

# Foresight Global Real Infrastructure (Lux) Fund

## Fund Commentary

Foresight

29 February 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.

(4.00%)

Monthly Performance

(28.00%)

Total Return Since Inception

€19.95m

Fund Size at 29 February 2024

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

## Market Update

- Inflation prints from major economies illustrated the sticky nature of prices, although CPI remains on track towards central bank targets. Central banks in the US, UK and EU reaffirmed the peak interest rates narrative, as they to continue to observe the lagged effect of current interest rate levels on the real economy.
- There remains a considerable valuation opportunity presented by the dislocation that has followed last year's rate hikes, as evidenced by significant M&A activity in the sector with private market participants seeking to deploy capital into undervalued opportunities.

## Portfolio News

- HICL Infrastructure PLC (HICL) announced the disposal of its entire equity interest in Northwest Parkway to VINCI Highways SAS for approximately \$232m. The proceeds from this transaction will be strategically allocated towards reducing debt and for the initiation of a share buyback program, reflecting management's commitment to enhancing shareholder value. This marks another successful divestment for HICL and speaks to the quality of the assets, with all disposals in the previous year either meeting or surpassing their respective carrying values.
- The Renewables Infrastructure Group (TRIG) recently announced its earnings, emphasising consistent and strong cash generation over the past year. This performance has spurred initiatives to trim its debt profile by leveraging heightened cash flows and upcoming asset sales. Moreover, TRIG unveiled plans to boost its dividend for the next fiscal year, reflecting confidence in its sustained financial strength.
- Chorus Ltd announced its Half Year FY24 results, reporting a consistent uptrend in fibre connections. Additionally, the company affirmed its intention to extend its fibre network to accommodate an additional 10,000 premises in neighbouring communities, aligning with the growing demand and commitment to expand connectivity throughout New Zealand.
- Equinix and Digital Realty Trust (DLR), leading US-based digital infrastructure firms, have released Q4 2023 results, setting a solid foundation for the year ahead. Equinix has reported impressive year-over-year revenue growth and strong cash generation, indicating its resilience and market strength. Meanwhile, DLR has announced an unprecedented backlog, with numerous projects scheduled to kick off in 2024. With the significant demand and essential nature of digital infrastructure assets, both companies are strategically positioned to capitalize on the long- list of tailwinds seen in the sector.
- Northland Power's Q4 2023 earnings demonstrated a robust performance, bolstered by gains from asset sales (i.e., Scotwind, Hai Long, and Nordsee Cluster) and progress in offshore expansion projects.

## Portfolio Changes

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

Source: Foresight Group, Company Reports, March 2024.



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