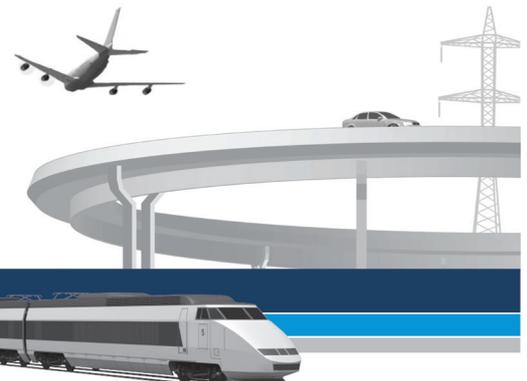


First State Global Listed Infrastructure Fund

Monthly Review and Outlook

February 2020



- 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 fell in February on concerns that the spread of COVID-19 could weigh more heavily on economic activity levels than initially anticipated. The FTSE Global Core Infrastructure 50/50 index returned -8.9% over the course of the month, while the MSCI World Index[^] fell -8.5%.

The best performing infrastructure sector was Towers (-1%), which were supported by the prospect of robust capex spending on tower services by US mobile carriers into the medium term, as the proposed T-Mobile / Sprint merger drew a step closer.

The worst performing infrastructure sector was Airports (-12%), which saw sharp near term falls in passenger volumes. Sydney Airport (-7%, not held) noted that passenger traffic was trending down in-line with the SARS experience of 2003, with falls of between -15 and -20% for International passengers; and declines of between -5 and -10% for Domestic passengers.

Utilities (-7% to -9%) fell during the month, despite their defensive earnings and a backdrop of falling bond yields. This provides a reminder that utility stocks, as listed assets, can be affected by short periods of elevated market volatility. It also illustrates the indiscriminate nature of the recent sell-off. We anticipate that their essential service nature and domestic focus will enable utilities to hold up better than most sectors in the event of an economic slowdown over coming months.

The best performing infrastructure region was the UK (-4%), where utilities were supported by relatively modest valuation multiples. Over the longer term, the UK's "net zero by 2050" carbon emission target is expected to present the country's

utilities with significant investment opportunities in the build-out of renewables and transmission & distribution network upgrades. The worst performing infrastructure regions were Europe ex UK (-11%) and Japan (-10%) as confirmed virus cases increased outside China, with Italy and Japan seemingly amongst the countries hardest hit. Transport infrastructure stocks in both regions underperformed.

Fund Performance

The portfolio returned -7.6%¹ in February, 135 basis points ahead of the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

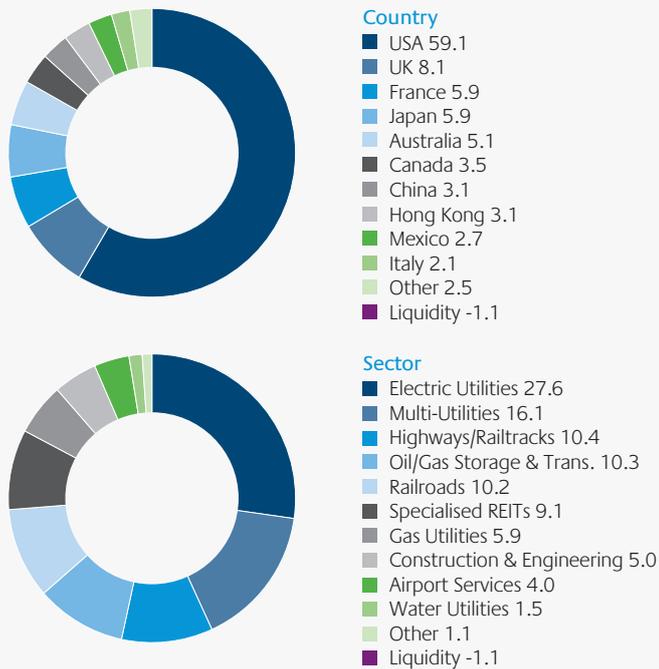
The best performing stock in the portfolio was tower operator SBA Communications (+6%), which rallied after a legal challenge to the proposed merger between US mobile carriers T-Mobile and Sprint was dismissed by the federal court. The decision has positive implications for future investment within the US tower sector. Following the proposed transaction, T-Mobile is expected to consolidate and upgrade its new network; new entrant to the market Dish will need to build out its capabilities; and incumbents AT&T and Verizon are likely to invest to keep up with T-Mobile's network offering. Other beneficiaries of this decision included American Tower (-2%) and Crown Castle (-4%), which also held up relatively well during the month.

Hong Kong-listed CLP Holdings (+1%) ended the month higher. Earnings for its core Hong Kong electric utility franchise are fully regulated and expected to grow at between 3% and 4% per annum, driven by higher capex from the HK government's policy to reduce carbon emissions.

	Cumulative Performance in USD (%) ²					
	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	-2.3	-5.4	6.4	19.7	30.7	83.5
Benchmark*	-3.0	-6.9	5.6	25.3	35.3	85.8

	Calendar Year Performance in USD (%) ²				
	2019	2018	2017	2016	2015
Class I (USD - H Dist)	24.3	-8.3	17.2	11.7	-5.7
Benchmark*	25.1	-4.0	18.4	11.3	-6.0

Asset Allocation (%)²



Top 10 holdings (%)²

Stock name	Sector	%
Nextera Energy Inc	(Electric Utilities)	6.1
Dominion Energy Inc COM	(Multi-Utilities)	5.6
Transurban	(Highways/Railtracks)	5.1
National Grid plc	(Multi-Utilities)	4.8
Williams Companies, Inc.	(Oil/Gas Storage & Trans.)	4.2
Crown Castle International Corp	(Specialised REITs)	3.7
American Electric Power Company, Inc.	(Electric Utilities)	3.5
American Tower Corporation	(Specialised REITs)	3.5
Enterprise Products Partners L.P.	(Oil/Gas Storage & Trans.)	3.4
CLP Holdings Limited	(Electric Utilities)	3.1

UK utilities also delivered relatively stable returns. SSE (+1%) released a statement reaffirming its earnings target for the 2020 fiscal year and emphasizing its continued focus on offshore wind projects within its low carbon strategy, in support of the UK’s transition to net zero emissions. The company, which currently yields over 5%, also stated its commitment to its current five year dividend plan. National Grid (-2%), whose assets include

the UK’s electricity transmission grid, is expected to be a key beneficiary of the need to spend capex to connect renewables to the grid over coming years; as well as strengthening and upgrading the country’s transmission networks. Severn Trent (-4%) outperformed on greater regulatory certainty, following its acceptance of the UK water sector’s 2020 – 2025 regulatory framework.

The worst performing stocks in the portfolio were Japanese passenger rail operators Central Japan Railway (-18%) and East Japan Railway (-14%). Concerns about Japan’s December quarter GDP contraction (attributed to a combination of October’s consumption tax increase, Typhoon Hagibis, and weak global demand) were exacerbated by mounting fears about the impact of COVID-19 on passenger volumes. Shinkansen bullet train passenger volumes were down -6-10% for the month of February, reversing the positive growth experienced in recent years.

US utilities sold off as the month drew to a close, perhaps providing a source of liquidity for generalist investors. December quarter earnings for American Electric Power (-14%) were in line with consensus. However investors were disappointed by weaker than expected load growth for its industrial customer segment, as the US-China trade war weighed on chemicals and manufacturing companies. Gas utility UGI Corp (-13%) announced better than expected December quarter earnings, but lagged on indications of a weak start to the March quarter. A warmer than usual start to the year in Europe and North America is expected to adversely affect March quarter earnings for its propane businesses; while soft pipeline capacity pricing could weigh on revenues at the company’s Energy Services business segment. Eversource Energy (-5%) and NextEra Energy (-6%) fared better, helped by the long term visibility of their renewables-driven capex programs.

In the energy infrastructure space, Cheniere (-13%) delivered strong December quarter earnings, underpinned by higher LNG export volumes. However the company announced it was trending towards the lower end of previous guidance, and noted that two customers had recently chosen to cancel LNG shipments. Under the company’s long-term contracts, the company still receives the liquefaction fee (majority of LNG profits) and will have the opportunity to re-market the cargoes to another buyer. French-listed energy supply and storage business Rubis (-13%) also underperformed as an uncertain outlook overshadowed healthy revenue growth in the December quarter. Its Energie business segment, which specializes in the distribution of petroleum products and accounts for over 70% of operating earnings, grew volumes by 3% while maintaining firm margins.

Fund Activity

Spanish airport operator AENA was sold in early February, having produced strong returns since the Fund participated in its IPO in 2015. The company has delivered margin improvements and benefited from a boom in tourism, but now faces the risk of less favourable regulatory terms for the 2022 – 2026 period.

² Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 29 February 2020. Allocation percentage is rounded to the nearest one decimal place and the total allocation percentage may not add up to 100%. Fund 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 UBS Global Infrastructure & Utilities 50-50 Index until 31 March 2015 and FTSE Global Core Infrastructure 50/50 Index from 1 April 2015 onwards. Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date.

Canadian energy infrastructure company Enbridge Inc. was sold during the month after outperformance vs peers moved it to a lower position within the Value/Quality rankings of our investment process

Market Outlook and Fund Positioning

The Fund invests in a range of global listed infrastructure assets including toll roads, airports, railroads, utilities, pipelines, and wireless 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.

COVID-19 developments overshadowed financial markets for a second consecutive month in February. Our expectation remains that infrastructure's essential service provision and contracted or regulated business models will insulate the asset class from the worst of its effects.

Transport is likely to be the most impacted infrastructure sub-sector, with airports and passenger rail the most vulnerable.

For quality airports, regulated aeronautical revenues, retail minimum guarantees and property leases should help mitigate the impact.

Pipelines are typically contracted or regulated assets, so cash flows are unlikely to be impacted in the near term. That said, pipeline stocks may underperform reflecting the impact of reduced commodity prices on growth outlook and rising counter-party risks.

Utilities should be least impacted by COVID-19, particularly those with regulated networks where revenues are de-coupled from volumes. There is a minor risk for some growth utilities that supply chains are disrupted – for example solar panels. Wireless towers may also see some supply chain disruption for 5G equipment. In the medium term the Coronavirus probably highlights the need for improved wireless / remote / VC capabilities which should be supportive of tower growth.

As long-term investors we have only made minor changes to the portfolio in recent weeks, for example reducing our underweight in airports.

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