

Foresight Global Real Infrastructure (Lux) Fund

Fund Commentary

Foresight

30 April 2024

The Fund invests in developed market “real infrastructure” companies that own or operate critical infrastructure assets which ensure the smooth functioning of economies, and that provide a net social or environmental benefit. The Manager takes an active approach to investing in infrastructure companies with high quality, predictable and inflation linked cash flows from strong counterparties. The Fund seeks to achieve a positive total return in excess of UK CPI+3% over any 5-year period.

(1.37%)

Monthly Performance

(29.70%)

Total Return Since Inception¹

€19.85m

Fund Size at 30 April 2024

Class A Acc (EUR). Past performance is not a reliable indicator of future results. ¹ The Fund's inception date is 29 October 2021

Market Update

- The outlook for US interest rates changed dramatically during the month as markets repriced expectations following sticky inflation data and indicators showing a resilient labour market. The S&P 500 closed out the month down following concerns around stagflation as GDP growth came in below expectations.
- In Europe, industrial production and manufacturing continue to weaken under the high interest rate environment. With a lower inflation and low growth outlook, the ECB faces a diverging picture from the Fed.
- In the UK, the FTSE 100 rallied in April, boosted by continued disinflation, stable earnings reports, ongoing share buyback programmes and M&A activity in the market.
- The Fund remains well-positioned in companies that continue to benefit from structural growth drivers, solid sustainability credentials and strong cashflow visibility.

Portfolio News

- US data centre REIT Equinix (EQIX) has joined forces with PGIM Real Estate in a \$600 million venture to establish a >28MW hyperscale data centre in California's Silicon Valley. PGIM Real Estate will hold an 80% equity interest in the joint venture, while Equinix retains 20%. Combined with Equinix's existing hyperscale joint ventures in Europe, Asia-Pacific and elsewhere in the Americas, this new joint venture will bring its global hyperscale data centre portfolio to more than \$8 billion across more than 35 facilities, and an expected >725MW of power capacity when completed and fully constructed. This highlights EQIX's proficiency and industry-leading capabilities in the data centre sector, attracting significant interest from major investors seeking the company's expertise and insights in the field.
- During the reporting period, two key renewable energy holdings in the portfolio, Scatec (SCATC) and Innergex Renewable Energy (INE), successfully secured attractive multi-year power purchase agreements (PPAs). Specifically, SCATC signed a 10-year PPA for a 142 MW solar plant in Brazil, initially maintaining full ownership with intentions to onboard equity partners post-commercial operation. This venture marks SCATC's third project in Brazil, highlighting the country's strategic importance in the company's growth trajectory. Meanwhile, INE formed a partnership with Hydro-Quebec for a 100MW wind project in Quebec, locking in a 30-year PPA. INE's ownership stands at 50%, with local entities and First Nations groups holding the remaining stake. Anticipated for completion in 2028, this project underscores INE's ability in securing accretive energy agreements.
- Chorus Ltd (CNU), a New Zealand-based fibre infrastructure owner and operator, announced its Q3 FY24 connections update, revealing a 12,000 increase in fibre connections, slightly surpassing the previous quarter's growth of 11,000. This expansion extends CNU's fibre footprint to approximately 1.5 million addresses, boasting an impressive uptake rate of 71%. With the company's dedicated efforts to maintain this upward growth trajectory, this advancement proves favourably for ongoing fibre connection expansion, aligning closely with CNU's strategic objectives.



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Portfolio Changes

- There were no significant portfolio changes to report during the month.

Source: Foresight Group, Company Reports, May 2024.

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