

All data as of March 31, 2024

# Brookfield Global Renewables and Sustainable Infrastructure UCITS Fund Monthly Commentary

Global equities finished March strong, as encouraging economic data and signs central banks are preparing to loosen monetary policy boosted investors' risk appetite. The MSCI World Index rose 3.27%, its fifth straight monthly increase, with Europe, North America and Asia Pacific up 3.86%, 3.22% and 2.58%, respectively. The S&P 500 Index gained 3.22%, also rising for a fifth month in a row on hopes the Federal Reserve will cut rates in 2024. The 10-year U.S. Treasury yield fell to 4.20%, from 4.25% at the end of February, as the odds of a June Fed rate cut rose. West Texas Intermediate Crude Oil finished the month at \$83.17, up from \$78.26 at the end of February, its third consecutive monthly gain amid signs of improving demand, geopolitical tensions, and sustained OPEC production cuts. The Bloomberg Commodity Index gained 3.31%.

## *Performance and Attribution*

The sector rebounded in March, with both infrastructure-like and broader value chain sectors posting gains during the period. For a full summary of what contributed and detracted, please see below.

### *Top Contributors:*

- Renewable Power & Infrastructure (infrastructure-like)
- Power producers globally posted positive returns during the period. U.S.- and European-based companies contributed the most during the month.
- Water & Waste Infrastructure (infrastructure-like)
- Stocks in this sector continued to rally amid a positive fundamental outlook and investor sentiment.
- Renewable Power & Infrastructure (broader value chain)
- A U.S.-based solar module manufacturer outperformed during the period.

### *Top Detractors:*

- Other Sustainable Infrastructure
- A position in a U.S.-based communications infrastructure company detracted from returns during the month.

## *Portfolio Positioning and Outlook*

Stabilizing inflation, subsiding supply chain headwinds, and a normalizing interest rate environment set the stage for an improving renewable power investing environment in 2024. Coupled with this better fundamental backdrop, we believe today's attractive valuations offer a very enticing entry point into the asset class.

We expect growing positive sentiment toward listed renewables and sustainable infrastructure amid several specific tailwinds we see supporting the group this year and beyond: declining equipment costs, improving costs of capital and continued demand for renewable deployments.

We continue to highlight the importance of diversity within the renewables and sustainable infrastructure universe. Beyond "pure-play" renewables companies like power generators, wind turbines and solar panels, the universe includes waste management companies tied to the concept of a circular economy. We believe these companies have shown their ability to provide diversification to a renewables portfolio.

We made the following position changes during the period:

- Re-initiated a position in a company focused on smart meter solutions amid increasing demand, improving supply chain bottlenecks, and the potential for higher margins.
- Initiated a position in a manufacturer of commercial and residential heating, ventilation, and air conditioning (HVAC) systems. We see positive fundamental drivers for the business, particularly around commercial solutions and additional tailwinds related to growing data center demand.
- Conversely, we exited an owner of sustainable infrastructure given what we felt were disappointing outcomes from management's most recent strategic review.
- We also exited a U.K. power producer to reduce exposure to merchant power price volatility.

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## INDEX DEFINITIONS

The Bloomberg Commodity Index is a broadly diversified index that tracks the commodities markets through commodity futures contracts.

The MSCI World Index is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets.

The S&P 500 Index is an equity index of 500 widely held, large-capitalization U.S. companies.

The U.S. 10-Year Treasury Note is a debt obligation issued by the United States government that matures in 10 years and pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

West Texas Intermediate Crude Oil is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams and which is traded in the domestic spot market at Cushing, Oklahoma.