HSBC Asset Management

HSBC Global Infrastructure Equity Fund

Fund report | 31 August 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	2.05	6.70	12.34	-	14.50
Dow Jones Brookfield Global Infrastructure Index+	3.26	8.40	13.10	-	13.31
Outperformance	-1.21	-1.70	-0.76	-	1.19

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	7.8	0.9
American Tower Corp	Property Trusts	6.3	-0.7
Cheniere Energy Inc	Energy	5.9	3.1
National Grid PLC	Utilities	5.5	0.4
Eversource Energy	Utilities	4.5	3.0
Cellnex Telecom SA	Communication Services	4.4	2.6
Edison International	Utilities	4.3	2.1
Crown Castle Inc	Property Trusts	4.3	1.1
Sempra Energy	Utilities	3.9	0.4
Koninklijke Vopak NV	Energy	3.6	3.4

Top 5 Contributors
Cellnex Telecom SA
Edison International
American Water Works Co Inc
Centerpoint Energy Inc
Kinder Morgan Inc

Top 5 Detractors
ONEOK Inc
TC Energy Corp
ENN Energy Holdings Ltd
Grupo Aeroportuario del Sureste SAB de CV
Beijing Capital International Airport Co Ltd

Fund Commentary

August was a volatile month was for the equity markets, despite global equities rising +2.6% (in USD). Three events drove the volatile month, (1) A 25bps rate rise from the Bank of Japan caused a global unwind of the popular and highly levered Yen carry trade, leading to a sharp sell-off in global equities, (2) Fed Chair Powell stated "the time has come" for policy easing, benefitting equities (3) Nvidia's quarterly earnings missed lofty expectations of future growth, sending jitters across the entire market and rising concerns around historically high valuations of the US market. As a result, we saw investors turn to historically defensive sectors, like infrastructure, to shelter from further market turbulence. Listed infrastructure ended the month, outperforming broader equities and returning 4.5% in August (in USD).

The Fund underperformed the Dow Jones Brookfield Global Infrastructure Index (in USD, gross of fees) during the month. Stock selection within industrial and energy were the predominant contributors to the underperformance on a GICS sector basis. On a regional basis, stock selection within North America and Asia Pacific was the largest detractor in August.

Commentary continued next page

Sector Allocation

Utilities	35%
Energy	30%
Industrials	15%
Property Trusts	10%
Communication Services	9%
Cash	1%

Geographic Allocation

United States	44%
Canada	14%
United Kingdom	8%
France	7%
Mainland China	7%
Italy	5%
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. 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. Transportation assets tend to be highly efficient in passing through inflationary pressures and have seen the least impact on fundamental valuations due to higher interest rates.

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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