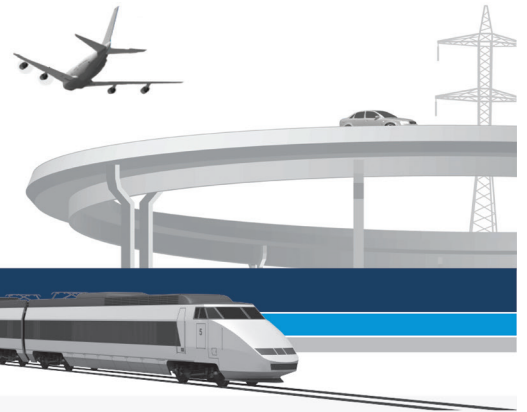


First State Global Infrastructure

Monthly Review and Outlook

November 2019



Market Review

Global Listed Infrastructure dipped in November as hopes for rising economic growth saw investors shift into higher beta assets.

In this environment, the best performing infrastructure sector was Railroads (+4%). North American freight rail operators rallied as improving US PMI data and a resilient US jobs market implied that haulage volumes may have bottomed. Pipelines (+2%) also outperformed as investors identified value. November saw the US achieve its first full month as a net exporter of crude oil and petroleum products since records began in 1949, highlighting the need for energy infrastructure to transport oil and gas to coastal export facilities. As well as rising oil and gas output levels, this milestone also reflects the growth of renewables within the US.

After strong gains in the first half of 2019, Utilities (-1% to -4%) lagged as investors rotated towards more cyclical market segments. November saw a lower than expected rate case outcome in Texas; and the adoption of a new methodology by the Federal Energy Regulatory Commission to determine whether utilities' allowed rates of Return on Equity are reasonable. Both events sparked concerns that future rate case outcomes for US utilities may align more closely with the lower interest-rate environment. Towers (-2%) also fell ahead of a new legal challenge to the planned merger between US mobile telecom companies (and tower customers) T-Mobile and Sprint.

The best performing infrastructure region was Latin America (+4%). Following the successful passage of Brazil's key pension reform bill in October, the government can now focus on its process of privatising the country's infrastructure assets, which is expected to provide new growth opportunities for local and overseas companies. The worst performing region was Asia ex Japan (-2%), where softer volume growth weighed on the China's gas utilities.

Fund Performance

The Fund ended the month +0.1% higher¹, 90 basis points ahead of the FTSE Global Core Infrastructure 50/50 TR Index (SGD).

The best performing stock in the portfolio was US Class I railroad Union Pacific (+7%), whose track network provides important connections between the US west coast Ports of LA and Long Beach, and the midwest hub of Chicago. As well as being

buoyed by recently improving economic data, the company has offset recent volume declines with substantial headcount/cost reductions. East Coast peer Norfolk Southern (+6%) has also reduced its headcount significantly in recent months, emphasizing the freight rail sector's ability to improve business productivity in a challenging operating environment.

The portfolio's toll road holdings delivered largely positive returns. PINFRA (+6%), which operates Mexico City-focused toll roads, gained on the appeal of its high growth market exposure and defensive balance sheet. Brazil's largest listed toll road operator CCR (+5%) rallied on the view that the company was well positioned to benefit from the expected deregulation of the country's toll road and airport assets. Australia's Transurban (+3%) announced the on-time and on-budget completion of its 395 Express Lanes project - a 13 kilometre section of tolled lanes catering to Washington DC commuters, which connects to Transurban's existing network.

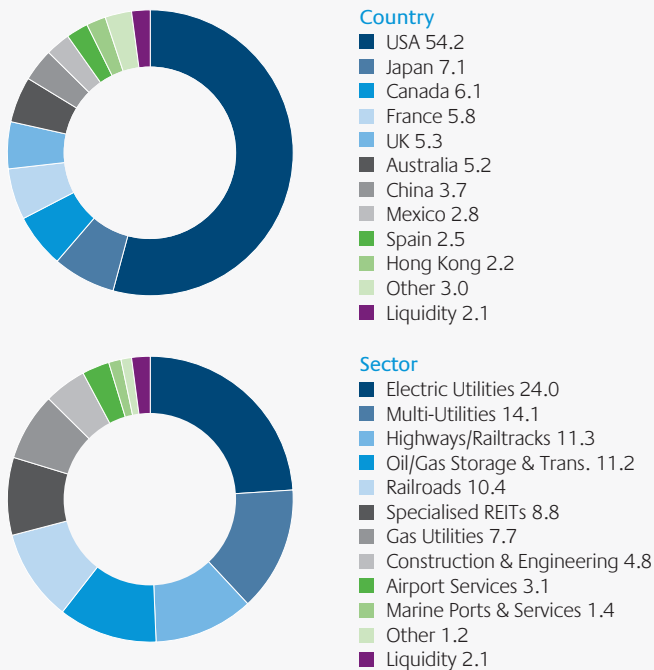
UK utilities continued their strong run ahead of the December general election. Opinion polls have placed the Conservative Party well ahead of their Labour Party rivals, implying that renationalisation risk is fading. Both the main parties' manifestos include substantial commitments to investment in offshore wind projects, which could present growth opportunities for electric utility SSE (+1%). National Grid (+1%) announced well-received half year earnings, helped by efficient operating performance at its US electric and gas transmission and distribution business. Severn Trent (+1%) also gained after announcing in line half year earnings in line with consensus, and increasing its interim dividend by RPI plus 4% - in line with its current policy.

The worst performing stock in the portfolio was CenterPoint Energy (-15%), a US electric and gas utility whose assets include regulated utility businesses in eight states and a majority stake in energy infrastructure company Enable Midstream Partners. An unfavourable proposed rate case outcome for the company's Texas electric utility could reduce group profits and lead to a larger than expected equity issuance. Other US utility underperformers included UGI Corp (-9%), which reported a lacklustre September quarter result, owing to lower than expected margins at its propane distribution business AmeriGas, and weaker than expected profits from its Energy Services midstream division. NiSource (-6%) announced they plan to raise equity to finance some of the costs from the Massachusetts gas leak incident in 2018.

	Annualised Performance in SGD (%) ²				
	1yr	3yrs	5yrs	10yrs	Since inception
Class A (SGD - H Dist) (Ex initial charges)	14.9	7.6	7.4	8.0	4.8
Class A (SGD - H Dist) (Inc initial charges)	9.1	5.8	6.3	7.5	4.4
Benchmark*	16.3	11.1	8.9	9.0	5.4

	Cumulative Performance in SGD (%) ²				
	3 mths	1yr	3yrs	5yrs	Since inception
Class A (SGD - H Dist) (Ex initial charges)	-0.2	14.9	24.7	42.9	74.0
Class A (SGD - H Dist) (Inc initial charges)	-5.2	9.1	18.4	35.7	65.3
Benchmark*	0.0	16.3	37.0	52.9	85.2

Asset Allocation (%)²



Top 10 holdings (%)²

Stock name	Sector	%
Dominion Energy Inc COM	(Multi-Utilities)	5.4
Nextera Energy Inc	(Electric Utilities)	5.4
Transurban	(Highways/Railtracks)	5.2
Williams Companies, Inc.	(Oil/Gas Storage & Trans.)	4.1
American Electric Power Company, Inc.	(Electric Utilities)	3.3
East Japan Railway Co	(Railroads)	3.2
Crown Castle International Corp	(Specialised REITs)	3.2
Union Pacific Corporation	(Railroads)	3.1
American Tower Corporation	(Specialised REITs)	3.0
National Grid plc	(Multi-Utilities)	2.9

Italian toll road operator Atlantia (-9%) came under renewed political pressure after Italy’s transport minister said that the government may yet revoke the company’s motorway concession following the 2018 Genoa bridge collapse. Revocation still appears unlikely, given the large amount of compensation required; and the lack of resources within the government to manage the concession. Atlantia announced it would not pay an interim dividend for a second consecutive year.

The portfolio’s mobile tower holdings also underperformed. The planned merger between T-Mobile and Sprint - two of the tower companies’ largest customers - faces a legal challenge from several US states on the grounds that the move will be negative for consumers. Crown Castle (-4%), American Tower (-2%) and SBA Communications (-2%), which are prepared for the merger to go ahead and for satellite operator Dish to be established as a new fourth player in the US mobile telecom space, were affected by the resulting uncertainty.

Fund Activity

The Fund sold its position in Chinese toll road operator Shenzhen Expressway. Share price gains, despite recent volatility in Asian markets, reduced mispricing and moved the stock lower within our investment process.

Market Outlook and Portfolio Positioning

The Fund invests in a range of global listed infrastructure assets including toll roads, airports, ports, 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.

Key drivers of earnings growth for these companies include long-term, structural themes. US regulated utilities NextEra Energy and Eversource Energy are deriving low risk earnings growth from the build-out of renewables and associated transmission networks. Tower companies SBA Communications and Crown Castle are profiting as telecom companies seek to upgrade and enhance their mobile phone networks, to meet structural growth in demand for mobile data. Pipeline companies Williams and Enterprise Products Partners own the networks which connect US oil and gas fields with processing facilities and export terminals, positioning them to benefit from rising production levels and US energy exports.

Other companies in the Fund operate from strong strategic positions, with high barriers to entry. Freight rail operators Union Pacific and Norfolk Southern are unique and valuable franchises with strong pricing power and the ability to grow earnings over time by improving operational efficiency. Toll road operators Transurban and Vinci have strong free cash flow and inflation linked pricing. Growing urbanisation and worsening traffic congestion are likely to underpin long term demand.

²Source: Lipper & First State Investments. Single pricing basis with net income reinvested. Data as at 30 November 2019. Allocation percentage is rounded to the nearest one decimal place and the total allocation percentage may not add up to 100%. The First State Global Infrastructure inception date: 3 March 2008. * From inception - 31 May 08 : S&P Global Infrastructure Index; From 1 Jun 08 - 31 Mar 15 : UBS Global Infrastructure and Utilities 50-50 Index; From 1 Apr 15 : FTSE Global Core Infrastructure 50/50 Index

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