

# IFSL Blackfinch NextGen Infrastructure Fund Factsheet June 2024

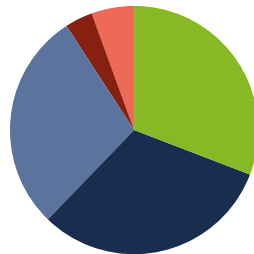
The aim of the Fund is to increase the value of an investment over a minimum of 5 years. The Fund will do this through a combination of capital growth, which is profit on investments held, and income received by the Fund, which is money paid out of investments, such as dividends and interest.

## Performance

Due to the fund having an inception date less than 12 months ago, we are unable to provide an Investment Growth chart or table of the IFSL Blackfinch NextGen Infrastructure Fund versus its peer group benchmark.  
- Past performance is no guarantee of future performance.

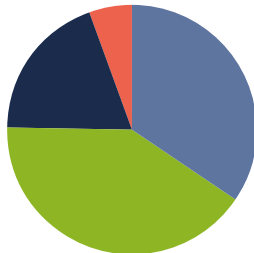
## Thematic Allocation (as at 30/06/2024)

Energy Transition	30.95%
Sustainable Urbanisation	31.22%
Digitalisation	28.70%
Multi-Thematic	3.75%
Cash & Equivalent	5.39%



## Regional Allocation<sup>1</sup> (as at 30/06/2024)

North America	34.59%
Europe	40.76%
Asia Pacific	19.26%
Cash & Equivalent	5.39%



Date of inception: 24/11/2023.

<sup>1</sup>Based on the country of domicile.

IFSL Blackfinch OEIC Sub-Funds performance figures are quoted net of AMC and fund OCFs.

Investment Fund Services Limited (IFSL) acts as the Fund's Authorised Corporate Director (ACD). The Key Investor Information Documents and the Prospectuses for all funds are available, in English, free of charge and can be obtained directly using the contact details in the Sales Contact section. They can also be downloaded from [www.ifslfunds.com](http://www.ifslfunds.com)

## Investment Commentary

In June, the IFSL Blackfinch NextGen Infrastructure Fund (B Accumulation share class) returned 0.00% after all fees and expenses. This compares to the IA Infrastructure Sector average return of -1.21%. Since inception, the Fund has returned +4.40% compared to the IA Infrastructure Sector average return of +3.42% over the same period. Please note that the Fund has limited overlap with peer group funds that invest primarily in regulated utilities, midstream and transportation assets. As the investment team employs a multi-thematic growth-driven approach, Fund returns will frequently diverge against peers, as evidenced by the wide disparity in relative performance since launch.

June began with the start of a broadly anticipated global easing cycle, with interest rate cuts in both Canada and the Eurozone. The US Federal Reserve (Fed) held rates steady and acknowledged that modest progress had been made against inflation, but that it still did not have enough economic support to lower interest rates. Similarly, persistent services sector inflation dashed hopes of a June rate cut in the UK, despite the Bank of England (BoE) signalling it could have been an option. However, the BoE did leave open the possibility of a move in August. The outcome of the European parliamentary elections caused President Macron to announce a snap election in France. Concerns about the possible outcome introduced significant volatility across European equities, including listed infrastructure.

During June, the Fund outperformed peer group averages but produced mixed overall returns, as significant gains produced by the Fund's highest weighted position GFL Environmental Inc. (discussed further below) helped offset losses across other holdings within the portfolio. Overall, during Q2 2024, and notwithstanding ongoing macroeconomic challenges, the Fund performed reasonably well in absolute terms, and increased its outperformance over peer group averages. This was due to a combination of its stock selection and regional and sub-sector positioning.

As at 28 June, the Fund held 45 individual holdings and was well-diversified across its underlying themes, sectors and geography. During the month, the Sustainable Urbanisation and Multi-Thematic allocations contributed positively to performance (estimated gross total returns: Energy Transition -3.3%, Digitalisation -1.7%, Sustainable Urbanisation +2.0% and Multi-Thematic +1.5%). At the individual security level, the top three contributors were GFL Environmental, Gresham House Energy Storage and Macquarie Technology Group, while the top three detractors were NextEra Energy Partners, Cellnex and Veolia.

Global infrastructure is an asset class that has historically delivered solid performance and has provided diversification benefits within the context of a multi-asset allocation. But this is a uniquely fast-moving and evolving asset class. While the investment community focuses on the use cases of today, a new set of growth opportunities is rapidly emerging. NextGen Infrastructure covers sectors that benefit from long-term structural drivers, such as those aiming to achieve ambitious energy transition goals, addressing the unprecedented levels of industry digitalisation and the rapid evolution of Artificial Intelligence (AI) and promoting the circular economy through sustainable waste disposal processes. We believe secular growth NextGen thematic investing can go further to help maximise infrastructure's attractive risk-return profile. We believe that in today's challenging economic and geopolitical environment, and considering current valuations, NextGen infrastructure is a timely investment opportunity.

## Top 10 Portfolio Holdings (as at 30/06/2024)

	GFL Environmental Inc	<b>4.80%</b>
	Clearway Energy Inc	<b>3.42%</b>
	Equinix Inc	<b>3.35%</b>
	Cellnex Telecom SA	<b>3.16%</b>
	Veolia Environnement SA	<b>3.12%</b>
	SSE PLC	<b>2.91%</b>
	Ventas Inc	<b>2.88%</b>
	Macquarie Technology Group Ltd	<b>2.68%</b>
	Elia Group SA/NV	<b>2.54%</b>
	NextEra Energy Partners LP	<b>2.52%</b>

## We invest with a **core focus** on the UN Global Compact Principles

Extensive due diligence across multiple factors to identify sound business fundamentals, accounting for the 10 UNGC principles, where possible

We take a forward-looking approach to investment selection using positive screening

We encourage 'engagement' with both 'leaders' and 'improvers' for positive outcomes

We're committed to transparency on our multi-factor screening process and reflect this in our investment approach

### All data as at 30/06/2024, unless specified otherwise.

Blackfinch Asset Management is an appointed representative of Blackfinch Investmentss Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: 1350–1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH. Registered Company in England & Wales under No. 11639647. The IFSL Blackfinch OEIC Sub-Funds are actively managed by Blackfinch Investments Limited. Blackfinch Investments Limited act as the sponsor of the IFSL Blackfinch OEIC Sub-Funds. Capital at risk. All figures are correct at the time of compilation. Any decision to invest in this service should not be based solely on this factsheet but rather made in conjunction with the information contained in the brochure, and the terms and conditions. Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of investing and the risk involved. Prospective investors should not treat the contents of this factsheet as advice relating to legal, taxation or other matters. If in any doubt about the proposal discussed in this factsheet, its suitability, or what action should be taken, the investor should consult their own professional advisers. Percentage figures may not add up to 100 due to rounding. The expected yield is based upon the underlying holdings. This figure is for information purposes and will not be distributed as cash income.

## This Month's Activity

The Fund's largest position, GFL Environmental, rallied c. +25% as news broke that the US waste-management giant had contacted JPMorgan to evaluate two potential bids, one for its full business and another strictly for its environmental services division. Despite the rally and the share price reaching an all-time high, we consider GFL Environmental to still be significantly undervalued, and we are willing to exercise our fiduciary responsibilities by voting against any prospective takeover offer that undermines the quality of its underlying assets and growth potential.

We participated in the annual REITWeek 2024 conference, where we attended several group meetings with Infrastructure real estate investment trust (REIT) CEOs and CFOs. Data centres were one of the favoured sectors given the backdrop of restricted new supply and unprecedented demand, which is being further propelled by the AI theme. AI is already a significant contributor to new leasing, which is absorbing up new space as quickly as it can be built, allowing data centre landlords to push rents well above forecasts from a year ago. Within Cell Towers, American Tower (AMT), the world's largest cell tower REIT, which is trading near a 15-year low earnings multiple, has maintained its 'at least 5%' US annual revenue growth guidance through 2027 and has an upcoming catalyst in the sale of its India business for \$2.5bn.

The Fund initiated a new position in Gresham House Energy Storage Fund (c. 2% weighting) at an entry price we considered very attractive after the company announced a tolling agreement with Octopus Energy, a landmark milestone for the UK battery storage sector. The Fund announced that 14 of its projects, representing 568MW, secured two-year fixed-price contracts starting in a phased manner in 2024. The predictability of the revenue streams for nearly half of the portfolio over a set period is likely to lead the Fund's board to consider reinstating dividend payments over the next fiscal year, which could be a catalyst for further positive rerating.

## Portfolio Information

Class A Accumulation Share ISIN <b>GB00BQ2MXR31</b>	Class A Management Fee <b>0.75%</b>	Class A Underlying fund charges <b>0.87%</b>
Class B Accumulation Share ISIN <b>GB00BQ2MXY08</b>	Class B Management Fee <b>0.65%</b>	Class B Underlying fund charges <b>0.77%</b>

Estimated Annual Income Yield (Class B)  
**3.27%**

Number of holdings  
**45**

## Sales Contact



For further information about the Fund, please contact  
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## Fund Managers

George Nikolaou, Lead Fund Manager and Dr Dan Appleby, CIO and Support Fund Manager are responsible for managing the IFSL Blackfinch NextGen Infrastructure Fund. They bring expertise in the research of listed property, infrastructure and equity investment products, managing client portfolios and working closely with financial advisers and other professional clients. Each is a CFA® charterholder.

