Episode 32:

What does the US infrastructure spending plan mean for investors?

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Listen to Head of Infrastructure Debt Investing in the Americas Paul David discuss the impact of President Biden's infrastructure package on the sector, and what opportunities it creates for investors. The $570 billion package has mustered bipartisan support in the US Senate, and, as of this writing, is yet to be approved by the Lower House. Also: Paul analyzes the current state of the infrastructure debt market, including deal flow, spreads, the potential of Fed tapering, and much more.

Paul David
Head of Americas, Infrastructure Debt

Show notes

The Investment Intelligence Podcast: What's ahead for portfolios after China's crackdown on tech?

Host: J.P. Vicente, Head of US Marketing & Client Engagement at Allianz Global Investors
Featured guest: Paul David, Director, Portfolio Manager and Head of Americas, Infrastructure Debt

Notes, quotes and references:

J.P. chats with Paul about what bipartisan support for a $570 billion infrastructure bill could mean for investing in infrastructure, the current state of the infrastructure debt market and the blurring of the lines between what exactly constitutes infrastructure.

Some key thoughts and topics from this episode:

What impact could a bipartisan deal for infrastructure have on the infrastructure debt market?

> "The fact that we've got a bipartisan bill through the US Senate is encouraging... what I am excited about is there does seem to be a will to get infrastructure spending going. I am interested in how it manifests itself and how the funding takes place (and) what role there will be for the private sector. But I also want to caution a little bit, that even if it gets passed tomorrow, it will take some time before this manifests itself into deal flow."

What are the most important areas of spending in this bill?

> "The vast majority of the activity in the infrastructure sector is in transportation, electricity transmission and generation too, and also water. That is the bedrock of what infrastructure is about, and it's good to see that this is a key part of the plan going forward, because that's what people really think about when it comes to infrastructure."

The bill invests in digital infrastructure: Could this present an attractive investment opportunity?

> "As these sectors (such as electric vehicle charging and broadband) develop, they will become more like infrastructure. At the moment, however, they're somewhat speculative... I think it's a great building block for the future ... but for people who are more focused on safer, investment-grade investments, it could be a little while before they manifest in terms of investment opportunities in some of those sectors."

Might the lines blur between what we think of as infrastructure in the coming years, as is happening in equity markets, say between technology and auto companies?

> "Yes, you're absolutely right. For example, in the infrastructure real estate arena, one person's real estate is another person's infrastructure. And I can come up with three examples—one is sports stadia... another one is some of these warehouses that are popping up with off-takers that are really high quality... and another one is student housing... What is key is having that critical eye to ask, 'Is this real estate or is this infrastructure?' to focus on the right deals in these sectors and to make sure you're not straying too far away from the fundamentals of infrastructure as an investment."

The full episode has even more details on the topics above. Check it out.

Cultural recommendations:

J.P. recommends ***Dylan's Visions of Sin*** by poetry critic Christopher Ricks, a book that examines the songwriter's lyrics through the prism of the Seven Deadly Sins, four virtues and three heavenly graces.

Paul has read Day of the Assassins: A History of Political Murder by acclaimed historian Michael Burleigh, a well-researched examination of killers-for-hire, from the days of Julius Caesar to Osama bin Laden. The Literary Review says it, "might have been more aptly named 'Assassination: A Handbook', for it is, among much else, an inventory of means and methods: blades, blunt objects, poisons and toxins, guns and ammo, shots from motorcycles, bombs, defenestration and plump cushions."

Creativity and editing: Peter Lennox.
Production: Mark Egan.

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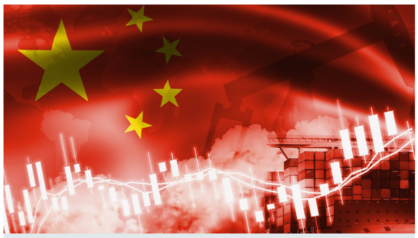

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