HSBC Asset Management

HSBC Global Infrastructure Equity Fund

Fund report | 28 February 2025

About the Fund

The HSBC Global Infrastructure Equity Fund is an actively managed portfolio of 30-45 global infrastructure stocks that aims to provide long term total return while maintaining a focus on sustainability, environmental, social and governance (ESG) factors. The Fund is managed by a London and Sydney-based investment team that is part of the worldwide HSBC network.

Fund Facts

Fund Manager
HSBC Global Asset Management (UK) Limited.

Responsible Entity/Distributor
Copia Investment Partners

Inception Date (Strategy)
31 January 2024 (31 July 2010)

Objective
To provide long-term capital growth and income, and outperform its benchmark by 2% p.a. (after fees) over 5 years.

Benchmark
Dow Jones Brookfield Global Infrastructure Index (Hedged to AUD)

Currency
AUD Hedged

Investment Time Frame
At least 5 years

Number of Stocks
30-45

Distributions
Quaterly

Minimum Investment Amount
Initial: $20,000
Additional: $5,000

Management Fee
0.90%p.a. of the NAV of the Fund

Performance Fee
Nil

Fund Rating
Zenith Recommended

Performance (%) at month end	1 mth	3 mth	6 mth	1 yr	SI (cum)*
HSBC Global Infrastructure Equity Fund	1.85	-2.78	2.56	15.22	16.05
Dow Jones Brookfield Global Infrastructure Index+	2.94	-2.19	5.08	18.84	17.55
Outperformance	-1.09	-0.59	-2.52	-3.62	-1.50

Past performance is not a reliable indicator of future performance. The total return performance figures quoted are historical, calculated using end-of month prices and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. The indices do not incur these costs.
*Inception of the HSBC Global Infrastructure Equities Fund - Hedged for performance calculation purposes is 31st January 2024.
+ (Hedged to AUD)

Top 10 Holdings	Sector	Absolute (%)	Active (%)
Enbridge Inc	Energy	7.89	-0.19
Cheniere Energy Inc	Energy	6.44	3.22
American Tower Corp	Property Trusts	5.39	-0.15
National Grid PLC	Utilities	4.76	-0.33
Eversource Energy	Utilities	4.55	3.20
Cellnex Telecom SA	Communication Services	4.36	2.67
Vinci SA	Industrials	3.56	-1.20
Koninklijke Vopak NV	Energy	3.51	3.25
Crown Castle Inc	Property Trusts	3.42	0.93
Exelon Corp	Utilities	3.25	0.68

Top 5 Contributors
Cheniere Energy Inc
Cellnex Telecom SA
Koninklijke Vopak NV
Eiffage SA
Plains GP Holdings LP

Top 5 Detractors
Vinci SA
Edison International
PG&E Corp
ENN Energy Holdings Ltd
China Resources Gas Group Ltd

Fund Commentary

The strong positive momentum in global equities started to falter in February with the market returning -0.7%. This was driven by growing uncertainty from investors about Trump's policies on both corporate/consumer sentiment, as well as slowing growth in the US economy. Whilst infrastructure, an historically defensive asset class, outperformed broader equity by 3.8%.
The Fund underperformed the Dow Jones Brookfield Global Infrastructure Index (in USD, gross of fees) during the month. Utilities was the largest detractor in February, particularly impacted by Pennon's recent rights issue. The UK water utilities announced it was raising £490mn through a rights issue to fund investment required through the K8 period out to March 2030.

Commentary continued next page

Sector Allocation

Utilities	33%
Energy	32%
Industrials	15%
Property Trusts	9%
Communication Services	9%
Cash	2%

Geographic Allocation

United States	43%
Canada	15%
United Kingdom	8%
Mainland China	8%
France	7%
Italy	4%
Other Locations	15%

Portfolio Strategy and Outlook

Infrastructure is at the beginning of a multi-decade investment cycle, due to secular trends such as energy transition and digitalisation. We believe that the growth of listed infrastructure will continue to be supported by these strong secular tailwinds and its underlying characteristics, such as resilient cash flows generating potentially high distribution levels that are very attractive in this market environment.

The Fund maintained an overweight position to the telecommunications sector. As we are getting close to the end of initial 5G coverage rollout phase, network technology and fast device evolution will continue driving strong data consumption, which in turn require further network densification in the near future. Additionally, while the AI hype has been present in the data center industry for some time, tangible bookings and results are now starting to materialise. Supply constraints and energy challenges will persist in the near term, creating a tight demand-supply dynamic that provides strong tailwinds for the sector.

We also have an overweight position to the industrials sector. We expect wealth effects, new transport technologies and continued urbanisation to support long term growth in demand for mobility. In the short run, the sharp 'recovery' in volume from COVID has transitioned into more normalised rates of growth aligned to employment, growth and industrial production trends. This has resulted in more idiosyncratic trends, depending on geography and type of asset. We remain focused on assets supported by strong local demographic factors.

We have slightly reduced our underweight position to the utilities sector. Whilst macro-economic and commodity prices pressures have come off their peaks in recent years, which has also helped create a more supportive environment for utilities to invest, we are currently underweight the sector due to relative valuations.

We have also maintained an underweight position to the energy sector. The shift towards growth mindset, driven by strong expectations for gas demand related to power generation and data centers has been reflected by the current valuations seen in the sector.

Features of global listed infrastructure

Essential assets
Assets that are the backbone of society, providing essential and valuable services for the stability and growth of the economy

Government backing
Infrastructure spending has been heavily featured in recovery programs as governments aim for GDP multiplier effects

Sustainable earnings
Assets that can generate inflation-linked, long-dated and sustainable earnings growth through economic cycles

Long cycle
A multi-decade investment cycle, supported by trends such as urbanisation, energy transition and digitalisation

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