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Buy, sell or hold: today's best share tips



Pick the right road in complex sector

PANTHEON INFRASTRUCTURE

Net asset value
115p

Total return
9.6 per cent

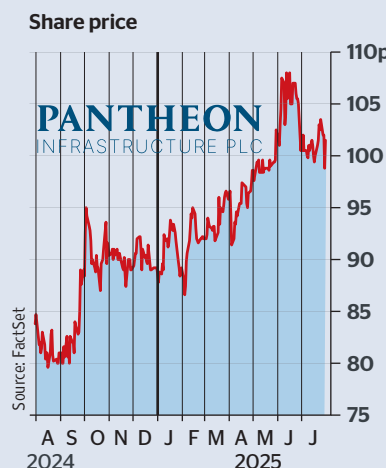
Infrastructure is a hot topic these days, thanks to the political furore over investment-starved water and electricity and the surge in demand for energy-hungry AI data centres. That puts the infrastructure industry at a rare crossover of complementary trends.

Traditional facilities, such as water and roads, have lacked investment since they were first constructed, often more than a century ago, and politicians are only now accepting that the public is clamouring for increased spending to bring them up to date. At the same time, what 30 years ago was called the information superhighway is consuming billions of pounds to extend fibre optics, expand the cloud and build those data centres.

Because infrastructure is politically charged, and therefore subject to unpredictable switches in priorities, building your own portfolio in the sector is so fraught with problems that it can easily become a full-time job, especially if you want to spread risk across different continents. This is a strong argument for investing in a specialist fund, or maybe several of them to cover different strategies.

Among the best-managed is the £557 million Pantheon Infrastructure, known on the stock market as Pint, which since its launch four years ago has assembled 13 investments in North America, Europe and the UK. They vary from National Gas in Britain to the US digital data centre firm, CyrusOne. Digital of all sorts

Pint's big players



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accounts for 44 per cent of the portfolio, with another 28 per cent in old-style power and utilities.

After a 14.3 per cent increase in 2024, the net asset value (NAV) dropped 2.9p a share in the first three months of this year, mainly because of a 1.5p fall in shares of Calpine, the largest US electricity generator from natural gas and geothermal resources deep underground. Calpine is being taken over by Constellation Energy Corporation. The deal, Pantheon's first sale, is being paid in cash and

Investment portfolio

	Region	Investment value
Primafrío Transport and logistics	Europe	£51m
CyrusOne Digital - data centre	North America	£38m
National Gas Power and utilities - gas utility and metering	UK	£47m
Vertical Bridge Digital - towers	North America	£24m
Delta Fibre Digital Fibre	Europe	£27m
Cartier Energy Power and utilities - district heating	North America	£31m

CEC shares, which fell from \$238 to \$202 during the quarter, dragging down the Calpine value. That should finalise by the end of 2025, but at current prices Pint has turned a £46 million investment into £100 million.

That apart, the Pint portfolio rose by a penny a share with unrealised gains on several investments partially offset by the unrealised losses on others. But these are the normal short-term fluctuations of any investment group. More important has been the increase in the share price from 73p since end-March last year to 107p, before the Calpine hiccup temporarily knocked them back below 100p.

While there are about 25 investment trusts in infrastructure and renewables, Pint claims to be unique for its broad range of diversified, unquoted assets ranging

from data centres to temperature-controlled lorries, which outside the investment trust wrapper would in themselves be too illiquid for most investors' tastes. It owns no quoted shares other than those acquired incidentally and temporarily, as in the Calpine deal.

Peel Hunt strikes a cautious note, saying: "While we continue to see appeal in Pantheon's strategy and attractive return profile, particularly as the portfolio has continued to mature, we are cautious around the re-rating that the shares have benefited from in recent months. We see relatively limited scope for the shares to re-rate further from here."

Richard Sem, Pint's investment manager, is frustrated by the shares' 15 per cent discount to NAV. His answer has been to tour the country so that he can bang the drum with big investors, who will have found Pint more congenial since it joined the FTSE 250 index last month.

Operationally, he has placed big bets on data centres, which typically run on 10-year contracts and continually need more capacity. As the industry expands, there will be scares like the Chinese AI firm DeepSeek saying its data centres need only a quarter of the energy of those in the US and Europe. But the long-term demand is unarguable.

The fund also owns mobile towers operating on 18 to 20-year contracts backed by government roll-out of 5G networks. "Mobile towers are less complex in delivery than data centres, so there are lighter returns but they are still very attractive," said Sem. And plans are already being laid for 6G and 7G, which will need yet more investment. A promising outlook.