

Kempen Global Listed Infrastructure Strategy

# High conviction portfolio to capitalise on the transition towards sustainability

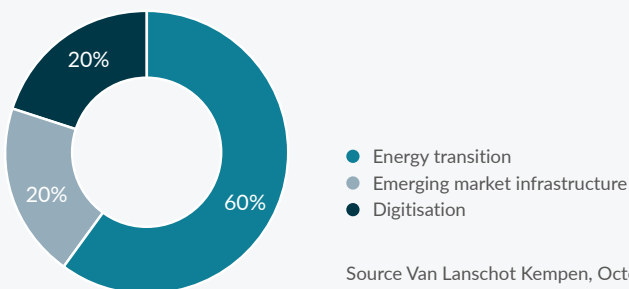
Strategy Overview Q4 2023  
 For professional investors only

## Why Kempen Global Listed Infrastructure Strategy?

- **Access:** A strategic investment driven by global megatrends such as energy transition, emerging markets infrastructure and digitalisation.
- **ESG:** Active management with a forward looking approach to ESG to consider the wider risks and opportunities for investments, and to have meaningful impact on the future of the Planet.
- **Stable Returns:** Infrastructure assets offer long-term cash flow visibility and potential income stability.
- **Inflation Protection:** Providing a high degree of protection against inflation to preserve capital over the long term.
- **Diversification Benefits:** When added to a traditional portfolio, its more defensive characteristics and higher expected returns lead to an improvement in the risk/return ratio.

## Opportunities in Infrastructure: Three simultaneous mega trends

Three simultaneous megatrends are at the heart of our asset allocation



- **Energy transition:** switch our 130 years old energy system from fossil based to renewables. Estimated spend: \$110 trillion<sup>1</sup> by 2050.
- **Emerging market infrastructure:** deliver infrastructure to 6 billion people in EM. Estimated spend: \$1 trillion<sup>2</sup> per year to 2030.
- **Digitisation:** connectivity and digital services (broadband, 5G, cloud computing). Estimated spend: \$500 billion<sup>3</sup> per year to 2030.

1 Source: Int. Renewable Energy Agency  
 2 World Bank  
 3 International Telco Union

## Investment philosophy

At the core of our philosophy lies the belief that infrastructure investments offer enduring opportunities to provide essential services for society. By focusing on our core beliefs, we aim to create value for our clients.

## Our core beliefs

- **Our alpha is dominated by bottom up stock selection:** This is achieved by constructing our portfolio with same regional and currency weights as our benchmark. This neutralises regional and currency risks.
- **Generate better insights through data:** Data helps us increase the efficiency of our process, identify opportunities more quickly and make better-informed decisions. It also helps us identify risks, such as physical asset risks, that companies might be exposed to.
- **Use ESG for Alpha and to mitigate Asset-Risk:** Key focus areas are understanding a firm's transition towards sustainability trajectory and its physical asset risks. All quantified with data and a strictly forward-looking approach.



Three mega trends in one sector at one time, a great asset class for long term returns

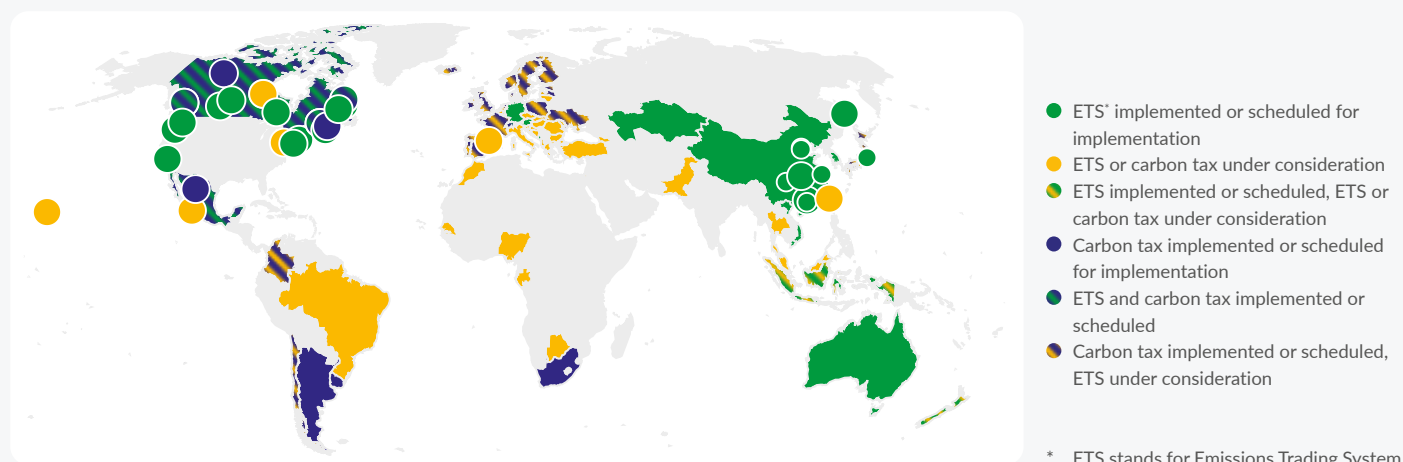


**Jags Walia**  
 Head of Global Listed Infrastructure

## Forward Looking ESG for Alpha Generation

We synergise our strong focus on sustainability and our active management approach not only to enhance potential financial returns but also to drive positive change in the infrastructure sector, fostering a more sustainable and responsible investment landscape – and ultimately positively contributing to the decarbonisation of the Planet.

### Summary map of regional, national and subnational carbon pricing initiatives



source: [carbonpricingdashboard.worldbank.org/map\\_data](https://carbonpricingdashboard.worldbank.org/map_data)

### Paris Climate Agreement Goals

- Energy transition required by the Paris Agreement happens here.
- 50% of Intra assets are Power Generation assets, and the power sector is 30% of global CO<sub>2</sub> emissions.

### Forward looking approach for CO<sub>2</sub> emissions

- We forecast the trajectory of companies CO<sub>2</sub> emissions, to understand the contribution they will have to decarbonisation.

### ... for better valuation estimates

- As CO<sub>2</sub> pricing becomes more widespread, these companies that are ahead of the curve in decarbonisation, will be at an advantage vs these lagging (and hence facing higher CO<sub>2</sub> costs).
- Incorporating this into our valuation models, gives better forecasts of fair value.

## Our team



**Jags Walia**

Head of Global Listed Infrastructure & ESG Council Member



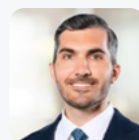
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Specific risks for investing in our listed infrastructure strategy are limited tradability, regulatory, political and operational risks.

### Capital at risk

The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested. Past performance provides no guarantee for the future.