

Funds in focus: [Brompton Global Infrastructure ETF \(BGIE\)](#), [Sustainable Power & Infrastructure Split Corp. \(PWI\)](#)

We believe infrastructure stocks are well positioned to deliver strong returns in 2025, supported by growth in U.S. domestic manufacturing from reshoring, as well as surging electricity demand driven by growth in Artificial Intelligence (AI). These trends are expected to create long-term investment opportunities across various infrastructure segments, including industrials, electrical equipment, utilities, renewable power producers and more. Additionally, infrastructure assets, which are often essential services, tend to generate stable cash flows even during market downturns and have historically outperformed other investment asset classes during periods of elevated inflation, making them particularly attractive in the current economic climate.

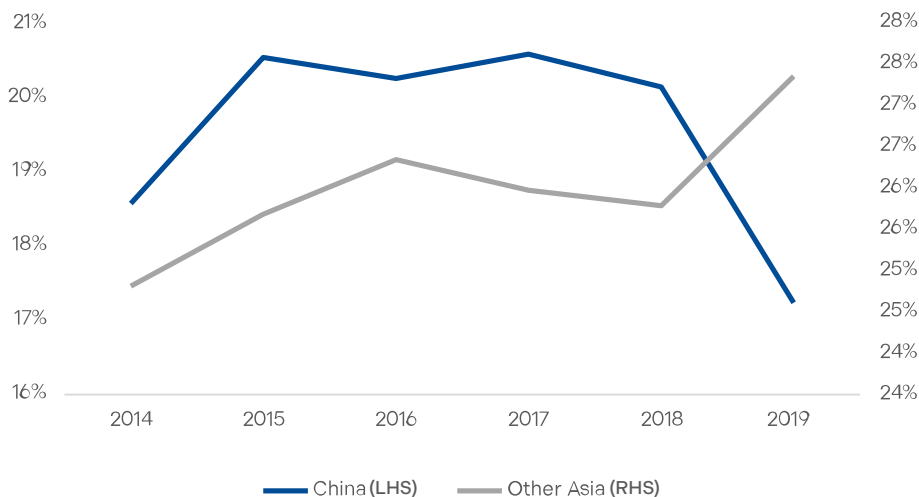
## Reshoring

The reshoring trend in which companies bring manufacturing and production back to the United States, has gained significant momentum in recent years. This shift is driven by various factors, including supply chain vulnerabilities exposed during the COVID-19 pandemic, geopolitical tensions, and a growing emphasis on national security and economic resilience. Government support has played a crucial role, with legislation like the CHIPS Act and the Infrastructure Investment and Jobs Act allocating substantial funding to encourage domestic manufacturing, particularly in critical industries such as semiconductors and infrastructure.

With Donald Trump's reelection, expectations are high for the implementation of protectionist policies aimed at revitalizing domestic manufacturing in the United States. This shift in focus is supported by Morgan Stanley's estimate that U.S. reshoring could potentially be worth \$10 trillion<sup>1</sup>, with President Trump's policies likely to accelerate this timeline.

Currently, the United States accounts for approximately 30% of global consumption but only 16% of production<sup>2</sup>, indicating a significant opportunity for growth in domestic manufacturing. The anticipated increase in U.S. capital expenditure is expected to provide a margin uplift for the Industrial sector, as U.S. production typically comes at a premium margin (evidenced by the fact that the U.S. accounts for 16% of global industrial production, but 60% of revenues<sup>2</sup>). During Trump's first term, we observed a shift in the U.S. import mix away from China towards other Asian countries to avoid tariffs, demonstrating the responsiveness of supply chains to changes in cost structures.

### % of U.S. Goods Imports: As Trump tariffs took hold, U.S. imports shifted away from China



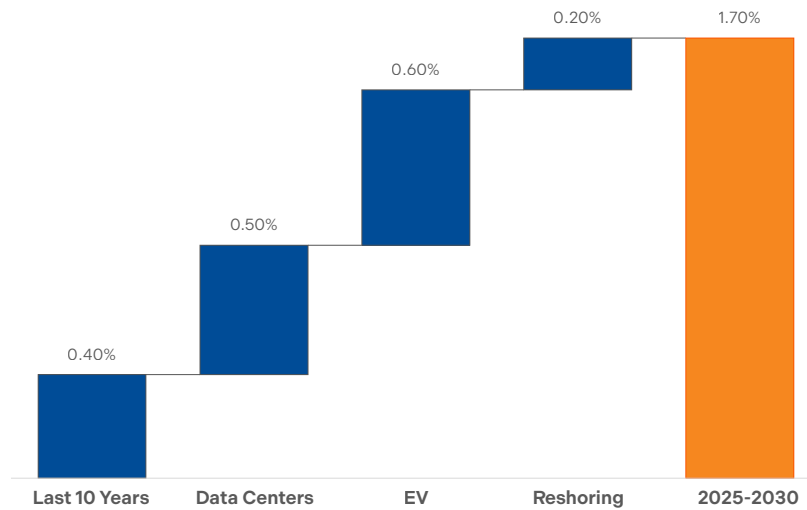
Source: Morgan Stanley research, November 7, 2024. Learnings from Trump 1.0, Expectations for 2.0.

The verticals best positioned for reshoring are those where global demand for capacity is high, including semiconductors, electrical equipment (such as transformers, switch gears, and HVAC systems), electric vehicles, batteries, and aerospace. Companies in the Electrical and Automation sectors are poised to benefit in the near term, with Distribution companies likely to see advantages once these new facilities are operational.

## AI Infrastructure

After being nearly flat for two decades, electricity demand is growing once again. According to Bernstein, it is expected to grow by 1.7% per year to 2030 potentially at a 2.5% CAGR out to 2050.<sup>3</sup>

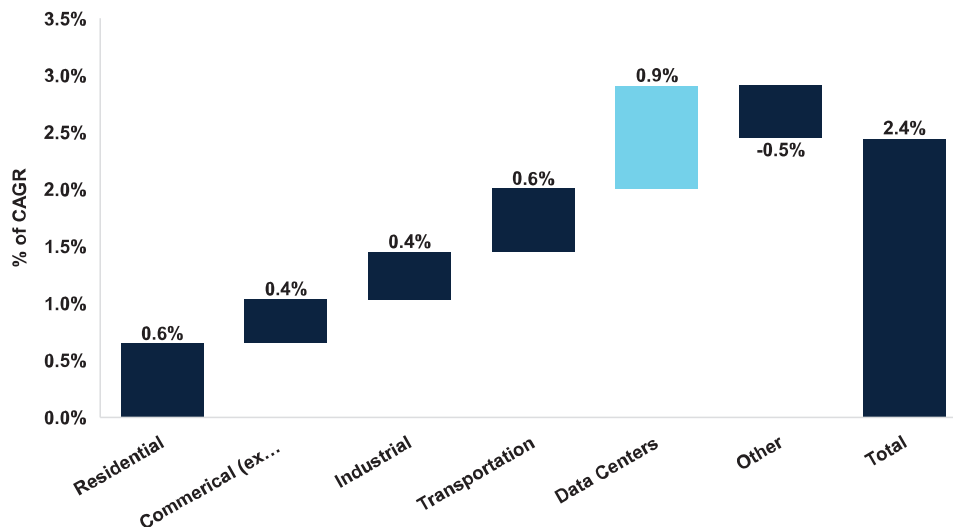
### Annual Electricity Demand Growth (2025-2030)



Source: Bernstein Research, November 4, 2024.

The chart below from Goldman Sachs shows the increase in demand for electricity by the different end users which is driven by electrification, energy transition, and onshoring. The biggest driver at 38% of the increase are Data Centers partially driven by more AI workloads. One of the biggest reasons for this is the AI revolution, but also due to the push to decarbonize away from fossil fuels.

### Power Demand CAGR Through 2030 Make Up



Source: Goldman Sachs Research, 27 January 2025, Generative AI Part X: Examining the Landscape in the Face of Open-Sourced Model Performance

AI is an extremely power intensive operation. One ChatGPT query takes almost 10x the amount of energy of a typical Google search and uses almost as much as keeping a 5-watt LED bulb on for an hour, while loading an AI image can take as much power as charging a smartphone.<sup>4</sup> Availability of power is currently one of the key bottlenecks in data center growth. Estimates suggest that data centers could reach 7.5% of total U.S. power consumption by 2030 vs 2.5% in 2022.<sup>5</sup> One of the reasons we need so much power for these data centers is because servers generate a lot of heat which needs to be cooled. The next gen AI chips require advanced cooling technology since traditional air cooling (HVAC) is insufficient. Liquid cooling is a far more efficient when cooling datacenters in excess of 30kW.<sup>6</sup> Currently the liquid cooling market is small but is seeing 25%+ compound annual growth rates, which is higher than the data center infrastructure market itself.<sup>7</sup>

Power producers, utilities, natural gas producers, and industrial companies are poised to benefit from these trends. This massive growth in electricity demand poses challenges for power grids and emphasizes the need for energy-efficient technologies and increased investment in power generation and distribution infrastructure. This creates investment opportunities in sectors related to power generation and distribution. This includes utilities, renewable power producers, grid equipment companies and HVAC producers.

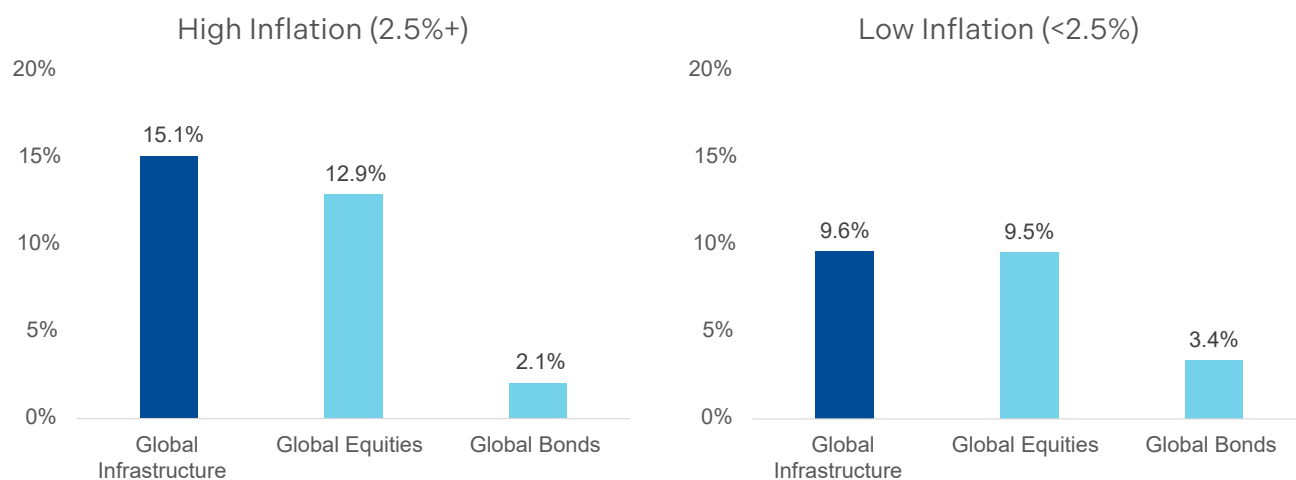
With the recent release of DeepSeek, some of these capital investments are being called into question. The DeepSeek model was reportedly developed for a far lower cost than previous models. Brompton always expected there would be technological innovation that would increase the efficiency of creating AI models, inference (querying), and data centre electricity usage. We expect investment in data centres and their related infrastructure for electricity generation and transmission lines will continue. Most of the projected data centre spend was for inference and non-AI applications. We believe this will also bring down the cost of AI adoption. History has shown that as costs go down, adoption levels go up with more models leading to more applications leading to more queries such that the entire pie gets bigger making AI more ubiquitous. META<sup>8</sup> and Microsoft<sup>9</sup> have since reiterated their 2025 capital expenditures of \$60-65 and \$80 billion respectively.

## Consistent, inflation protected returns even during downturns

Infrastructure assets have emerged as a compelling investment option for those seeking stable, inflation-protected returns while simultaneously benefiting from portfolio diversification. These assets are characterized by their ability to generate substantial and consistent cash flows. This financial stability translates into a reliable stream of income for investors, often in the form of stable and growing dividends.

One of the key advantages of infrastructure investments lies in their pricing structures. Many infrastructure assets operate under long-term contracts or regulatory frameworks that incorporate inflation-linked pricing mechanisms. This means that as inflation rises, so does the revenue generated by these assets, providing a natural hedge against inflationary pressures. Consequently, infrastructure assets have demonstrated a tendency to outperform other investment classes during periods of elevated inflation, making them particularly attractive in the current economic climate.

### Average Total Return (Year-over-Year)



Source: LSEG Datastream, Brompton, as of December 31, 2024, based on average year-over-year total returns from 2003-12-31 - 2024-12-31 during periods when inflation is greater than 2.5%+ and periods when inflation is less than 2.5%. Global Infrastructure = Dow Jones Brookfield Global Infrastructure Index (USD), Global Equities = MSCI World Total Return Index, Gross Return (USD), Global Bonds = Bloomberg Global-Aggregate Index Total Return, Unhedged USD.

## Brompton's Approach

Investors can get exposure to the growth opportunities in infrastructure that are being driven by reshoring and AI through investing in Brompton Global Infrastructure ETF (BGIE) or Sustainable Power & Infrastructure Split Corp. (PWI).

**Brompton Global Infrastructure ETF (BGIE)** invests in a diversified, actively managed portfolio of global infrastructure companies, which may also include their suppliers of services or equipment. An active covered call writing program is used to generate additional income and reduce overall portfolio volatility. BGIE offers stable monthly cash distributions, yielding 5.4% as of December 31, 2024.<sup>10</sup>

**Sustainable Power & Infrastructure Split Corp. (PWI)**'s Class A shares offer leveraged exposure to a globally diversified portfolio of sustainable power and infrastructure companies for investors seeking enhanced capital appreciation potential and high monthly cash distributions, offering a yield of 11.5% as of December 31, 2024.<sup>10</sup>

Compound Annual Returns <sup>11</sup>	1-Yr	3-Yr	Since Inception	Inception Date
Brompton Global Infrastructure ETF (TSX: BGIE)	24.1%	6.9%	11.6%	April 30, 2020
Sustainable Power & Infrastructure Split Corp. (TSX: PWI)	60.4%	8.9%	11.3%	May 21, 2021

<sup>1</sup>Morgan Stanley research, October 16, 2024. US Reshoring Flame Has Been Lit For \$10tn Opportunity..

<sup>2</sup>Morgan Stanley research, November 7, 2024. Learnings from Trump 1.0, Expectations for 2.0.

<sup>3</sup>Bernstein Research, November 4, 2024.

<sup>4</sup>CNBC, July 28, 2024. How The Massive Power Draw Of Generative AI Is Overtaxing Our Grid.

<sup>5</sup>Boston Consulting Group, September 13, 2023. The Impact of GenAI on Electricity: How GenAI is Fueling the Data Center Boom in the U.S.

<sup>6</sup>RBC Capital Markets, June 21, 2023.

<sup>7</sup>RBC Capital Markets Research, January 22, 2025 - RBC Capital Takeaways from Our AI Infrastructure Expert Call Pg.1/8

<sup>8</sup>Source: Goldman Sachs Research, January 30, 2025, Key Takeaways from Meta and Microsoft results.

<sup>9</sup><https://blogs.microsoft.com/on-the-issues/2025/01/03/the-golden-opportunity-for-american-ai/>

<sup>10</sup>An estimate of the annual yield an investor would receive if the most recent monthly distribution remained unchanged for the next 12 months, stated as a percentage of the closing market price of the Class A Shares or units on December 31, 2024. Source: LSEG Eikon.

<sup>11</sup>Returns are for the periods ended December 31, 2024, and are unaudited. The tables show the compound return on the Class A shares of PWI and units of BGIE, for each period indicated. Past performance does not necessarily indicate how the funds will perform in the future. The performance information shown is based on the net asset value per Class A Share or NAV per unit, as applicable, and assumes that distributions made by the funds on their Class A Shares or units during the periods shown were reinvested at net asset value per Class A Share or net asset value per unit in additional Class A Shares or units of the respective fund. Past performance does not necessarily indicate how the funds will perform in the future.

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Commissions, trailing commissions, management fees and expenses all may be associated with exchange-traded fund investments. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income tax payable by any securityholder that would have reduced returns. Please read the prospectus before investing. Exchange-traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

You will usually pay brokerage fees to your dealer if you purchase or sell shares of PWI on the Toronto Stock Exchange or other alternative Canadian trading system (an "exchange"). If the shares are purchased or sold on an exchange, investors may pay more than the current net asset value when buying shares of the investment fund and may receive less than the current net asset value when selling them.

There are ongoing fees and expenses with owning shares of an investment fund. An investment fund must prepare disclosure documents that contain key information about the fund. You can find more detailed information about PWI in the public filings available at [www.sedarplus.ca](http://www.sedarplus.ca). The indicated rates of return are the historical annual compounded total returns including changes in share value and reinvestment of all distributions and do not take into account certain fees such as redemption costs or income taxes payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

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**Investor Relations**  
PHONE 416.642.6000  
TOLL FREE 1.866.642.6001  
FAX 416.642.6001  
[info@bromptongroup.com](mailto:info@bromptongroup.com)  
[www.bromptongroup.com](http://www.bromptongroup.com)

**Address**  
Bay Wellington Tower,  
Brookfield Place  
181 Bay Street  
Suite 2930, Box 793  
Toronto, Ontario M5J 2T3