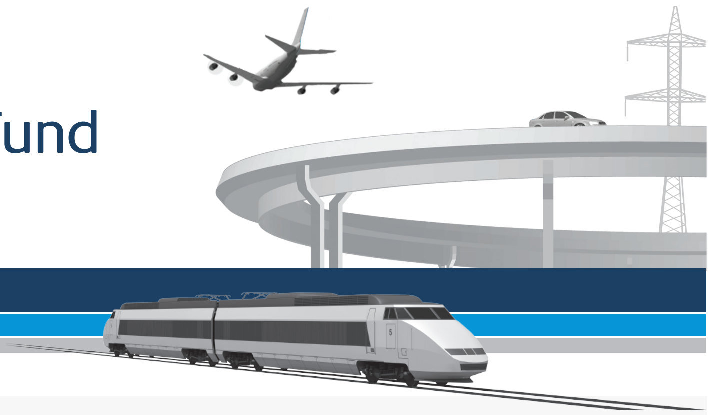
First State Investments
首域投資



First State
Global Listed Infrastructure Fund

Monthly Review and Outlook

July 2018

- The Fund invests primarily in global listed infrastructure and infrastructure-related equity and equity related securities worldwide. Investments in infrastructure projects may involve risks including projects not being completed on time and within budget, changes in environment laws and regulations.
- The Fund's investments may be concentrated in a single and limited/specialist sector or in fast growing economies which may have higher volatility or greater loss of capital than more diversified portfolios.
- Small/ mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments.
- 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
- For certain share classes, the Fund may at its discretion pay dividend out of capital or pay fees and expenses out of capital to increase distributable income and effectively a distribution out of capital. This amounts to a return or withdrawal of your original investment or from any capital gains attributable to that, and may result in an immediate decrease of NAV per share.
- 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

Global Listed Infrastructure gained in July as earnings strength buoyed global markets and investors looked past ongoing trade tensions. The FTSE Global Core Infrastructure 50/50 index ended the month +2.3% higher, while global equities^ gained +3.1%.

Every infrastructure sector delivered positive returns, led by Railroads (+6%). US freight rail announced robust June quarter earnings; while July statistics indicate above-trend volume growth has continued into the third quarter. Even the worst performing sector, Tollroads (flat), held up as European operators' lacklustre returns were balanced by gains for several Emerging Market (EM) peers.

The best performing region was Asia ex-Japan (+4%), as reports that Chinese policy-makers were boosting liquidity to mitigate the threat of a US / China trade war aided local infrastructure stocks. The worst performing region was the UK (-3%), where a chaotic political backdrop raised the prospect of a "no deal" Brexit.

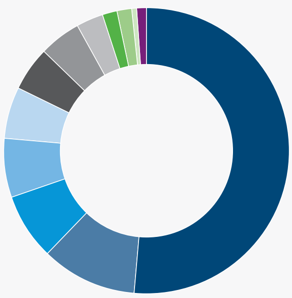
Performance Review

The Fund rose +1.6%[1] in July, 61 basis points behind the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

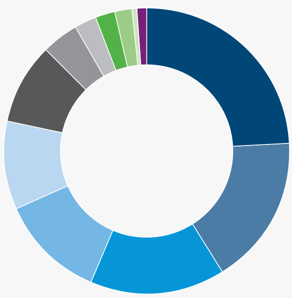
Cumulative Performance in USD (%) [1]	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	1.4	-2.5	-1.3	21.0	45.0	66.0
Benchmark*	3.0	0.3	2.2	24.0	50.9	66.6

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

Asset Allocation (%) [1]



Country
- USA 51.6
- Canada 10.7
- Japan 7.5
- UK 6.7
- Australia 5.8
- Italy 5.1
- China 4.8
- Brazil 3.0
- Spain 1.7
- France 1.6
- Other 0.6
- Liquidity 0.9



Sector
- Electric Utilities 24.2
- Highways/Railtracks 17.0
- Oil/Gas Storage & Trans. 15.3
- Multi-Utilities 11.8
- Railroads 10.1
- Specialised REITs 9.2
- Gas Utilities 4.1
- Marine Ports & Services 2.5
- Construction & Engineering 2.3
- Water Utilities 1.8
- Other 0.7
- Liquidity 0.9

^ MSCI World Net Total Return Index, USD. [1] Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 31 July 2018. 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.

Top 10 holdings (%) [2]

Stock name	Sector	%
Dominion Energy Inc COM	(Multi-Utilities)	7.0
Transurban Group Stapled Deferred	(Highways/Railtracks)	5.8
Southern Company	(Electric Utilities)	5.2
Atlantia S.p.A	(Highways/Railtracks)	5.1
NextEra Energy, Inc.	(Electric Utilities)	5.0
Kinder Morgan Inc Class P	(Oil/Gas Storage & Trans.)	4.8
TransCanada Corporation	(Oil/Gas Storage & Trans.)	4.7
American Tower Corporation	(Specialised REITs)	4.7
East Japan Railway Co	(Railroads)	4.6
Crown Castle International Corp	(Specialised REITs)	4.6

The best performing stock in the portfolio was COSCO Shipping Ports (+13%), the world's largest container port operator. Throughput volumes for the month of June increased by 12% compared to the same period a year ago. Parent company COSCO Shipping Holdings received approval to acquire shipping line Orient Overseas International, in a move likely to support additional volume growth for the COSCO ports entity.

Healthy volumes also proved supportive of east coast US freight railways Norfolk Southern (+12%) and CSX (+11%). Norfolk Southern announced healthy volume growth of 6%, while further improvements to its Operating Ratio (railroads' proxy for margins) highlighted the sector's strong pricing power and cost discipline. CSX gains reflected rising export coal volumes and a robust US economy, with auto haulage volumes matching increases in US light truck production, and strength in building materials shipments driven by residential construction demand.

Tollroads delivered mixed returns, with EM operators performing best. Mexico City-focused Pinfra (+9%) announced better than expected June quarter earnings results, driven by improvements in its construction division. Brazil's CCR (+4%) recovered from recent lows as the company reiterated its focus on expanding and diversifying its concessions network, following the replacement of its long-serving CEO. However Australia's Transurban (-2%) underperformed as the Australian Competition and Consumer Commission (ACCC) pushed the decision date for its review of Sydney's WestConnex tollroad project out to September 2018.

The worst performing stock in the portfolio was Osaka Gas (-6%), which faced ongoing concerns about increased competition in deregulated gas and electricity markets. The portfolio's other Japanese holdings also lagged. West Japan Railway (-4%) fell as news of floods in its service territory overshadowed strong June quarter earnings, while peer East Japan Railway (-2%) underperformed as investors focused on higher beta segments of the market. Hydro One (-5%), Ontario's largest electricity transmission and distribution company, underperformed after its Chairman retired and its Board resigned en masse in the face of political pressure from the recently elected provincial government. The move takes away a long-standing overhang from the stock, while plans to allow the company's main shareholders to nominate the majority of the replacement board are encouraging.

The Fund initiated a position in Williams, a large-cap energy infrastructure company with strategically located midstream and pipeline assets. The sale of non-core assets has enabled the company to repair its previously over-stretched balance sheet, reduce commodity exposure and lower operational risk. The firm recently announced plans to simplify its corporate structure. Following these moves, Williams appears better able to focus on the provision of core infrastructure services, connecting rising natural gas production in Texas and the Northeast US with growing demand from eastern US population centres and LNG export facilities.

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.

Our outlook for Global Listed Infrastructure is positive. The asset class consists of stable, long life assets, and has delivered a reliable yield of between 3% and 4% per annum. Many infrastructure assets are insulated from inflation by regulation, concession terms or contracts that are explicitly linked to the inflation rate. Several infrastructure sectors are benefitting from structural growth drivers such as urbanisation (Tollroads) and the increasing mobility of communication (Towers).

As well as sound fundamentals, we expect additional factors to be supportive of returns from Global Listed Infrastructure. Firstly, encouraging signs of business de-risking and simplification are emerging. Pipeline companies are selling non-core assets, reducing leverage, lowering commodity sensitivity, and simplifying their corporate structures. As business quality improves, valuation multiples should expand.

Secondly, the listed infrastructure investment universe continues to broaden, which is likely to stimulate additional investor interest. The IPO of China Tower Corp represents a substantial addition to the asset class. Tollroad operators Ferrovial and Transurban are pursuing their Express Lane strategies in the US - a politically palatable way to involve private sector capital in US highway infrastructure. We anticipate that both companies will be major players in this space over the next three to five years. These developments will further diversify and improve the listed infrastructure opportunity set over the medium-term.

[2] Source: First State Investments as at 31 July 2018.