HSBC Asset Management

HSBC Global Infrastructure Equity Fund

Fund report | 30 April 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 pa*
HSBC Global Infrastructure Equity Fund	-1.19	3.70	-	-	3.70
Dow Jones Brookfield Global Infrastructure Index+	-2.45	0.59	-	-	0.59
Outperformance	1.26	3.10	-	-	3.10

Past performance is not a reliable indicator of future performance. Returns are net of fees and taxes. *Since inception - Inception date of the Fund is 31 January 2024

Top 10 Holdings	Sector
American Tower Corp	Property Trusts
Sempra Energy	Utilities
Cheniere Energy Inc	Energy
Pembina Pipeline Corp	Energy
National Grid PLC	Utilities
Cellnex Telecom SA	Communication Services
Williams Cos Inc/The	Energy
Eversource Energy	Utilities
Crown Castle Inc	Property Trusts
Edison International	Utilities

Top 5 Contributors
Koninklijke Vopak NV
TC Energy Corp
Grupo Aeroportuario del Sureste SAB de CV
SBA Communications Corp
Dominion Energy Inc

Top 5 Detractors
Consolidated Edison Inc
Flughafen Zuerich AG
Eiffage SA
Cellnex Telecom SA
Kinder Morgan Inc/DE

Fund Commentary

In April, the market reversed its YTD gains on the back of economic data releases highlighting the continued strength in US demand and stickier than anticipated inflation. As a result, forecasts over Fed policy dramatically shifted with the number of rate cuts expected in 2024 falling from 6, at the beginning of the year, to just 1.

Concerns over persistent inflation saw investors return to defensive sectors like infrastructure. The Fund outperformed the Dow Jones Brookfield Global Infrastructure Index (AUD hedged) during the month. Stock selection was positive across the GICS sectors, with the largest contributor being telecommunications. On a stock specific basis, the multinational midstream operator Vopak was one of the top contributors in April. The Dutch headquartered name was rewarded for reporting strong Q1 numbers, buying back €100 million in shares, as well as increasing their 2024 guidance.

Commentary continued next page

Sector Allocation*

◆	Utilities	36%
◆	Energy	31%
◆	Industrials	14%
◆	Property Trusts	10%
◆	Communication Services	9%

Allocation data excludes cash holdings

Geographic Allocation*

◆	United States	47%
◆	Canada	15%
◆	United Kingdom	8%
◆	Mainland China	6%
◆	France	6%
◆	Spain	4%
◆	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. Our view on the sector remains positive as urbanisation, growth in the global middle class and new modes of transport represents strong long-term tailwinds for the sector. Our preference skews towards toll roads, where we see likely support for innovative concessions/amendments surprising on the upside. Our airports view is more idiosyncratic – inflationary cost pressures could be difficult to immediately pass through, so we focus on regions where there is better protection by regulation.
We have maintained 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.

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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