

# HSBC Global Infrastructure Equity Fund

Fund report | 31 May 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	3.48	5.29	-	-	7.31
Dow Jones Brookfield Global Infrastructure Index <sup>+</sup>	3.91	4.33	-	-	4.53
<b>Outperformance</b>	-0.43	0.96	-	-	2.78

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 (%)
Cheniere Energy Inc	Energy	5.7	3.0
American Tower Corp	Property Trusts	5.7	-0.9
Sempra Energy	Utilities	5.7	2.2
Pembina Pipeline Corp	Energy	4.8	3.0
Eversource Energy	Utilities	4.5	3.0
Cellnex Telecom SA	Communication Services	4.2	2.4
Crown Castle Inc	Property Trusts	4.2	1.0
Enbridge Inc	Energy	4.2	-2.6
Edison International	Utilities	4.1	2.0
Koninklijke Vopak NV	Energy	3.8	3.6

Top 5 Contributors
China Resources Gas Group Ltd
Exelon Corp
Consolidated Edison Inc (ED US)
Cellnex Telecom SA
Edison International

Top 5 Detractors
Eversource Energy
Pennon Group PLC
Plains GP Holdings LP
Grupo Aeroportuario del Sureste SAB de CV
TC Energy Corp

## Fund Commentary

In May, the market recovered from a gloomy April with both global equities and infrastructure returning 4.5% and 4.6% respectively (in USD). US economic data releases during the month were more constructive and provided investors with hope of a fed rate cut this summer. The shift in market expectations has notably benefitted the Utilities sector, with the North American Utilities rising 9% in May.

The Fund marginally underperformed the Dow Jones Brookfield Global Infrastructure Index (on a gross of fees basis) during the month. Stock selection across the GICS sectors except for utilities were a detractor. This was offset by positive allocation across board. On a stock specific basis, China Resources Gas Group was one of the top contributors in May. The Company recently lifted its FY24 gas margin on the back of continued residential cost passthrough. It also obtained approvals for residential tariff hikes for ~60% of projects in 2023 and targets to raise this to 70-80% in 2024. Additionally, the government has turned more accommodative on residential utilities tariff hike and the recent easing in property market policies continues to provide potential upside to new connection numbers and volume growth.

*Commentary continued next page*

## Sector Allocation



◆ Utilities	35%
◆ Energy	30%
◆ Industrials	14%
◆ Property Trusts	10%
◆ Communication Services	8%
◆ Cash	3%

## Geographic Allocation



◆ United States	45%
◆ Canada	14%
◆ Mainland China	7%
◆ France	6%
◆ United Kingdom	6%
◆ Italy	5%
◆ Other Locations	17%

## 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

#### Sustainable earnings

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

#### Government backing

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

#### Long cycle

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

## For more information, contact Copia.

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