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Questor

John Ficenec

John Laing Infrastructure

122.6p -0.3p

Questor says **BUY**

SHARES in John Laing Infrastructure Fund (JLIF) remain a good option for income-hungry investors as they provide regular dividend payments from asset-backed investments.

The company owns a portfolio of 56 investments, such as hospitals, social housing and schools, from which it earns a steady income. The value of those investments increased by 1.84pc to £849.8m during the three months to the end of March. That means the shares have a net asset value of about 110p per share, and are currently trading at about a 13pc premium to their underlying value.

JLIF isn't exposed to the risks of building these large infrastructure projects as it is purely an investor that takes a stake once they are completed.

The company was spun out of construction group John Laing in 2010 and it has first refusal on any of the group's private finance initiative assets that it puts up for sale. However, it is not obliged to buy them.

These assets are attractive over the long term because revenues that are paid to JLIF are locked into a variety of multi-year contracts that are backed by the Government. So, a particular hospital could be loss-making, but the payments to the infrastructure fund that owns the assets are secure.

That allows JLIF to offer inflation-linked dividend income. The interim dividend has risen 3.8pc, to 3.375p per share, and will be paid to investors on May 22.

The shares are currently offering a prospective dividend yield of 5.4pc, which is increasingly attractive when bank savings accounts are offering much less.

Questor thinks that with borrowing costs set to remain low for the foreseeable future, the steady returns from these assets will remain attractive.

The shares also look reasonably priced, and we continue to believe they are an ideal home for long-term income seekers.

Note: For tax purposes the source for dividends is the Channel Islands, meaning it is considered as an overseas investment by the Inland Revenue and may require a longer-form tax return.