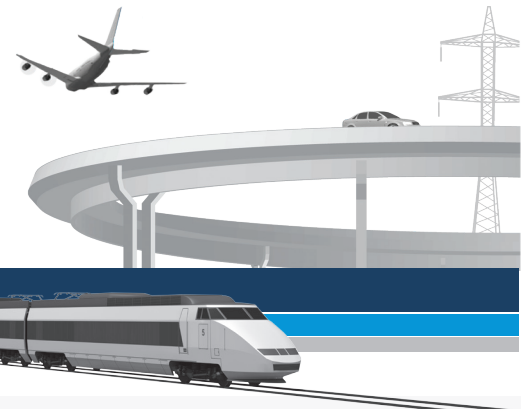


First State Global Listed Infrastructure Fund

Monthly Review and Outlook

December 2017



- The Fund invests primarily in equity and equity related securities of larger capitalisation companies established or having significant operations in the Asia Pacific excluding Japan
- The Fund's investments may be concentrated in a single sector, country, specific region or small numbers of countries/companies which may have higher volatility or greater loss of capital than more diversified portfolios.
- The Fund invests in emerging markets which may have increased risks than developed markets including liquidity risk, currency risk/control, political and economic uncertainties, high degree of volatility, settlement risk and custody risk.
- The Fund may expose to China market risk including repatriation risk, uncertainties to taxation policies and risk associated with StockConnects. The Fund may also expose to RMB currency and conversion risk.
- The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.
- It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

Market Review

The Global Listed Infrastructure benchmark gave up ground in December as positive sentiment and buoyant economic conditions saw higher beta areas of the market outperform. The FTSE Global Core Infrastructure 50/50 index declined -1.3% during the month, while global equities returned +1.4%.

The best performing infrastructure sector was Airports, which rallied on robust passenger volumes; capacity additions by European carriers including Lufthansa and Ryanair; and an upbeat macroeconomic backdrop. Pipelines regained ground following underperformance earlier in 2017 on improving fundamentals for the sector, while rising oil prices lent further support.

Electric, Multi and Gas Utilities faced several headwinds including the US Federal Reserve's 25bps interest rate rise (the third for 2017) and muted investor appetite for defensive assets.

The best performing regions were Latin America and Asia ex-Japan, on keen investor demand for stocks with sensitivity to the improving global economy. The worst performing region was North America, where Pipeline and Railroad gains were offset by Utility softness.

Performance Review

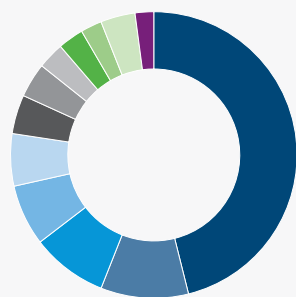
The Fund ended the month +0.2% higher¹, 150 basis points ahead of the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

	Cumulative Performance in USD (%) ¹					
	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	0.2	17.2	17.2	23.4	62.7	70.2
Benchmark*	1.7	18.4	18.4	23.9	65.9	66.2

	Calendar Year Performance in USD (%) ¹				
	2017	2016	2015	2014	2013
Class I (USD - H Dist)	17.2	11.7	-5.7	12.3	17.3
Benchmark*	18.4	11.3	-6.0	13.6	17.9

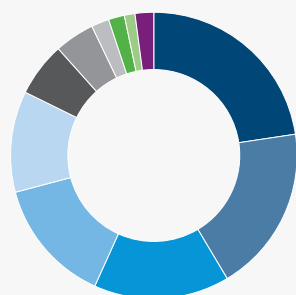
¹ Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 31 December, 2017. Since inception date: 27 June 2008. Performance is based on First State Global Listed Infrastructure Fund Class I (USD - H-Dist). This is the semi-annually dividend distribution class of the fund. The performance quoted are based on USD total return (with dividend reinvested). Dividends are not guaranteed and may be paid out of capital. *The benchmark displayed is the FTSE Global Core Infrastructure 50/50 Index.

Asset Allocation (%) ²



Country

- USA 46.1
- UK 9.9
- Japan 8.6
- Canada 6.9
- Australia 5.9
- China 4.4
- Italy 3.9
- Brazil 3.0
- France 2.9
- Hong Kong 2.4
- Other 3.9
- Liquidity 2.1



Sector

- Electric Utilities 22.6
- Highways/Railtracks 18.8
- Oil/Gas Storage & Trans. 15.3
- Multi-Utilities 14.1
- Railroads 11.4
- Specialised REITs 6.1
- Gas Utilities 4.5
- Marine Ports & Services 2.0
- Airport Services 1.8
- Construction & Engineering 1.2
- Liquidity 2.1

Top 10 holdings (%) ²

Stock name	Sector	%
National Grid plc	(Multi-Utilities)	8.2
Kinder Morgan Inc Class P	(Oil/Gas Storage & Trans.)	6.1
Transurban Group Stapled Deferred	(Highways/Railtracks)	5.9
Dominion Energy Inc COM	(Multi-Utilities)	4.9
American Tower Corporation	(Specialised REITs)	4.8
NextEra Energy, Inc.	(Electric Utilities)	4.6
East Japan Railway Co	(Railroads)	4.1
Enbridge Inc.	(Oil/Gas Storage & Trans.)	4.1
Atlantia S.p.A	(Highways/Railtracks)	3.9
Southern Company	(Electric Utilities)	3.7

The best performing stock in the portfolio was Jiangsu Expressway, which was supported by steady traffic growth on its road network, while healthy economic data eased concerns of an abrupt China slowdown. The company operates 15 roads and bridges in Jiangsu, China's most densely populated province. Its assets include the main expressway connecting Shanghai (population >24 million) with Nanjing (population >8 million).

The Fund's other EM holdings also performed well. Mexican airport operator GAP climbed on consistently strong passenger volume growth, driven by a structural shift from bus to plane travel within the Mexican market. COSCO Shipping Ports gained on the view that vigorous global demand will underpin volume growth at ports servicing European and US routes; while CCR rose as Brazil's toll road traffic recorded a 3.3% increase for November.

The Fund's US pipeline holdings Enterprise Products Partners, Plains All American Pipeline, and Kinder Morgan rallied. Concerns about balance sheet repair and potential delays to growth projects gave way to a growing acknowledgement of the sensible and realistic strategies being pursued across the sector, including less reliance on equity funding and a focus on growing Distributable Cash Flow per unit.

US freight rail also delivered pleasing returns over the course of the month. Firm volume growth; the potential for higher freight haulage rates in 2018; and the promise of US tax cuts buoyed Union Pacific and Norfolk Southern. CSX was the exception after the company's widely respected CEO, Hunter Harrison, died in December.

The worst performing stock in the portfolio was Californian utility, PG&E, which suspended its dividend citing uncertainty over its potential liability for recent wildfires in its Northern California service territory. Other US utilities including NiSource, Southern Company, Great Plains Energy and Alliant Energy also lagged as investors cycled into higher growth segments of the market.

Other underperformers included Italian toll road company Atlantia and Channel Tunnel operator Getlink, which ended the month lower - despite the favourable macroeconomic environment - following strong ytd returns. Australia's Transurban held up better following a positive market reaction to the terms of its West Gate Tunnel Project in Melbourne in partnership with the state government, and a strong take-up for the associated A\$1.9 billion rights issue.

No new stocks were added to the Fund in December, and weightings in existing holdings were generally maintained.

Market Outlook and Fund Positioning

The Fund invests in a range of global listed infrastructure assets including toll roads, airports, ports, railroads, utilities, pipelines and mobile towers. These sectors share common characteristics, like barriers to entry and pricing power, which can provide investors with inflation-protected income and strong capital growth over the medium-term.

The Fund offers a high conviction portfolio of quality infrastructure companies. Our team takes a long-term view and focuses on fundamental mispricing with sector and regional exposures that tend to be an outcome of bottom-up stock calls, and are often contrarian in style.

Financial markets enter 2018 highly optimistic with global economic growth looking robust and US tax cuts boosting corporate earnings. We would caution that political developments may lead to volatility with general elections scheduled in Italy (March), Mexico (July) and Brazil (October); along with ongoing instability in the UK and Germany; and an unpredictable Trump-led US.

With the gradual reduction in central bank stimulus and potential for higher inflation (tighter labour markets and higher energy prices), we would expect to see interest rates rise through the year, which may act as a headwind for investment returns across all asset classes.

Within the global listed infrastructure asset class; earnings growth remains solid, balance sheets look robust, and dividends should grow faster than earnings. Global listed infrastructure remains well positioned to protect and grow capital through economic cycles owing to its defensive earnings growth and inflation pass-through characteristics.

² Source: First State Investments as at 31 December, 2017.

Disclaimer

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