# GLOBAL INFRA-ENERGY FUND | MONTHLY UPDATE

28 February 2025

RC GLOBAL FUNDS MANAGEMENT

## INVESTMENT OBJECTIVE

The Global Infra-Energy Fund (the Fund) is focused on infrastructure and energy business segments to provide exposure to companies that are operating in essential industries around the world. We explore the entire infrastructure and energy value chain where we believe we can add value under different economic scenarios.

The Fund targets an annual total return of 10% with income component of greater than 3.5% yield.

Our investment approach is bottom-up, value-oriented with a quality overlay, thematic-driven and index agnostic.

## FUND OVERVIEW

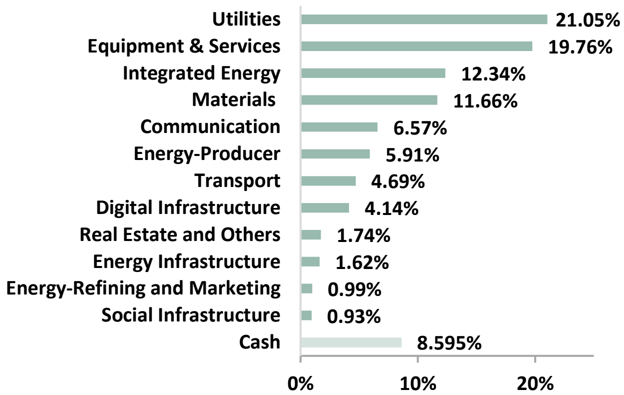
| | |
|---|---|
| Portfolio Manager | Roy Chen |
| Performance Target | 10% per annum |
| Asset Class | International Shares |
| Coverage | All Global Equity Markets |
| Currency | AUD Unhedged |
| Cash Holdings | Up to 35% |
| Entry/Exit Price | $1.0323/$1.0261 |

## PERFORMANCE - Performance target 10% p.a.

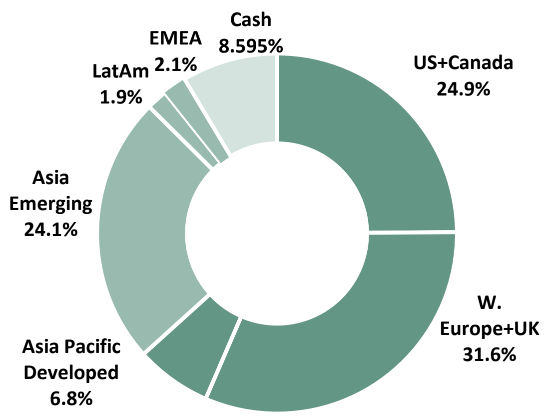
| Total Return | 1 month | 3 month | 6 month | YTD | 1 yr pa | 2 yr pa | 3 yr pa | 5 yr pa | SI** |
|---|---|---|---|---|---|---|---|---|---|
| Global Infra-Energy Fund* | -2.2% | 1.3% | 5.6% | -1.1% | 5.8% | 4.9% | 5.4% | 6.2% | 47.4% |

*Performance is based on the movement in net asset value per unit plus distributions before tax and after all fees and charges. Imputation and foreign tax offsets are not included in these numbers. **Inception date is 1 August 2017, calculated cumulatively, and assuming all distributions have been reinvested.

## SECTOR EXPOSURE




## REGIONAL EXPOSURE




## TOP 10 HOLDINGS

| | Company | Country | Industry Segment | Mkt Cap $USbn | ND/EBITDA | Div Yield | Weight |
|---|---|---|---|---|---|---|---|
| 1 | Siemens Energy AG | Germany | Equipment & Services | 46 | -3.0 | 0.0% | 1.9% |
| 2 | Schneider Electric SE | France | Equipment & Services | 140 | 1.1 | 1.5% | 1.9% |
| 3 | Linde plc | Germany | Materials | 221 | 1.4 | 1.2% | 1.8% |
| 4 | Iberdrola SA | Spain | Utilities | 93 | 3.2 | 3.4% | 1.6% |
| 5 | NRG Energy, Inc. | United States | Utilities | 21 | 2.9 | 1.8% | 1.5% |
| 6 | GE Vernova Inc. | United States | Equipment & Services | 92 | -3.9 | 0.1% | 1.5% |
| 7 | Vistra Corp. | United States | Utilities | 45 | 1.8 | 0.7% | 1.5% |
| 8 | TechnipFMC plc | United States | Equipment & Services | 12 | 0.5 | 0.7% | 1.4% |
| 9 | Telenor ASA | Norway | Communication | 18 | 2.6 | 6.5% | 1.4% |
| 10 | Constellation Energy | United States | Utilities | 78 | 0.9 | 0.6% | 1.4% |

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## PORTFOLIO COMMENTARY

- After 5 months of positive returns, the Fund fell -2.2% in February while the MSCI AC Index decreased -0.3%.
- Our strongest segments with positive contribution were Integrated Energy and Energy Refiners. Conversely, Telecoms, Materials and Energy Producers fell slightly while the three tech-heavy sectors of IT, Communications & Discretionary were the worst performers.
- Main Contributors to returns came from two Utilities, **Exelon** (US) and **Engie** (France), two Energy Equipment Services **SBM Offshore** (Netherlands) and **Technip Energies** (France) as well as oil refiner **Bangchak** (Thailand).
- Worst performers were a mixed bag from different segments - Transocean (Oil Services), B GRIMM Power Thailand (Utilities), Yangzijiang China (Shipbuilding), Airports of Thailand and New Fortress Energy US (Energy Infrastructure). Another factor for negative performance was Thailand -8.4% in which we had a 9% weighting.
- The negative impact of **Deepseek** from China in late January continued to be felt in February. As big techs were hit hard, our exposure to 2 segments most impacted were US utilities with nuclear power and power equipment companies. Both groups form relatively high weightings in the Fund and account for 6 of our top 10 holdings.

## PORTFOLIO POSITIONING

- We continue to favour Europe and Asia Pacific over North America in our regional weightings.
- Despite the setback driven by **Deepseek,** we believe AI & Datacentre growth being a major driver of power demand is a sustainable Megatrend and our overweight in Utilities and Equipment & Services is unchanged. Below is our strategy and diversification for these 2 areas.
- **Utilities (21.1%) –** Our exposure by geography US 9.5%, Europe 6% and Asia Pac 5.6% and split between more traditional utilities with higher dividend yields and those more leveraged to higher growth names but lower yields.
- **Equipment & Services** (19.8%) - our exposure is made up of power equipment (9.2%), other equipment (1.6%), construction-related (1.1%) and those that are in the energy (oil) service equipment services (7.2%).
- **Within Energy-related Segments (20.6%),** we continue to be overweight Integrated Energy (12.3%), followed by Energy Producers (5.7%) with minimum exposure in Infrastructure and Refiners.
- **Materials** (11.1% ) - as mentioned last month, we are increasingly more positive but selective between more defensive industrial gases and more cyclical metals/miners, which include gold miners.
- **Telecom Service - (5.8%)** – our fifth largest exposure. We view this sector as more defensive with attractive valuations and high dividend yields.
- **Transport Segment** (reduced to 4.7%) – we maintain a preference in more defensive Airports and selective Energy Shipping which benefits from higher volumes. We maintain a negative take on other types of shipping and Air Freight which we believe are vulnerable to slower GDP growth and higher supply.
- By adhering to our strict investment criteria which includes balance sheet strength and high free cash flow generation, we believe we can deliver a less volatile path for investors to achieve both income and growth in a well-diversified portfolio.
- By conducting in-depth analysis of industries in our ambit, we can participate in multiple megatrends which can benefit the portfolio at different periods in the cycle.

## PORTFOLIO CHARACTERISTICS

| | |
|---|---|
| Net Asset Value | $1.0292 |
| Number of stocks | 86 |
| Net cash position | 8.6% |
| Dividend yield | 3.9% |
| Price/Earnings FY1 | 18.2 |
| Market capitalisation $USbn | 86.1 |
| EV/EBITDA | 11.7 |
| ND/EBITDA | 2.0 |

## TOP 5 PERFORMERS

| | Company | Return |
|---|---|---|
| 1 | Exelon Corporation | 11.9% |
| 2 | SBM Offshore NV | 11.9% |
| 3 | Bangchak Corporation Public | 10.3% |
| 4 | Technip Energies NV | 9.3% |
| 5 | ENGIE S.A. | 8.7% |

## BOTTOM 5 PERFORMERS

| | Company | Return |
|---|---|---|
| 1 | New Fortress Energy Inc. Class A | -33.1% |
| 2 | B Grimm Power Pub Co | -27.2% |
| 3 | Transocean Ltd. | -24.5% |
| 4 | Airports of Thailand Co Ltd | -22.6% |
| 5 | Yangzijiang Shipbuilding Hold Ltd. | -21.4% |