STATISTICAL MEASURES[5,8]

	3 Years	5 Years	10 Years	Since Inception
Turnover	18.7%	16.5%	15.5%	13.7%
Beta	1.0	1.0	0.9	0.9
Tracking Error (% p.a.)	5.4%	5.1%	5.7%	5.6%
Standard Deviation - Strategy	13.4%	15.9%	14.5%	13.5%
Information Ratio	-0.4	-0.4	-0.1	0.1

[6] The data is based on a representative portfolio for the strategy. Sectors are internally defined. Geographical exposure is by domicile of listing. Exposures may not sum to 100% due to rounding. Refer to the Glossary for further information on representative portfolio use.
[7] The contribution highlight table is actual performance data of a representative portfolio within the Global Select Infrastructure Composite. Contributions are denoted in USD and cumulative for each period. Refer to the Glossary for further information on representative portfolio use. The securities identified above do not represent all the securities purchased, sold or recommended for Magellan Investment Partners' clients in connection with the Global Select Infrastructure Strategy. The Global Select Infrastructure Strategy's total returns are available on request.
[8] Supplementary Statistical Measures are calculated after fees in USD against the benchmark[3].

GLOSSARY

Beta A measure of a composite's sensitivity to market movements, with the market defined as the composite benchmark[4]. The beta of the market is 1.00 by definition. A beta greater than 1.00 suggests the composite is more volatile than the market, a beta less than 1.00 indicates a composite with lower volatility then the market and a beta of 1.00 suggests the portfolio has the same level of volatility as the market.
Carbon Intensity A measure of the metric tonnes of CO2 released per $1mil USD revenue of a company**.** Calculated as a weighted average of all stocks in the representative portfolio.
Contribution The contribution values at the security level comprise the sum of each security's daily contribution to the return of the total portfolio multiplied by total portfolio growth over the remainder of the prescribed period (i.e. 1 year, 5 years and 10 years). The daily contribution is the movement in the security price multiplied by the security weight in the portfolio.
Dividend Yield The ratio that shows how much a company pays out in dividends each year relative to its stock price. Calculated as a weighted average of all stocks in the representative portfolio.
EBITDA multiple (historic) A financial ratio used to measure corporate profitability. It stands for earnings before interest, taxes, depreciation and amortization (the process of paying off a debt over time). Calculated as a weighted average of all stocks in the representative portfolio.
EPS Growth the change between earnings per share values reported by a company. i.e. how much EPS has increased/decreased over the previous 12 months. Calculated as a weighted average of all stocks in the representative portfolio.
Information Ratio Is a risk-adjusted return measure that calculates the composite return above the benchmark[4] relative to the volatility of those returns. Measured by excess return over the tracking error.
P/E Ratio (1 year rolling forward) The share price divided by a forecast of earnings per share in one year. Calculated as a weighted average of all stocks in the representative portfolio.
Representative Portfolio The representative portfolio is an account in the composite that closely reflects the portfolio management style of the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio may differ from those of the composite and of the other accounts in the composite. Information regarding the representative portfolio and the other accounts in the composite is available upon request.
Standard Deviation measures how widely individual performance returns, within the composite, are dispersed from the average or mean value.
Turnover A measure of the representative portfolio's trading activity, which is calculated by taking the lesser of purchases or sales and dividing by the average net assets of the measurement period.

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The Global Infrastructure Benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure & Utilities Net Total Return Index and from 1 January 2015 the benchmark is S&P Global Infrastructure Net Total Return Index. The benchmark changed because UBS discontinued their index series.

The UBS Developed Infrastructure & Utilities Net Total Return Index is a market capitalisation weighted index that is designed to measure the equity performance of listed Infrastructure and Utility stocks. Index results assume the reinvestment of all distributions of capital gain and net investment income using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The S&P Global Infrastructure Net Total Return Index is a market capitalisation weighted index that is designed to track 75 companies from around the world diversified across three infrastructure sectors energy, transportation and utilities. Index results assume the reinvestment of all distributions of capital gain and net investment income using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) DISCLOSURE

Magellan Asset Management Limited, doing business as Magellan Investment Partners (**'Magellan'**) claims compliance with the Global Investment Performance Standards (GIPS®).

For the purpose of complying with GIPS, the Firm is defined as all discretionary portfolios managed by Magellan, excluding brands managed by subsidiaries operating as distinct business entities. Magellan is a wholly-owned subsidiary of the publicly listed company Magellan Financial Group Ltd. Magellan is based in Sydney, Australia. Total Firm assets is defined as all assets managed by Magellan, excluding assets managed by subsidiaries operating as distinct business entities.

The Global Select Infrastructure composite is a concentrated global strategy investing in strictly defined or "pure" infrastructure companies, (typically 20-40). The filtered investment universe is comprised of stocks that 1. generate reliable income streams 2. benefit from inflation protection and 3. have an appropriate capital structure. The investment objective of the strategy is to minimise the risk of permanent capital loss; and achieve superior risk adjusted investment returns over the medium to long-term. The composite was created in May 2013.

To achieve investment objectives, the composite may also use derivative financial instruments including, but not limited to, options, swaps, futures and forwards. Derivatives are subject to the risk of changes in the market price of the underlying securities instruments, and the risk of the loss due to changes in interest rates. The use of certain derivatives may have a leveraging effect, which may increase the volatility of the composite and may reduce its returns.

A copy of the composite's GIPS compliant presentation and/or the firm's list of composite descriptions are available upon request by emailing client.reporting@magellanfinancialgroup.com.

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The representative portfolio is an account in the composite that closely reflects the portfolio management style of the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio may differ from those of the composite and of the other accounts in the composite. Information regarding the representative portfolio and the other accounts in the composite is available upon request.

USD is the currency used to calculate performance.

Strategy Commentary

The strategy experienced a decline in returns in the September quarter of 2026. As the US war with Iran persisted, energy prices remained at elevated levels and market interest rate expectations surged. At the same time, the ongoing strength of the AI narrative and a firm outlook for growth for AI-related companies supported risk appetite during the quarter despite geopolitical ructions. Very large AI-driven capex also saw a surge in corporate bond issuance, which, along with rate hikes and renewed concern about government fiscal sustainability, pushed up benchmark borrowing costs. Significantly higher benchmark borrowing costs were a headwind for listed infrastructure as a long-duration asset class.

The key contributors to returns were United Utilities, Severn Trent and Royal Vopak (Vopak). UK water utilities United Utilities and Severn Trent gained as new UK Prime Minister Burnham continued to retreat on some initial suggestions of greater public oversight, or even nationalisation, of UK water utilities. This alleviated some key risks for the stocks, which rose despite rising UK gilt yields during the quarter. Solid trading updates in the quarter, which reaffirmed the robust outlook for capital investment and earnings, were also supportive. Dutch energy infrastructure company Vopak gained, continuing to benefit from high energy prices, which support demand for energy storage. The company also reported firm 1H26 earnings, which highlighted the diversity and structure strength of its portfolio. News that the company had completed its acquisition of a majority stake in a green energy storage company and had reached a final investment decision on another battery storage project was well-received by the market.

The key detractors were Cellnex, Vinci and CMS Energy. European telecommunications infrastructure company Cellnex declined, affected by surging benchmark bond yields in Europe, including in Spain where the company is domiciled. The decline was despite a sound 1H26 result, which showed solid business performance. Negative market sentiment on news of European telco industry consolidation proved to be a headwind for the stock. Stocks in French transport infrastructure company Vinci fell on elevated oil prices and the prospect of increased French taxes on large infrastructure companies. The company reported traffic figures in the quarter that indicated soft momentum in traffic across its airports and French road network, with roads especially soft and air passenger volumes mixed. US integrated power company CMS Energy fell despite a solid June quarter earnings report released in late July and its filing of a robust investment plan in September. The broad-based sell-off in integrated power companies, as US benchmark borrowing costs rose alongside heightened election-related concerns regarding customer bill affordability, saw the stock decline along with its peers.

Stock contributors/detractors are based in local currency terms unless stated otherwise.

Outlook

Notwithstanding our expectations for greater volatility in the short to medium term driven by the evolving political environment, including the current US administration and geopolitics with implications for economic growth, interest rates and inflation, we are confident that the underlying businesses we have included in our defined universe and in our investment strategy will prove resilient over the longer term. We regard the businesses we invest in to be of high quality and, while short-term movements in share prices reflect issues of the day, we believe that share prices in the longer term may reflect the underlying cash flows, potentially leading to investment returns consistent with our expectations.

The strategy seeks to provide investors with attractive risk-adjusted returns from infrastructure securities. It does this by investing in a portfolio of listed infrastructure companies that meet our strict definition of infrastructure at discounts to their assessed intrinsic value. We believe that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer attractive, long-term investment propositions. Furthermore, we believe the resilient nature of earnings and the structural linkage of those earnings to inflation mean that investment returns typically generated by infrastructure stocks are different from standard asset classes and offer investors diversification when included in an investment portfolio. In our opinion, given the current uncertain economic and investment climate, the historically reliable financial performance of infrastructure investments makes them attractive, and an investment in listed infrastructure has the potential to reward patient investors with a long-term time frame.

View from the Investment Team

Geopolitics and macroeconomic drivers were the predominant factors affecting markets, and portfolio performance, in the September quarter of 2026. With the US-Iran ceasefire proving short-lived, dislocations in energy markets ground on; at same time, the scope of the shock broadened, with refined fuel prices surging. Higher energy prices and rising inflation expectations were two factors driving significantly higher real interest rates in the quarter. The Middle East conflict is playing out alongside an exceptional, AI-driven capex cycle, which drove activity, greater market risk appetite and a surge in corporate bond issuance in the period. A higher term structure of interest rates, with pressure from inflation-induced rate hikes, along with ongoing, robust activity, has also amplified market concern on governments' debt and deficit positions, which itself has pushed longer-term benchmark borrowing costs higher. As a result, significantly higher real interest rates have been the hallmark of this quarter. For example, US 10-year real yields rose from 2.2% at the end of June 2026 to 2.9% at the end of September 2026. Real benchmark rates are at their highest levels since 2008.

Distributed by Magellan Investment Partners

Rising real yields are the key driver of the negative performance our portfolio experienced over the last three-month period, with all key sectors affected. We noted this scenario as the key risk to our outlook in our review at the end of the June quarter. Infrastructure assets are long duration and are typically interest-rate-sensitive. This risk has very much materialised, and while the impacts are consistent with what we would expect, the pace and the magnitude of the gains in real rates have been more than we had anticipated.

Looking across our investment universe, the feed-through from higher rates to share price performance is apparent. For example, communications infrastructure companies have been affected the most as the share prices of these companies are sensitive to interest rates. This sensitivity is due to the long-duration nature of the assets. These companies also have limited ability to pass on higher rates in the same manner as, for example, utilities can. The sell-off in US integrated power companies and transmission and distribution companies has also been pronounced, reflecting not only rising real yields but also concerns about data centre development. We have observed increasing noise on development (including on moratoriums for data centre development and the end to tax concessions in certain jurisdictions) stemming from the mid-term election cycle. We would expect this political noise to settle following the November election period. Toll roads were also down, with sustained high fuel prices affecting the demand outlook, at the same time as new taxation risks (e.g., in France) emerged. The UK water utilities were also affected by higher gilt yields, as these typically trade with high sensitivity to rates. A change in the UK Prime Minister, which introduced the risk of nationalisation, was also a risk to performance, though this subsided.

Importantly, we distinguish between share price performance and company or asset performance. We note that the underlying assets in our portfolio have continued to perform reasonably well during this period and recent share price weakness does not reflect weak underlying operating performance or growing interest expenses. Thus, from our perspective, this current decline has had the effect of increasing the forward return outlook for the strategy. Our fundamental view on our companies has not changed.

Our outlook is for a return to resilience for our strictly defined universe of companies. These are businesses with dependable demand and good overall protection from inflation. As inflation persists and growth moderates at the same time as some key political risks steady (including the US midterms), infrastructure is well-positioned. Infrastructure also reflects different return drivers (for example, essential utility demand, patronage of airports and toll roads) than AI or AI-exposed companies that are driving a high proportion of the equity market returns. In the event of a market downturn, we would expect infrastructure to act as a diversifier and draw down much less than the market if there is a correction.

We maintain a patient and considered approach to investing in what we believe are high-quality infrastructure companies and we believe the fundamentals remain in place to support core returns (7-8%) over an investment cycle.

Stock Story – Crown Castle

(Roy Harrison – Investment Analyst)

Rates are up, infrastructure and bonds are down. Which is a better bet from here?

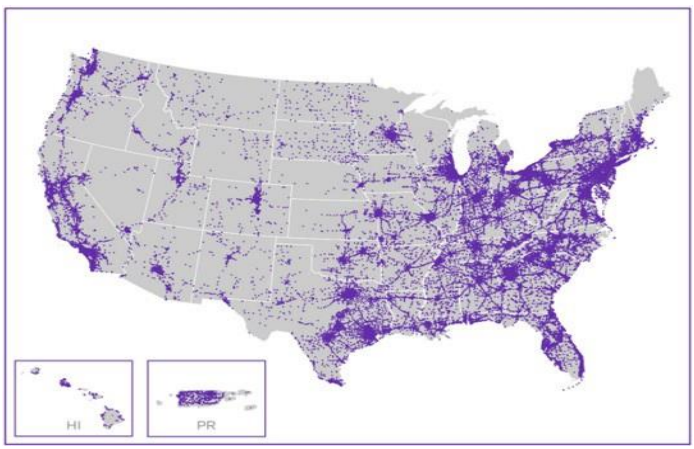
Higher yields have increased the prospective returns for bonds and infrastructure equities. We prefer the real growth that listed infrastructure has to offer. Crown Castle (CCI) is a highly predictable free cash-flow-generating business offering a compelling 6.2% yield combined with underlying structural growth.

Crown Castle is a US listed Tower REIT with an irreplaceable set of infrastructure assets

Crown Castle is one of the largest operators of telecommunications infrastructure in the US, where it provides the locations for telecommunication companies to site their active equipment such as antennas. Built or acquired between 1995 and 2013, many of these cell sites act as local monopolies because it is difficult to duplicate a tower or change the location of a tower due to network engineering challenges, permitting and NIMBY-ism. Figure 1 shows CCI's existing tower footprint across metro areas and busy transport links.

Figure 1: Crown Castle tower asset portfolio overview

Crown Castle operates ~39,700 tower & rooftop sites across the US. The portfolio skews to metro areas compared to peers. Approximately 71% of their towers are located in the top 100 trading areas in the US.



Source: CCI Company Documents

How CCI makes money: A beautifully simple business model

Predictable cash flow streams, high margins and strong operating leverage: towers are the infrastructure sector's version of the SAAS business model without the potential of disruption from AI.

To keep up with the surge in data use, telcos (tower customers) had no choice but to keep investing in their networks. This pressure began with the launch of the iPhone in 2007, intensified when 4G technology arrived in 2009, and grew again in the mid-2010s as social media apps drove a boom in video streaming. Between 2015and 2025, mobile data traffic in North America grew by an average of 25% per year, according to Ericsson.

Over time, CCI's rental income has expanded as they lease out more space on each tower to additional telecom tenants as well as larger, heavier antennas and radio equipment to existing customers to add more capacityin that local area. Additional revenue comes with high incremental margins as the cost to maintain a tower does not increase materially with more customers or equipment. Most costs are highly visible and fixed and include land lease costs, real estate taxes, insurance and site maintenance. Therefore, a high proportion of the extra revenue drops to the bottom line.

Each tower (see Figure 2) generates on average~US$95k per year, rents escalate at ~3% under long-term contracts, and costs remain predictable. This is a simple, forecastable business model that compounds over time, underpinned by irreplaceable infrastructure that keeps the world connected.

Figure 2: Crown Castle tower asset example

Pictured is one of Crown Castle's assets with three tenants. Crown Castle owns and manages the passive infrastructure (tower, the land and building under the tower) whereas the customers manage the active equipment (antenna, radios, fibre backhaul, etc.).



Source: CCI Company Documents

The market has punished towers over the past 5 years but we see a turning point in the narrative

Calling the bottom for towers over the past 5 years has been a lot like catching a falling knife. While interest rates are the key contributor (to be discussed later), we'd also point to 3 additional reasons for their poor performance and why we see a turn in the narrative on each point.

1. **Poor capital allocation**: Crown spent much of the last decade piling capex into the untested and unprofitable fibre and small cell business. In 2025 CCI announced the sale of this business line and the replacement of management, returning the business to a higher-quality, free cash-flow-generating pure-play US TowerCo.

2. **Customer consolidation and bankruptcy after a period of strong mid-single-digit growth through to 2024**: CCI suffered two material churn events due to the merger of T-Mobile and Sprint, followed by the default of a new market entrant, DISH. These churn events were one-off in nature and not representative of a business model in decline. 2026 marks the completion of the bulk of these two revenue loss events. The prospects for growth in 2027 have improved materially.

3. **Investor fear of satellites and the Elon Musk effect:** The incredible success of the Starlink business and IPO of SpaceX has called into question the longevity of these tower assets by investors who do not specialise in infrastructure. We believe there are limitations in physics (something AI and lower launch costs cannot change) that prevents towers – even in many rural areas – from being disrupted by direct-to-device satellite communications. This is due primarily to the density of traffic delivered to phones during times of peak demand. These physical limitations include free-space path loss, weak upload performance from omnidirectional phone antennas, beam diameter and indoor coverage.

Those who have followed the industry closely would have noticed Elon Musk alluding to the possibility of a direct-to-cell satellite service (not to be confused with Starlink's larger broadband satellite constellation) on par with traditional terrestrial wireless. Since then, telecom executives and radio frequency engineers have come out dismissing the potential for low-earth-orbit satellites to provide high-bandwidth cell service in metro areas directly to a mobile phone. The latest in this saga came in early October, when SpaceX announced that they may build "an advanced terrestrial deployment"to become "a major mobile carrier in the US". This non-committal announcement caused a +16% 1-day move in CCI's stock price as the market is speculating that Starlink could become a new customer on CCI's towers. While we remain sceptical about this, we believe that this helps chip away at the tower disruption narrative.

Valuations of more exciting higher-growth companies can defy an increase in the cost of capital for longer periods of time. However, eventually a higher cost of capital environment slows investment and more cyclical business activity, whereas a higher cost of capital is capitalized into CCI's share price almost instantly, therefore lifting prospective returns. While we cannot predict where interest rates go from here, should we see a downturn in economic activity, interest rates generally move lower and there is generally a defensive rotation in equity markets to companies with greater certainty of cash flows like CCI.

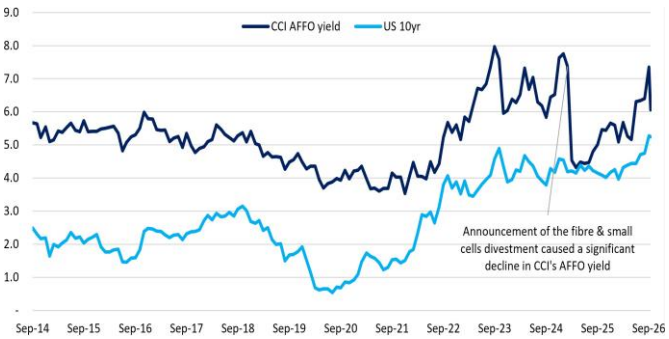
Rates up, CCI down. Ultimately prospective returns improve from here

On fundamentals, interest rates have a limited impact on the operating cash flows of CCI as their revenues are the telco's stay-in-business payments for essential services. However, interest rates do have an impact on equity returns in the form of higher borrowing costs as debt is refinanced. CCI has mitigated this with currently 100% fixed-interest-rate debt.

While fundamentals don't change much, CCI's stock price is inversely correlated to the US 10-year Treasury yield and it has undoubtedly been a loser as the 10-year bond yield increased from 1.51% at the end of 2021 to 5.24% today. Figure 3 shows how the Adjusted Funds From Operations (AFFO) yield of CCI has traded in lockstep with the 10-year yield because equity returns are viewed as low growth and "bond-like".

Figure 3: Crown Castle (next 12 months) AFFO and the US 10-year Treasury yield

Higher interest rates are capitalised into CCI's share price quickly. Shares fell by 15% during the 2Q & 3Q26 quarters primarily because the US 10-year yield increased by almost 1% (97bp), during a period in which CCI raised their FY2026 guidance.



Source: CCI Company Documents

As we move past the headwinds of the past 5 years, the investment proposition is simple

The forecasted 2027 AFFO yield for CCI currently sits at 6.2%. Revenues are expected to grow at least 3% in a business with natural operating leverage. Therefore, our prudent case for shareholder returns (at current interest rate levels) is ~9% p.a. over our investment horizon. While CCI is often compared to high-yield credit as an investment proposition, we believe the differentiator in infrastructure equity is the duration of real growth that compounds over decades. Imagine a future with networks of autonomous vehicles, smart cities or abundant robotics without a high-speed and reliable terrestrial wireless network. Tower infrastructure is the foundation for this future.