Marketing Communication
For Professional Investors Only

Key takeaways from the recent

Infrastructure Investor Global Summit, Berlin

Expert insights from HSBC AM's…

Rowan te Kloot,
Managing Principal,
Energy Transition Infrastructure

Spoke on the panel:
Sustainable infrastructure – a core pillar of the alternatives portfolio?

Paul Rhodes,
Head of Energy
Transition Infrastructure, Asia Pacific

Spoke on the panel: **Progressing the transition along the path to net zero**

Rowan and Paul joined panellists to discuss the role of sustainable infrastructure investing and share the key drivers behind HSBC AM's focus on Asian mid-market energy transition investments.

Here's what they had to say…

Energy Transition Infrastructure

Why energy transition?

"Energy transition investment caters to investors seeking compelling and sustainably aligned returns."

Focused on shifting from fossil fuels to renewable energy sources, energy transition investing can play a pivotal role in achieving net-zero goals and decarbonising the energy sector. And to meet those goals by 2050, $194 trillion of investment in low carbon supply is needed[1].

Many countries are aligning with net-zero commitments, deploying capital into green hydrogen, carbon capture, and circular economy initiatives which create huge deals flows in infrastructure.

1. $200 Trillion is Needed to Stop Global Warming. That's a Bargain. – Bloomberg, July 2023

Why Asia?

More than just a diversifier, we believe **Asia's unique characteristics present a compelling and long-term investment opportunity.**

Solid macro growth[1] and relatively benign inflation[2]

Massive scale investment needed on path to net zero[3]

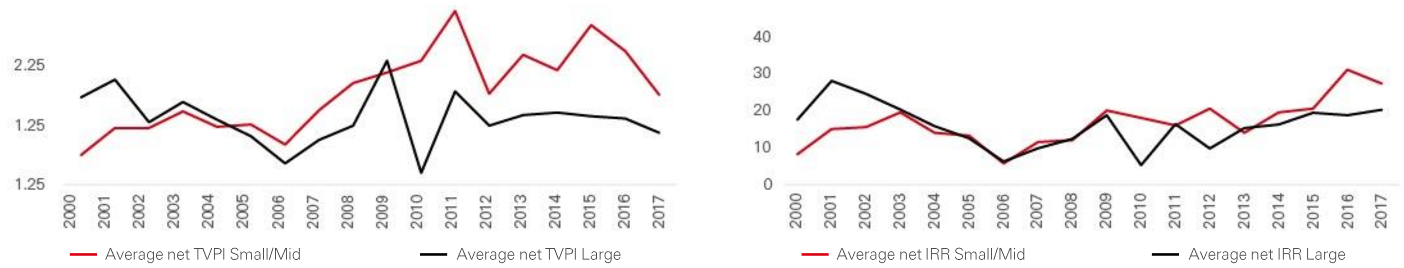
Large and rapidly growing renewable energy market and resource pool

Gap created by core fund focus on Europe and US

Why mid-market?

Mid-market funds can benefit from the untapped potential of these projects, targeting deals with lower valuations and less competition compared to large-cap firms. At HSBC AM, we have the added benefit of our lender position, which allows us to negotiate better covenant packages and pricing for investors.

Average net TVPI and IRR by fund vintage[4]



> "Funds dedicated to investment in mid-size private firms have typically outperformed equivalent large-scale funds."

The HSBC AM Edge

Being on-the-ground in Asia is vital to success in this market. HSBC AM offers the best access in the region, with…

Specialist knowledge and experience in ETI, giving investors targeted fund access

Hands-on experience in negotiating, structuring and executing transactions

Asia-based decision makers and team

Local insights and deep Asian networks that drive deal flow

Driving the future of sustainable infrastructure

The insights from Rowan te Kloot and Paul Rhodes showcased HSBC Asset Management's commitment to sustainable infrastructure and energy transition investments. By championing the Asian mid-market, HSBC AM is helping investors progress net-zero goals while tapping into what we believe to a compelling, long-term investment opportunity.

Ready to explore the opportunities?

Find out how HSBC AM can help you align your portfolio with a sustainable future.

Diversification does not protect against loss, nor guarantee returns

1. India predicted to outshine China as Asia remains a bright spot for global growth
2. Asia's growth will outperform the U.S. and Europe, Morgan Stanley says
3. Source: Tsinghua University estimates for China, Investor Group on Climate Change estimates for Australia, Asia Investor Group on Climate Change estimates for other countries
4. Source: Preqin, Shroders Capital, data as of 2023, performance numbers are net to investors

Risk Considerations: There is no assurance that a portfolio will achieve its investment objective or will work under all market conditions. The value of investments may go down as well as up and you may not get back the amount originally invested. Portfolios may be subject to certain additional risks, which should be considered carefully along with their investment objectives and fees.

Illiquidity: An investment in alternatives is a long-term illiquid investment. By their nature, alternatives' investments will not generally be exchange traded. These investments will be illiquid.

Long term horizon: Investors should expect to be locked-in for the full term of the investment

Economic conditions: The economic cycle and prevailing interest rates will impact the attractiveness of the underlying investments. Economic activity and sentiment also impacts the performance of underlying companies and will have a direct bearing on the ability of companies to keep up with interest and principal repayments**.**

Valuation: These investments may have no or a limited liquid market, and other investments including those in respect of loans and securities of private companies, may be based on estimates which cannot be marked to market until sale. The valuation of the underlying investments is therefore inherently opaque.

Market risk: There is no guarantee in respect of the repayment of principal or the value of investments, and the income derived therefrom may fall as well as rise. Investors therefore may not recoup the original amount invested in the Partnership. In particular, the value of investments may be affected by political and economic news, government policy, changes in technology and business practices, changes in demographics, cultures and populations, natural or human-caused disasters, pandemics, weather and climate patterns, scientific or investigative discoveries, costs and availability of energy, commodities and natural resources. The effects of market risk can be immediate or gradual, short-term or long-term, narrow or broad.

Political and economic risks: General economic conditions may affect the activities. Changes in economic conditions, including, for example, inflation, unemployment, competition, technological developments, political events and other factors, none of which will be within the control of the General Partner or the service providers, can substantially and adversely affect the business and prospect investors. Due to the geographic scope of its activities, the strategy may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.

Sustainability Risk: Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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