

FP Foresight UK Infrastructure Income Fund

Access to UK infrastructure with attractive
return potential

August 2025

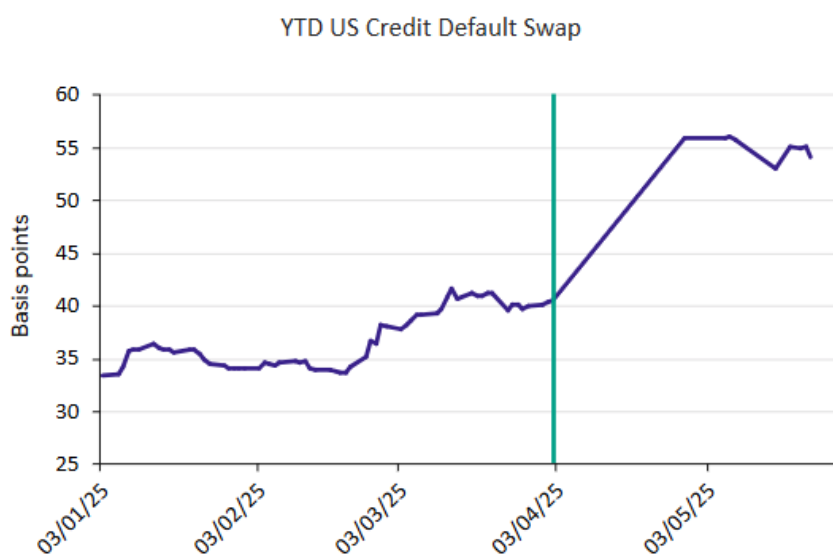
For professional advisers only

Summary

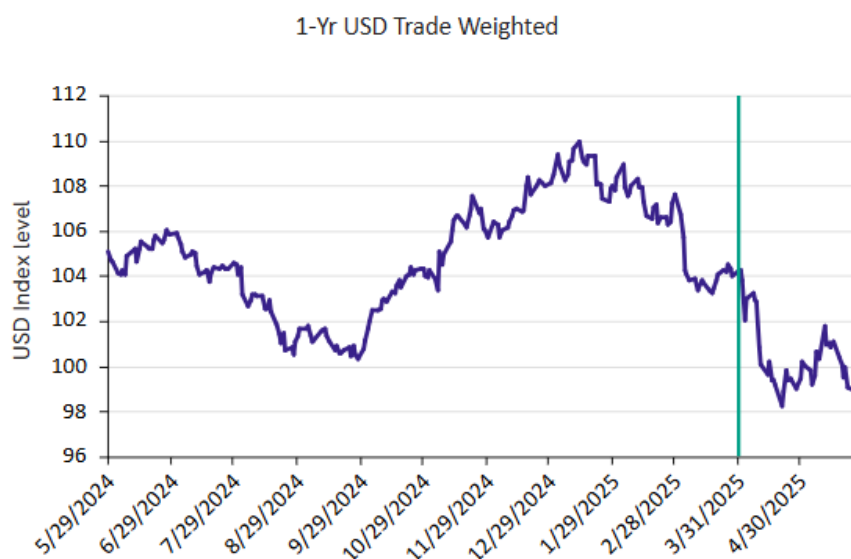
- UK listed infrastructure assets offer compelling return potential over the medium to long term.
- This is underpinned by infrastructure's defensive cash flows profile in an uncertain macro environment, attractive valuations and external catalysts such as increased M&A activity.
- The active management approach of the Foresight UK Infrastructure Income Fund is well positioned to capitalise on these factors, giving investors a convenient way to invest in the UK infrastructure market.

A challenging environment, but supportive of infrastructure

The year-to-date period has been marked by geopolitics driving heightened volatility in global markets. This was caused initially by the US Administration's Liberation Day tariff in April 2025 but continuing uncertainty in global trade, growth and a weakening labour market all point to a further slowdown in growth over the next 12 to 18 months. This has also led to futures markets now pricing in over four interest rate cuts to the Federal Funds rate over the next 12 months. Whilst this environment may be challenging for traditional assets such as equities and credit, infrastructure assets may be one of the beneficiaries as they provide essential services with long-term, government-backed contracts largely insulated from economic cycles.



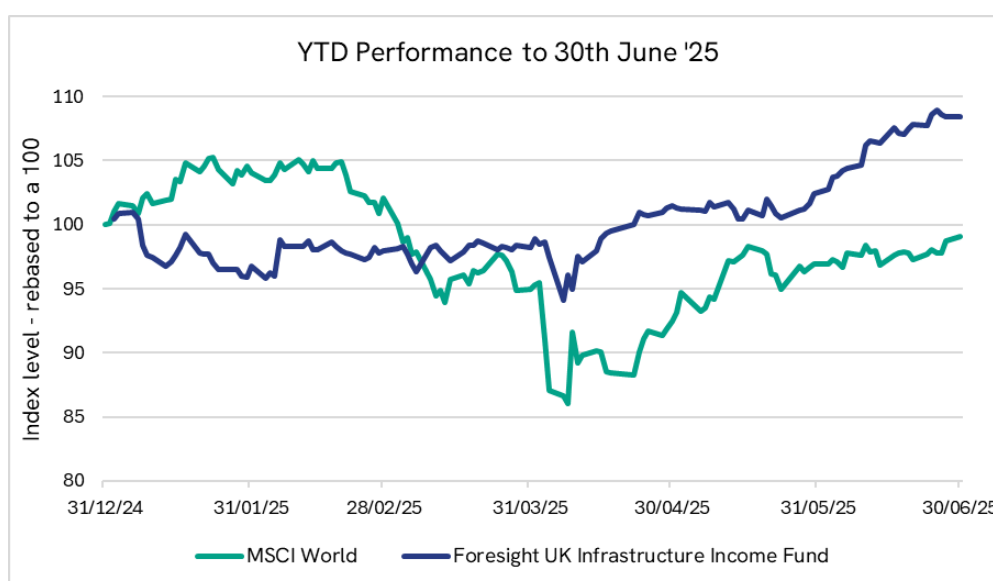
Source: Bloomberg and Foresight Capital Management, May 2025.



Source: Bloomberg and Foresight Capital Management, May 2025.

Infrastructure's defensive characteristics highlighted during market volatility

The Fund's underlying investments seek to generate long-term, government-backed or regulated cash flows with high predictability and lower exposure to the economic cycle. This has been evidenced so far by the YTD performance of the strategy. During the April 2025 Liberation Day tariff shocks, the strategy meaningfully outperformed global equities protecting capital amidst heightened volatility. This is attributed to the essential nature of the portfolio assets being UK based local assets serving a local need therefore less impacted by tariffs and providing some protection against currency and global market volatility.



Source: Bloomberg and Foresight Capital Management, 30 June 2025. Past performance is not a guide to future results.

Attractive valuations and attractive yields

Publicly listed infrastructure assets continue to trade at meaningful discounts versus long-term median valuations, with average discounts for portfolio companies currently at c20%. Yields are compelling—current forward yield for the portfolio averages 6.7%, standing out in a global context where parts of the listed equities remain at the most expensive levels seen over the last two decades.

The charts below demonstrate current valuation and dividend yields within infrastructure sub-sectors. A combination of attractive starting dividend yields and a normalisation of valuation, even to average premium/discount levels, can drive double digit total returns for investors over the medium term.

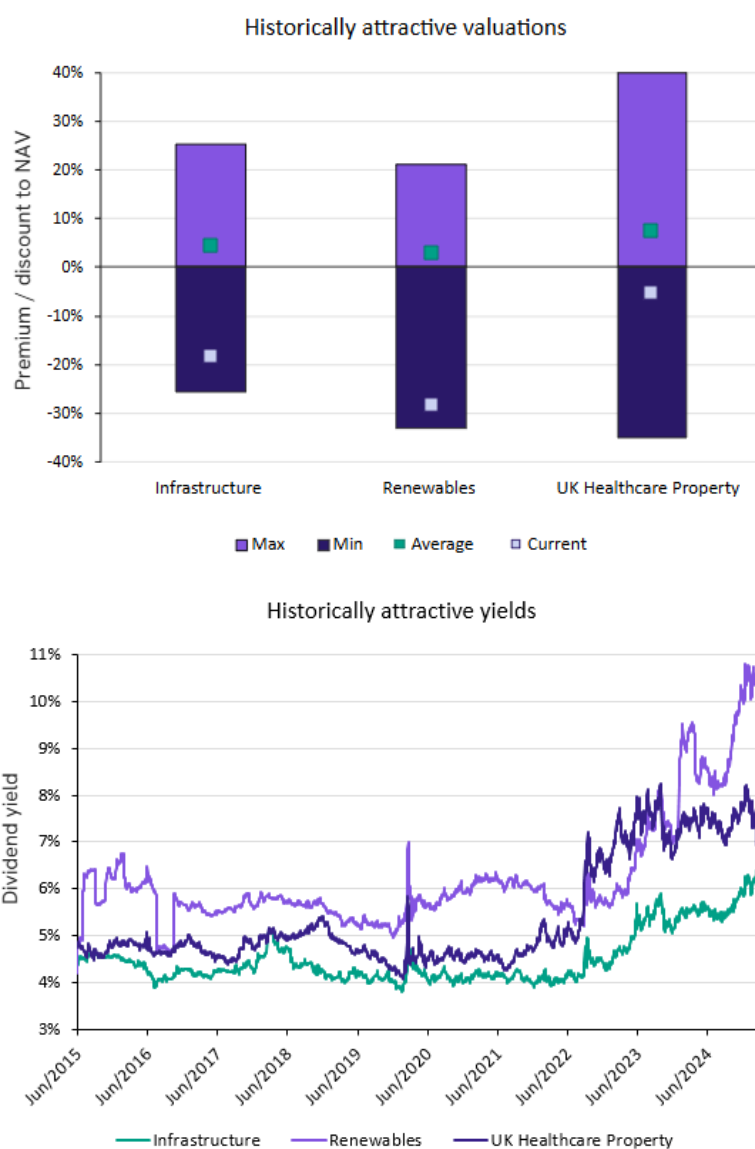
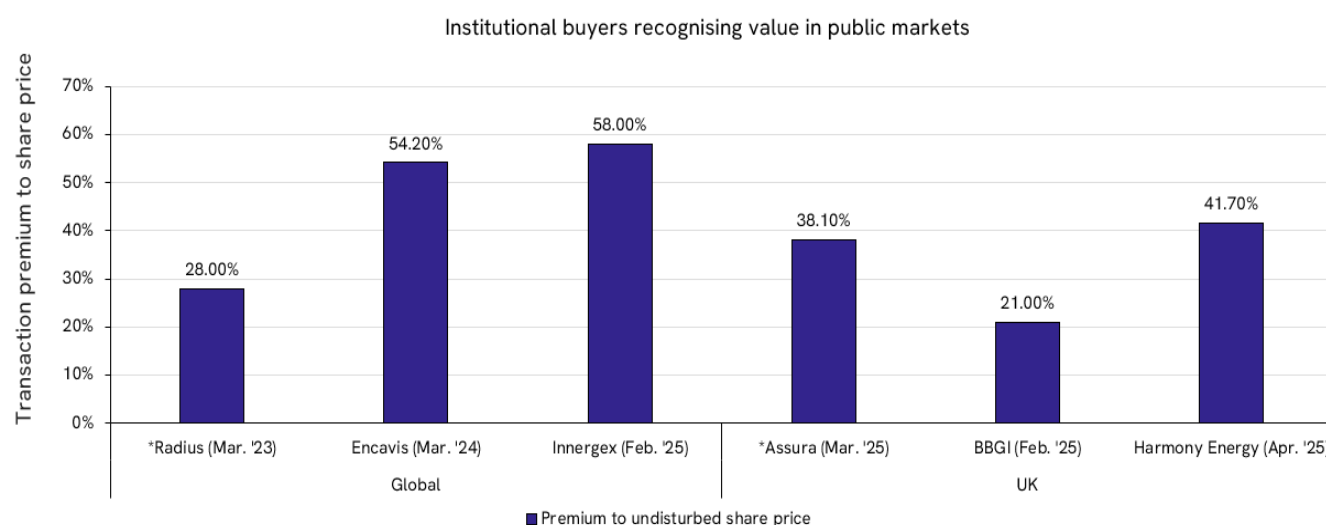


Chart sources: Morningstar Direct and FCM analysis 28/06/2007 – 31/03/2025. Past performance is not a guide to future results.

M&A catalyst driving valuation re-rating

The discounted valuations in public markets discussed above have not gone unnoticed by market participants. Recent transactions led by private market infrastructure funds bidding for public assets has led to a re-rating in those names but also in the broader infrastructure sector. In the UK, Assura Plc, BBGI and Harmony Energy Income Trust have received bids at double-digit premiums to undisturbed share prices valuing these companies at a 21–58% above their previous market valuations - see chart below. An acceleration of M&A activity supports the thesis of embedded value opportunities in listed infrastructure.

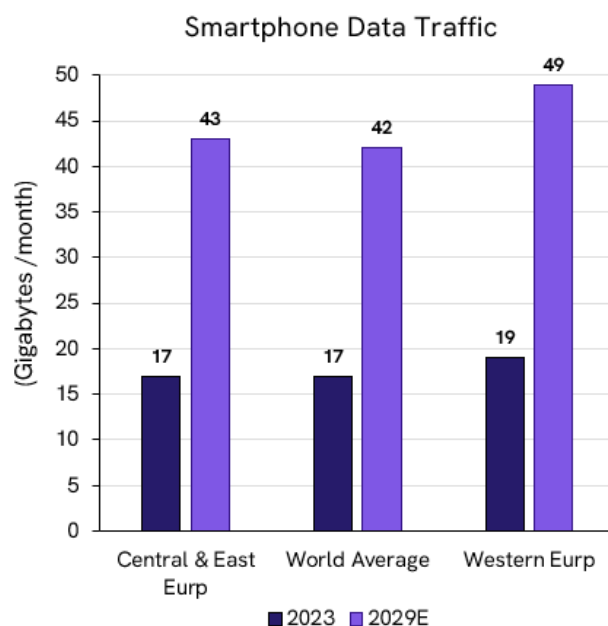


Source: Company announcements and Foresight Capital Management analysis, May 2025.

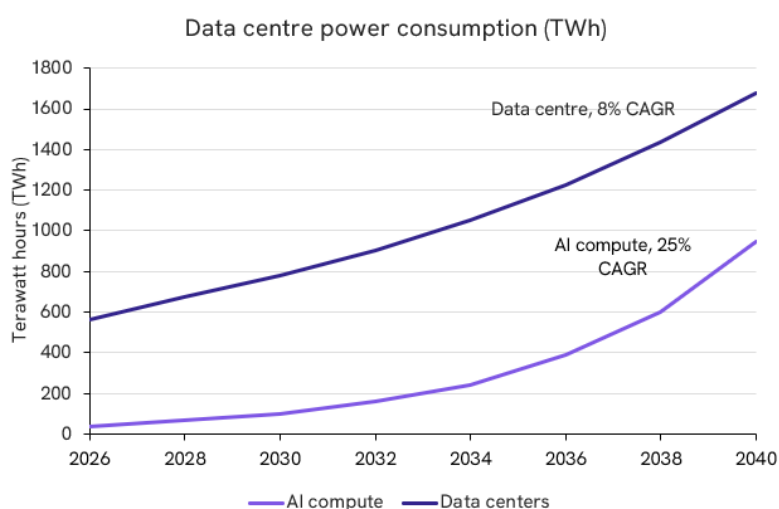
An active approach to infrastructure investing

The last 12-24 months have demonstrated the pitfalls of owning some of the UK infrastructure/renewable names where either a poor balance sheet, weak business models and/or poor management execution had previously been masked by the low interest-rate environment. We believe now, more than ever, an active approach is essential for long-term outperformance.

Furthermore, we believe in being opportunistic in relation to the Fund's flexibility to access up to 20% in non-UK denominated infrastructure and renewable companies. This has allowed the Fund to benefit from higher-growth sub-sector themes in energy transition, efficient power transmission and digital e.g. US listed data centre companies and US and European mobile towers. This helps us to diversify away from a UK-only focus whilst getting exposure to secular growth themes that are underrepresented through UK listed companies. The following charts show expected growth in mobile data traffic benefitting tower companies and the growth in data centre power consumption benefitting renewables and transmission assets.



Source: Greenstreet, Sept 2024

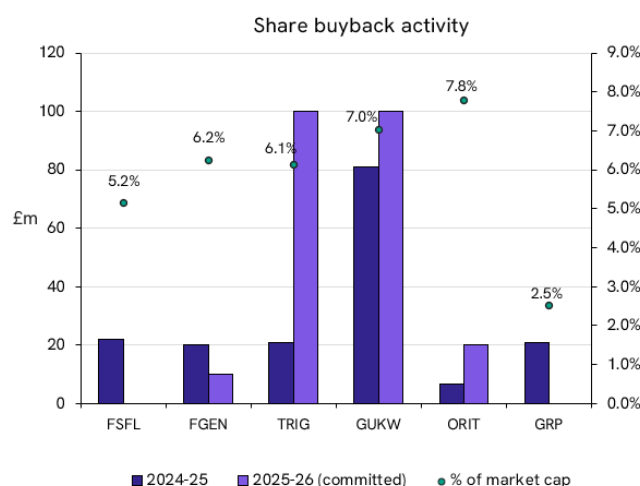
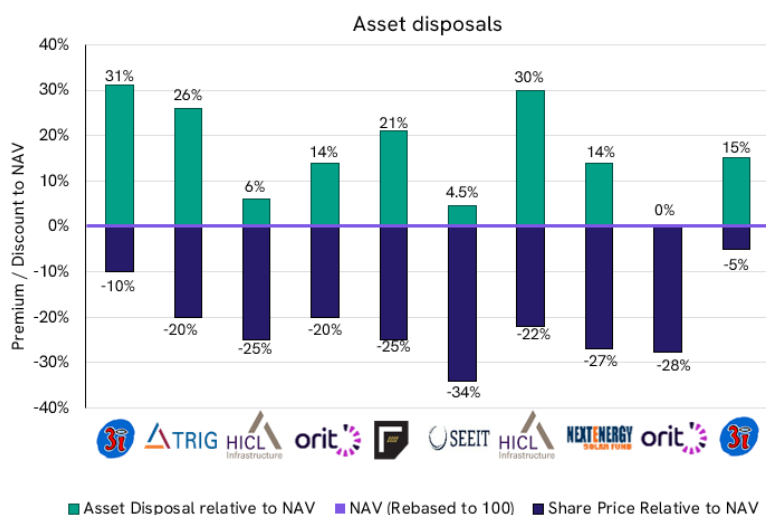


Source: AvidThink and DigitalBridge, Foresight Capital Management

Upping the quality through engagement

Foresight's active approach is not just limited to fundamental company analysis it also covers engagement with company management and boards. The last 12-18 months have led to intensive active engagement, emphasising improved capital allocation, prioritising buybacks and debt repayment to address the share price discount and offer better company level disclosure. A board and management that is more aligned to shareholders will improve the quality of its operations and attract broader shareholder capital which will be supportive of valuations and returns. We are encouraged by boards being increasingly responsive, with

portfolio companies executing asset sales and buybacks at record pace, capitalising on the disconnect between share prices and asset values – see charts below.



Source: Company announcements and Foresight Capital Management analysis, as at 30 September 2024.

Outlook and opportunities

We believe the market environment and interest rate cycle are shifting favourably for the UK infrastructure sector, supported by solid fundamentals and attractive valuations. A focus on earnings growth should drive positive long-term returns for UK infrastructure investors. Fundamentals are strong and the defensive nature of the portfolio's cash flows will be increasingly important in a period of economic uncertainty.

Foresight UK Infrastructure Income Fund

The Foresight UK Infrastructure Income Fund invests in infrastructure companies that own or operate critical infrastructure assets which ensure the smooth functioning of economies. It offers a diversified exposure to UK listed infrastructure with flexibility to invest up to 20% in international companies, positioned to deliver resilient returns, attractive yield, and long-term capital appreciation.

Leaning on Foresight Group's private assets expertise, the team utilises an infrastructure perspective to equity investing rather than an equity perspective to infrastructure investing. The Fund is actively managed and seeks to add value by owning companies that prioritise sustainable, transparent, and inflation linked cash flows whilst actively engaging with management teams driving superior capital allocation and governance.

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Important disclosures

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Risks of equity investing. Common stocks are subject to special risks. Although common stocks have historically generated higher average returns than fixed income securities over the long term, common stocks also have experienced significantly more volatility in returns. Common stocks may be more susceptible to adverse changes in market value due to issuer-specific events or general movements in the equities markets. Common stock prices fluctuate for many reasons, including changes to investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, as well as the occurrence of political or economic events affecting issuers.

Risks of investing in global infrastructure securities. Infrastructure issuers may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers; operational or other mishaps; tariffs; and changes in tax laws, regulatory policies and accounting standards.

Risks of investing in real estate securities. The risks of investing in real estate securities are similar to those associated with direct investments in real estate, including falling property values due to increasing vacancies or declining rents resulting from economic, legal, political or technological developments; lack of liquidity; limited diversification; and sensitivity to certain economic factors such as interest rate changes and market recessions.

Foresight Group LLP is the investment manager and is authorised and regulated by the Financial Conduct Authority with Firm Reference Number 198020 and has its registered office at The Shard, 32 London Bridge Street, London SE1 9SG. FundRock Partners Limited is the Authorised Corporate Director of the Fund and is authorised and regulated by the Financial Conduct Authority with Firm Reference Number 469278 and has its registered office at Hamilton Centre, Rodney Way, Chelmsford, England, CM1 3BY.