

# FP Foresight Global Real Infrastructure Fund (Lux)

## Management Commentary

28 February 2025

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 often inflation linked cash flows from strong counterparties. The Fund seeks to grow, over any 5-year period, by more than 3% per annum above the rate of UK inflation (as measured by the UK Consumer Prices Index).

5.80%

Monthly Performance

(21.35%)

Total Return Since Inception\*

€21.17m

Fund Size as at 28/02/2025

Class A Acc (EUR). Past performance is not a reliable indicator of future results. Target yield is not guaranteed. \*The fund's inception date is 29 October 2021.

## Market Update

- Geopolitics and global trade tensions dominated the month as Trump pushed out the deadline on 25% tariffs imposed on Mexico and Canada to March and withdrew security guarantees in Ukraine. Treasury yields moved inwards as weakening business indicators and consumer sentiment, as well as negative revisions to US growth forecasts from economists, presented greater economic uncertainty. The market narrative on the Fed's interest rate pathway shifted from a higher for longer scenario to dissuade the anticipated inflationary impact of tariffs, to betting on cuts to stimulate growth in a weaker business environment.
- In the UK the Bank of England cut the policy rate by 25bps to 4.5% in February, amidst a weaker growth outlook for the economy.

## Portfolio News

- The theme of heightened M&A activity continued in the month. Innergex Renewable Energy ("INE") entered into a definitive agreement to be acquired by Caisse de dépôt et placement du Québec ("CDPQ") for \$13.75 per share, representing a 58% premium to INE's unaffected share price of \$8.71. CDPQ, which currently holds ~7% of INE's common shares, will acquire all outstanding shares as part of the transaction. While there is potential for competing interest, the likelihood of a superior offer is relatively low. The agreement includes a non-solicitation clause, with CDPQ retaining the right to match any alternative proposals. The transaction remains subject to approval by two-thirds of INE's common shareholders (~27% have already declared support) and other customary closing conditions, with finalisation expected in Q4 2025. This deal serves as a clear illustration of the ongoing valuation gap between public and private markets, particularly within the renewable energy sector, and highlights the high-quality assets within INE's portfolio.
- Assura ("AGR"), a UK REIT specialising in primary care properties, received a takeover offer from private equity investor KKR during the period at a 2.8% discount to its reported asset value as of September 2024 and at a 27% premium to its closing stock price. The Board rejected the proposal, and shareholders now await KKR's final decision ahead of the March 14 deadline on whether it will pursue further engagement. KKR's interest is unsurprising given AGR's recent valuation decline; however, it also highlights the significant demand for high-quality healthcare assets that provide stable, government-backed cash flows — an ongoing trend that continues to attract major institutional investors seeking long-term, secure returns amid an increasingly uncertain economic environment.
- National Grid, a UK-based electrical utility, has successfully sold its 1.3GW U.S. renewable energy business to Brookfield Asset Management for \$1.74 billion (£1.37 billion), representing 1.1x book value. The sale aligns with National Grid's strategy to streamline its portfolio and focus on core network operations, with the transaction expected to close by the end of September. The company plans to invest approximately £35 billion (~\$46 billion) in its electricity transmission business by March 2031, nearly doubling the UK's energy transmission capacity. This transaction represents a key milestone in its transition toward a more network-focused business model, as outlined in its May 2024 strategy update, as well as enables the company to redirect capital toward its major investment plans.
- During the period, Cordiant Digital Infrastructure ("CORD") acquired BT Group's Irish wholesale and enterprise business unit, BT Communications Ireland (BTCIL), for €22 million. This acquisition will be integrated into Cordiant's Speed Fibre business, a provider of wholesale and retail broadband services. It is expected to drive operational efficiencies, expand connectivity offerings, and enhance service to both existing and new customers across Ireland. Following the close of the transaction, BT will remain a key customer under a three-year agreement. With 3,400 km of fibre infrastructure, BTCIL's integration strengthens Speed Fibre's position in telecom, enterprise, and government sectors, creating new growth opportunities. The deal is expected to complete later this year and supports CORD's strategy to scale Speed Fibre in high-growth digital markets, particularly in Ireland.

## Portfolio Changes

- Canadian Pacific Kansas City ("CP") has recently been added to the Fund, reflecting its strong position as a leading North American transportation network. CP's strategic investments in rail infrastructure align with the Fund's long-term objectives of providing reliable, income-generating assets while capitalising on the growing demand for efficient transportation solutions. Considering this addition, the FCM team has established a new reporting sector within the Fund, Transport, which will include both the newly added CP holding and the existing Transurban Group ("TCL") holding, an Australian toll-road business.

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