Marlborough

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Capital is at risk. Please read full risk warning at the end of this document.

Monthly Commentary: December 2025

# Global Essential Infrastructure

- Invests in a portfolio of 25-45 high-quality companies providing essential infrastructure around the globe
- Focus on essential infrastructure is designed to provide attractive long-term returns supported by a healthy yield and superior downside protection
- Companies can also provide strong inflation protection, because of the nature of the assets involved and the regulation and contracts that exist

## Performance

Fund performance for the month of November 2025 was +1.04% versus the IA Infrastructure sector return of +1.01%.

The month was characterised by a more constructive backdrop for Essential Infrastructure as investors continued to seek stable cash flow exposure during a period of evolving global monetary policy.

Global markets provided a supportive backdrop in November. Risk sentiment improved sharply late in the month as hopes for a Federal Reserve rate cut resurfaced, following a mix of softer labour market data and dovish signals from Fed officials. This helped reverse much of the mid-month drawdown triggered by investor concern over stretched valuations, particularly in AI driven technology stocks.

In this environment, the strongest contributor was **SSE**, which advanced 14 percent. SSE's plan to raise two billion pounds of new equity to help finance a GBP33 billion investment program materially improved market confidence in the multiyear growth outlook for UK electricity networks. Management emphasised that this level of capital deployment represents a once in a generation opportunity to upgrade and modernise the UK grid.

**NextEra Energy** also added positively to returns. The Florida Public Service Commission approved a four-year rate agreement for Florida Power and Light beginning January 2026. While this results in a modest increase for the average residential bill, the decision strengthened visibility on earnings growth and supported long term confidence in the company's expanding rate base.

On the negative side, **Eversource Energy** and **Venture Global** detracted in the period. Eversource traded lower following the decision by Connecticut regulators to reject the proposed sale of Aquarion Water for $2.4 billion. Venture Global announced a twenty-year LNG supply agreement with Tokyo Gas, however concerns intensified regarding soft LNG price dynamics and a potential arbitration liability weighed on performance through month end.

## Investment outlook

As we move through the final quarter of 2025, Essential Infrastructure continues to offer an appealing balance of defensiveness and growth. While broader equity markets remain supported by easing inflation and renewed policy confidence, valuations within Essential Infrastructure remain compelling. The asset class continues to trade at a meaningful discount to global equities on a cyclically adjusted basis despite resilient earnings and improving balance sheet trends.

Data source: Ausbil and Morningstar

The ongoing build-out of electrification, the rapid expansion of data and AI-related power needs, and the continued prioritisation of energy security and supply chain resilience are driving sustained investment in critical physical networks. We remain focused on high-quality owners and operators of regulated or contracted assets, with inflation-linked cash flows and long-duration value.

We remain fully invested, with emphasis on downside protection, capital discipline, and long-term growth drivers. In our view, Essential Infrastructure remains a core portfolio allocation for investors seeking both stability and participation in multi-decade global transition themes.

## Infra Know

In November 2025, **RWE** sold a datacentre project on the site of a former coalfired power plant in the UK to a hyperscaler client, generating a book gain of €225 million. The transaction highlights a shift in how the market values legacy coal sites, emphasising embedded grid connectivity and ready-to-use infrastructure rather than thermal output. For utilities globally, the deal serves as a signal. As demand for power intensive AI and datacentre infrastructure accelerates, retired plants with existing transmission access are likely to trade at significant premiums to book value. It is a clear reminder that coal phaseouts do not always result in losses. For some, they can mark the start of a profitable transformation.




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