# abrdn Global Infrastructure Income Fund

## Quarterly Commentary

Fourth Quarter 2023

## Fund performance

The abrdn Global Infrastructure Income Fund returned 12.39%[1] on a net asset value basis in the fourth quarter of 2023, versus the 10.71% return of its benchmark, the S&P Global Infrastructure Net Index[2].

Fund performance for the quarter relative to the S&P Global Infrastructure Index was bolstered by stock selection in utilities and industrials.

In terms of individual stock contributors, American Tower, the international mobile-tower operator, had strong performance in the quarter as a combination of the falling interest-rate environment and an expectation that revenues will rebound in 2024 drove investors' interest in the tower group. The tower companies overall had been very weak for most of 2023 due to rising interest rates and a slowdown in spend by the major telecommunications operators in the U.S.

WR Holdings, a waste infrastructure company focused on the South-East U.S., led ASGI's private infrastructure investments with fourth-quarter value gains. These gains build on a year-long growth program focused on building out the management team, reinvesting in core markets, and streamlining the recycling business.

Crown Castle, the U.S.-focused tower operator, similar to American Tower, performed well as a combination of the falling interest-rate environment and an expectation that revenues will rebound in 2024 drove investors' interest in the tower group. Also, specifically for Crown Castle, an activist shareholder started to engage with the company, which resulted in the CEO "retiring" and the company announcing a strategic review of its fiber business.

Conversely, a non-benchmark exposure to consumer staples weighed on the Fund's performance relative to the S&P Global Infrastructure Index for the quarter. Stock selection in energy also detracted but was partially offset by being underweight the sector.

In terms of individual stock detractors, Vodafone Group, the U.K. telecoms operator, underperformed despite more news on a potential restructuring, with rumors of a deal in Italy on the horizon. Investors continued to focus on the uninspiring near-term fundamentals of the business, with disappointing margins reported in Europe.

IHS Holding, the African tower operator, also underperformed. Sentiment continues to be negatively affected by the Nigerian currency devaluation and the disagreement that the company is having with MTN (its largest customer and shareholder).

Canadian Pacific Kansas City, the North American rail operator, underperformed in the quarter as it announced a guidance cut driven by weaker macroeconomics and some impacts from port strikes. However, it is worth nothing that volumes have started to improve and the stock rebounded somewhat into year-end.

[1] **Past performance is no guarantee of future results. Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. Net asset value return data include investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.**

[2] The S&P Global Infrastructure Index is an unmanaged index considered representative of stock markets of developed and emerging markets.

## Performance

The latest available performance figures have been calculated net-of-fees in U.S. dollars for the period:

**Cumulative and annualized total return as of December 31, 2023 (%)**

| | NAV | Market Price | S&P Global Infrastructure Index (Net TR) |
|---|---|---|---|
| 1 month | 5.00 | 3.42 | 4.16 |
| 3 months | 12.39 | 13.80 | 10.71 |
| Year to date | 12.10 | 14.46 | 5.78 |
| 1 year | 12.10 | 14.46 | 5.78 |
| 3 years (p.a.) | 6.62 | 6.54 | 5.16 |
| 5 years (p.a.) | n/a | n/a | n/a |
| 10 years (p.a.) | n/a | n/a | n/a |
| Since inception (p.a.) | 8.83 | 3.89 | 7.91 |

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The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

## Market review

Global equity markets ended the quarter notably higher, supported by reduced inflationary pressures in most developed economies following a prolonged period of monetary tightening. The improved backdrop means that major central banks are close to the end of the rate-hike cycle and are expected to start cutting them next year. Nevertheless, they remain determined to keep inflation under control for now. Also, while economic data has generally been more robust than was feared, the risk of a global recession remains. In particular, investors continued to be concerned about the weak outlook for the Chinese economy, especially the country's property sector, and the implications for global economic growth. The ongoing wars in Ukraine and the Middle East are other key risks.

U.S. equities ended markedly higher. Large technology companies fared especially well as they benefited from their exposure to the fast-growing area of artificial intelligence, with lower bond yields providing an additional tailwind for the sector. Inflationary pressures continued to ease over the quarter following a succession of interest-rate increases from the U.S. Federal Reserve (Fed) since early 2022. In particular, the central bank's favored measure of inflation, the core Personal Consumptions Expenditures Price Index, fell from an annual rate of 3.4% in October to 3.2% in November, which was lower than expected, but remained above the 2% target. The Fed kept the target range for the fed funds rate at a 42-year high of 5.25-5.50% over the period but, at its December meeting, signaled three rate cuts in 2024, with more easing to come over 2025 and 2026. The yield on 10-year Treasuries ended the quarter about 80 basis points (bps) lower at around 3.9%.

European equities rose over the quarter. Annual inflation rose from 2.4% in November to a lower-than-expected 2.9% in December (with the core rate declining from 3.6% to 3.4%, as expected) and remained above the European Central Bank (ECB)'s 2% target. Therefore, the ECB kept its main refinancing operations rate at a 22-year high of 4.5% over the quarter. The HCOB Eurozone Composite Purchasing Managers' Index remained below 50 over the quarter, translating into a contraction in business activity (led by weakness in the region's manufacturing sector). Meanwhile, the yield on 10-year German Bunds ended the quarter about 90 bps lower at around 2.0%.

U.K. equities ended higher but underperformed most other regional indices. Annual inflation surprisingly fell from 4.6% in October to 3.9% in November but remained well above the Bank of England (BoE)'s 2% target. Moreover, annual core inflation was also below expectations, falling from 5.7% to 5.1% over the same time frame. The BoE maintained its Bank Rate at a 15-year high of 5.25% over the quarter. The yield on 10-year Gilts ended the quarter about 110 bps lower at around 3.5%.

In the Asia Pacific region, stocks in Australia rose due to reduced concerns about the global economic outlook given signs of easing inflation in major countries and recent Chinese stimulus measures. Japanese equities edged up over the quarter. Despite annual core inflation of 2.5% in November remaining above the Bank of Japan (BoJ)'s 2% target, the BoJ still has a relatively dovish monetary policy stance compared with other major central banks. However, the yen appreciated over the quarter, weighing on exporters, on hopes that the BoJ could soon change its stance and start raising rates.

Emerging markets ended higher given investors' increased optimism about the global growth outlook as central banks' monetary tightening showed signs of coming to an end and the U.S. dollar depreciated. Chinese equities declined due to worries about the country's economic outlook and its indebted property sector. The Chinese authorities announced fresh stimulus measures, leading to an appreciation in the yuan. Indian equities outperformed as third-quarter GDP rose by 7.6% year on year and the central bank kept its benchmark rate at 6.5%. Stocks in Taiwan and South Korea were supported by these countries' relatively high weighting to the buoyant technology sector. Brazilian equities ended higher over the period, supported by the country's resilient economic performance and despite investor concerns about its fiscal position under left-leaning

President Lula da Silva. The Central Bank of Brazil further reduced its Selic rate from 12.75% to 11.75% over the quarter after its 12 consecutive rate hikes since March 2021 had led to a marked reduction in annual inflation. Meanwhile, Turkey's central bank, under a new governor appointed by the re-elected President Erdogan, continued to reverse its controversial policy of slashing rates by raising them from 30% to 42.5% during the period. However, annual inflation remained above 60%, and the lira continued to depreciate. Turkish equities ended lower over the quarter.

## Outlook

Macroeconomic factors remain as unpredictable as ever, with investors scrutinizing the latest data and trying to predict when a pause or pivot in the direction of interest rates might occur. Geopolitical pressures remain elevated throughout the world. Recessionary concerns are all too present as global growth stagnates against a backdrop of elevated inflationary pressures. Our main focus remains at the stock level, ensuring the portfolio is well diversified on both a regional and sectoral basis, and robust enough to preserve capital in periods of market weakness. We aim to invest in higher-quality businesses with the financial strength to withstand volatility and that are exposed to strong structural drivers for long-term growth.

Looking back on 2023, the overarching driver of the infrastructure group was the direction of interest rates and the impact this will have on returns within the energy transition. With inflation concerns abating and expectations of no further rate rises by the major central banks, we saw a relief rally of sorts across most infrastructure sectors into year-end. The expectations from here are that we see a recovery in momentum for renewal projects, as well as a volume recovery across the industrial-focused transportation sectors, such as rail. With all this focus on more near-term trends, it's important not to lose sight of the long-term structural drivers that we see in infrastructure, namely the energy transition, digital acceleration and increasing urbanization. One thing to watch in the second half of the year is the U.S. election and what that means for government-sponsored initiatives like the Inflation Reduction Act.

## Top 10 Holdings (as of December 31, 2023)

| | |
|---|---|
| Aena SME SA | 3.0 |
| Ferrovial SE | 3.0 |
| American Tower Corp | 2.8 |
| NextEra Energy Inc | 2.7 |
| Vinci SA | 2.7 |
| Cellnex Telecom SA | 2.7 |
| Trinity Gas Holdings LLC | 2.6 |
| CCR SA | 2.5 |
| Engie SA | 2.5 |
| RWE AG | 2.4 |
| **Assets in top ten holdings** | **27.0** |

Source : abrdn 12/31/2023.

Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown. The top ten holdings are reported by share class. Certain companies listed may be held in additional share classes not listed above.

Compositions are subject to change. The table summarizes the composition of the Fund's portfolio, expressed as a percentage of total assets.

Figures may not always sum to 100 due to rounding.

## abrdn Global Infrastructure Income Fund Distribution Rates[3]

| | |
|---|---|
| NAV distribution rate | 6.73% |
| Market price distribution rate | 7.93% |

[3] As of ex-dividend date, July 21, 2023.

The following tables set forth the estimated amounts of the sources of the distributions for purposes of Section 19 of the 1940 Act and the rules adopted thereunder. The tables have been computed based on generally accepted accounting principles. The tables include estimated amounts and percentages for the current distributions paid this month as well as for the cumulative distributions paid relating to fiscal year to date, from the following sources: net investment income; net realized short-term capital gains; net realized long-term capital gains; and return of capital. The estimated compositions of the distributions may vary because the estimated composition may be impacted by future income, expenses and realized gains and losses on securities and currencies.

The Fund's estimated sources of the current distribution paid this month and for its current fiscal year to date are as follows:

### Estimated Amounts of Current Distribution per Share

| Fund | Distribution Amount | Net Investment Income | | Net Realized Short-Term Gains[5] | | Net Realized Long-Term Gains | | Return of Capital | |
|---|---|---|---|---|---|---|---|---|---|
| ASGI | $0.1200 | – | – | – | – | $0.1200 | 100% | – | – |

### Estimated Amounts of Fiscal Year[4] to Date Cumulative Distributions per Share

| Fund | Distribution Amount | Net Investment Income | | Net Realized Short-Term Gains[5] | | Net Realized Long-Term Gains | | Return of Capital | |
|---|---|---|---|---|---|---|---|---|---|
| ASGI | $0.3600 | – | – | – | – | $0.3600 | 100% | – | – |

[4] ASGI, has a 9/30 fiscal year end.

[5] Includes currency gains.

Where the estimated amounts above show a portion of the distribution to be a "Return of Capital," it means that Fund estimates that it has distributed more than its income and capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur for example, when some or all of the money that you invested in a Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income".

**The amounts and sources of distributions reported in this notice are only estimates and are not being provided for tax reporting purposes. The final determination of the source of all distributions for the current year will only be made after year-end. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of the fiscal year and may be subject to change based on tax regulations. After the end of each calendar year, a Form 1099-DIV will be sent to shareholders for the prior calendar year that will tell you how to report these distributions for federal income tax purposes.**

The following table provides the Fund's total return performance based on net asset value (NAV) over various time periods compared to the Fund's annualized and cumulative distribution rates.

### Fund Performance and Distribution Rate Information

| Fund | Average Annual Total Return on NAV for the 5 Year Period Ending 08/31/2023[6] | Current Fiscal Period's Annualized Distribution Rate on NAV | Cumulative Total Return on NAV[6] | Cumulative Distribution Rate on NAV[7] |
|---|---|---|---|---|
| ASGI[8] | 7.49%[8] | 7.14% | 7.04% | 1.19% |

[6] Return data is net of all Fund expenses and fees and assumes the reinvestment of all distributions reinvested at prices obtained under the Fund's dividend reinvestment plan.

[7] Based on the Fund's NAV as of November 30, 2023.

[8] The Fund launched within the past 5 years; the performance and distribution rate information presented reflects data from inception (July 29, 2020) through November 30, 2023.

**Shareholders should not draw any conclusions about a Fund's investment performance from the amount of the Fund's current distributions or from the terms of the distribution policy (the "Distribution Policy").**

**Important Information**

**Past performance is no guarantee of future results.**

This filing is being used by the Investment Adviser, abrdn Inc. Closed-end fund filings will not be used by the Broker Dealer, Aberdeen Fund Distributors, LLC. Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, and political and economic risks. These risks are enhanced in emerging markets countries. Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

**Investors should carefully consider a fund's investment objectives, risks, fees, charges and expenses before investing any money. To obtain this and other fund information, please call 866-667-9231 to request a summary prospectus and/or prospectus, or download at abrdn.us. Please read the summary prospectus and/or prospectus carefully before investing any money.**

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