HSBC Asset Management

HSBC Global Infrastructure Equity Fund

Fund report | 31 December 2024

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
Quarterly

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	-4.39	-1.52	9.13	-	15.49
Dow Jones Brookfield Global Infrastructure Index+	-5.11	-0.14	12.36	-	15.51
Outperformance	0.72	-1.38	-3.23	-	-0.02

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	8.12	0.23
Cheniere Energy Inc	Energy	6.91	3.83
American Tower Corp	Property Trusts	5.31	-0.18
National Grid PLC	Utilities	4.77	-0.20
Eversource Energy	Utilities	4.41	3.06
Edison International	Utilities	3.99	2.01
Cellnex Telecom SA	Communication Services	3.93	2.35
PG&E Corp	Utilities	3.55	0.73
Crown Castle Inc	Property Trusts	3.47	0.95
Vinci SA	Industrials	3.30	-1.23

Top 5 Contributors
Gibson Energy Inc
Eiffage SA
RAI Way SpA
ENN Energy Holdings Ltd
Flughafen Zuerich AG

Top 5 Detractors
Eversource Energy
Cellnex Telecom SA
Crown Castle Inc
CSX Corp
Transurban Group

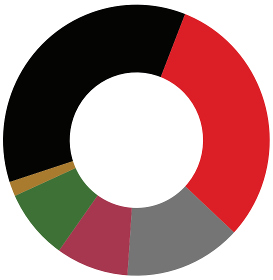
Fund Commentary

December was a weak month for the global equity markets as most major central banks signal caution ahead reflecting continued persistent inflation. The MSCI World Index fell 2.6%, whilst infrastructure underperformed by 3.3% (in USD). The caution stance on future interest rate cuts has impacted infrastructure, given its long duration nature.

The Fund outperformed the Dow Jones Brookfield Global Infrastructure Index (in USD, gross of fees) during the month. The outperformance was driven by stock selection in telecommunications, utilities and energy on a GICS sector basis. On a regional basis, Asia Pacific was the largest contributor during the month.

Commentary continued next page

Sector Allocation



Utilities	36%
Energy	31%
Industrials	14%
Property Trusts	9%
Communication Services	8%
Cash	2%

Geographic Allocation

United States	45%
Canada	14%
United Kingdom	8%
Mainland China	8%
France	6%
Italy	5%
Other Locations	14%

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. With 5G technology and mid-band spectrum made available to the market, 5G deployment and densification have been the key driver of organic growth in the communication infrastructure space. Although the premium of US towers over EU towers has been reduced, we continue to prefer European (and APAC) assets due to more supportive valuation.

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.

Our underweight position to Energy has slightly increased due to the sector’s recent strong performance fuelled by the market’s anticipation of a second Trump term. Energy infrastructure companies continue to be well positioned to capitalise on growth opportunities arising from global demand needs and emerging energy transition technologies (e.g. carbon capture and hydrogen), in our view.

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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