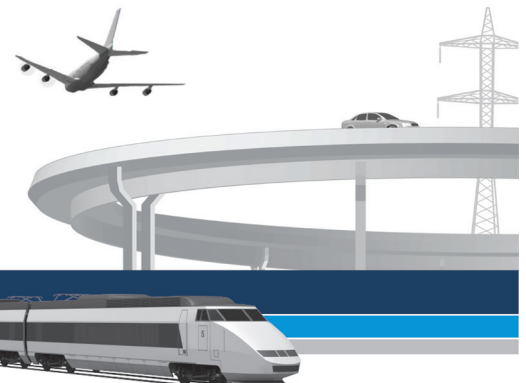


First State Global Listed Infrastructure Fund

Monthly Review and Outlook

April 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 rallied in April as substantial government stimulus packages restored a measure of confidence to financial markets. The FTSE Global Core Infrastructure 50/50 index gained +8.1% during the month, while the MSCI World index[^] rose +10.9%.

The best performing infrastructure sector was Toll Roads (+16%), which climbed on anticipation of a gradual return of traffic volumes if lockdown measures were to ease. Pipelines (+16%) rose by a similar amount despite ongoing turmoil in energy markets. Investors focused on the intrinsic value of these extensive energy infrastructure networks, which are largely contracted or regulated. Utilities (+2% to +5%) delivered more modest gains, as investors sought value in higher beta sectors.

The best performing infrastructure region was Australia NZ (+15%), which rallied on the view that the region appears to be coping with coronavirus impacts; and that its infrastructure stocks may be at the forefront of any broader recovery. The region's toll roads and airports fared particularly well. The worst performing infrastructure region was Japan (-4%) which gave back some of the previous month's gains. The UK (flat) also underperformed as its utility stocks lagged.

Fund Performance

The portfolio returned +8.0%¹ in April, 6 basis points behind the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

The best performing stock in the portfolio was US Liquefied Natural Gas (LNG) exporter Cheniere Energy (+39%), which shrugged off energy market volatility to announce better than

expected March quarter earnings and reaffirm guidance for 2020. Several customers cancelled LNG cargoes but still paid the associated liquefaction fees, highlighting the robust nature of the contracts in place. Despite the pandemic, European customers continued to absorb excess global LNG supplies, while sales to Asia increased by 7% compared to the equivalent period last year.

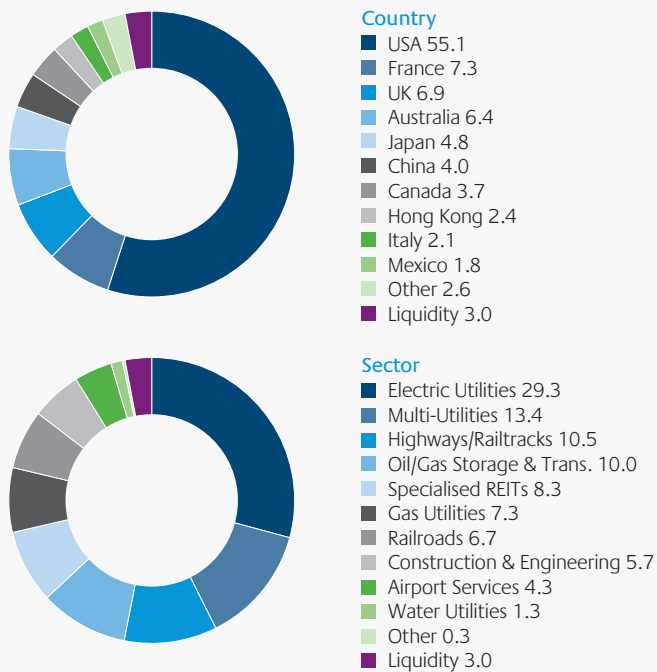
Other energy infrastructure stocks also performed strongly. Williams (+37%) rallied as concerns for balance sheet strength receded, and investors were drawn to its natural gas orientation and contracted, long-haul pipelines. Enterprise Products Partners (+26%) climbed as investors took heart from positive earnings numbers, underpinned by healthy demand across its petrochemical and Liquefied Petroleum Gas (LPG) export segments. The highly integrated nature of its extensive pipeline and storage network has served as a useful hedge for earnings through previous cycles.

Toll Roads also rebounded during April, led by Atlantia (+30%). Volumes on its Italian, Spanish and French roads remain well below normal levels, and the company cancelled its dividend for the current financial year. However the market welcomed signs of progress in negotiations with the Italian government as the company seeks to avoid the revocation of its concession, following the collapse of a bridge in 2018. Transurban (+15%) saw stabilising traffic levels on its Australian road networks, with volumes in the second half of April recovering from the lows seen in the previous two weeks. Further improvements are anticipated as the country slowly begins to move to a less restrictive lockdown environment. China's Jiangsu Expressway (+7%) reported a strong rebound in traffic volumes as commuters returned to work. The Chinese government

	Cumulative Performance in USD (%) ²					
	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	-14.7	-12.6	-4.3	5.7	17.3	69.5
Benchmark*	-16.9	-15.0	-6.6	10.1	22.4	69.6

	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)	6.3
Dominion Energy Inc COM	(Multi-Utilities)	5.8
Transurban	(Highways/Railtracks)	5.4
American Tower Corporation	(Specialised REITs)	3.8
American Electric Power Company, Inc.	(Electric Utilities)	3.4
Enterprise Products Partners L.P.	(Oil/Gas Storage & Trans.)	3.4
Eversource Energy	(Electric Utilities)	3.3
National Grid plc	(Multi-Utilities)	3.0
SBA Communications Corp Class A	(Specialised REITs)	2.7
Eiffage SA	(Construction & Engineering)	2.6

announced that the suspension of toll charges, first implemented in February, would be lifted on May 6th – earlier than the previous target of June 30th.

North American freight rail stocks also outperformed, as March quarter earnings showcased their ability to adapt to a lower volume environment by reducing costs. Better than expected

numbers from East coast operator Norfolk Southern (+17%) were underpinned by firm pricing and operational efficiency. Fuel costs – a significant expense for freight rail – were 24% lower than in the same period a year earlier. West coast peer Union Pacific (+13%) also reported better than expected March earnings. Weak volumes in the March quarter (the US west coast felt the impacts of coronavirus earlier) were balanced by exceptional cost control. Management commentary struck a sober tone, noting that a V-shaped recovery in haulage levels appears unlikely.

The worst performing stock in the portfolio was Tokyo Gas (-8%), a conservatively managed gas utility servicing the Greater Tokyo Area, which gave back some of the +18% gain it recorded in March. Japanese passenger rail stocks East Japan Railway (-4%) and Central Japan Railway (-2%) underperformed as investors favoured higher beta assets. Early indications from China suggest that commuters are favouring car travel over public transport as lockdown restrictions are eased, which could also present a headwind to these businesses.

UK utilities SSE (-4%) and National Grid (-1%) edged lower as investors considered the possibility that dividends may be cut or suspended. Underperforming US names included NextEra Energy (-4%), as strong March quarter earnings were overshadowed by concerns that its renewables projects may be affected by supply chain delays. Other US utilities including Dominion Energy (+7%), Eversource (+6%), Xcel Energy (+5%) and American Electric Power (+4%) fared better, on the view that most utilities appear reasonably positioned to weather coronavirus. First quarter earnings have so far shown only modest falls in revenue across the sector, with higher residential demand partly offsetting lower demand from commercial and industrial customers.

Fund Activity

The Fund bought shares in ENN Energy and China Gas Holdings. These companies are involved in the construction and operation of natural gas infrastructure and supply of natural gas to residential, commercial and industrial customers across mainland China. The market appears to be under-estimating the strong growth trajectory of the country’s gas distribution market, which is being driven by a national clean energy drive and growing market penetration. Domestic-focused Chinese companies such as these also appear relatively well placed to weather coronavirus impacts.

Beginning in March, the Fund also built a position in Auckland Airport, a high quality international gateway to New Zealand. The airport offers a highly-visible, regulated aeronautical division coupled with unregulated and high margin commercial assets including retail, car-parking and a large property portfolio. The company has experienced above average tourist traffic in recent years, which has historically made it too expensive to own – until recently. While the airport sector still faces considerable headwinds, the current environment presents an opportunity to invest in a high quality infrastructure asset at appealing levels on a medium term view.

² Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 30 April 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.

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.

The portfolio remains positioned with toll roads as its largest sector overweight. Current valuations, even after April's partial rebound, imply multi-year traffic declines and ignore the reality that interest rates will be lower going forward. There is a valid argument that increased flexibility to work-from-home may result in a permanent adjustment to traffic. There is a stronger argument, and evidence from China, that as shutdowns are eased, people will prefer to travel by private car than by public bus / subway to maintain social distancing.

The portfolio is also overweight gas utilities. This exposure is made up of specialist US and European companies operating in niche market areas; a stable Japanese name with a strong balance sheet that can add stability to the portfolio; and the newly added Chinese gas utilities which are positioned to benefit from structural growth, in a region that appears to have coped well with the coronavirus outbreak.

We have begun to reduce the scale of the Fund's underweight exposure to Airports, but remain cautious on the sector. Any recovery in airport passenger numbers may be slow due to traveller caution, making it difficult to predict when volumes will recover to pre-coronavirus levels. A staggered re-opening of airports may start with domestic or regional flights, which are far less valuable than international flights.

A prudent approach has been maintained towards North American freight rail stocks, which are relatively sensitive to the economy. Freight volumes are likely to turn down in the coming months. We expect US carloads down ~25% with earnings downgrades of similar magnitude. When these risks are better reflected in valuations there should be an opportunity to add.

The Fund's long-standing underweight exposure to Multi/Electric utilities has moved to neutral. Many good quality utilities are now trading at relatively appealing levels, having underperformed in April's rising markets. Lower interest rates will be supportive of valuation multiples. Regulated utility earnings should be materially more resilient than those of the broader market in the event of an extended economic slowdown or recession. Over the longer term, the structural growth drivers for this sector (build-out of renewables, replacement of aged networks) remain intact.

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