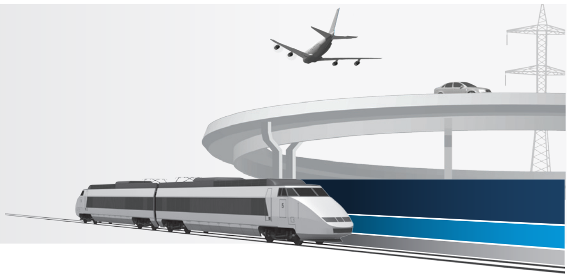
For professional clients only

First State Investments

Monthly update

Global Listed Infrastructure

First State Global Listed Infrastructure Fund



April 2018

RISK FACTORS

This document is a financial promotion for First State Global Listed Infrastructure Fund for professional clients only in the EEA and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Currency risk:** changes in exchange rates will affect the value of assets which are denominated in other currencies.
- **Single sector risk:** investing in a single sector may be riskier than investing in a number of different sectors. Investing in a larger number of sectors helps spread risk.
- **Charges to capital risk:** the fees and expenses may be charged against the capital property. Deducting expenses from capital reduces the potential for capital growth.
- **Listed infrastructure risk:** investments in infrastructure may be vulnerable to factors that particularly affect the infrastructure sector, for example natural disasters, operational disruption and national and local environmental laws.

Reference to specific securities or companies (if any) are included to explain the investment strategy and should not be construed as investment advice, or a recommendation to invest in any of those companies.

For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.

Market review

Global Listed Infrastructure gained in April, supported by robust earnings growth and a healthy economic backdrop. The Fund's benchmark, the FTSE Global Core Infrastructure 50/50 index, rose +3.8%, while global equities[1] ended the month +3.0% higher.

The best performing infrastructure sector was Satellites (+14%), reflecting relief that earnings guidance was not subject to further cuts. Airports (+5%) outperformed on robust volume growth for Asian and Latin American operators; while Railroads (+5%) climbed on strong operational performance from North American freight rail companies. The worst performing infrastructure sector was Towers (-5%), which fell after US telecom operators Sprint and T-Mobile (both significant tower customers) resurrected their merger plans.

Every region ended the month in positive territory, led by Japan (+9%) which rallied as North Korean geopolitical tensions eased. Europe ex UK (+6%) rose as healthy economic data was reflected in favourable earnings numbers from its transport infrastructure stocks. The worst performing region, North America (+1%), was held back by underperformance from its large-cap Tower stocks, but still delivered positive absolute returns.

[1] MSCI World Net Total Return Index, GBP.

[2] Performance is based on OEIC B share class, net of fees, expressed in GBP.

All stock and sector performance data expressed in local currency terms. Source: Bloomberg.

Fund performance and activity

The Fund ended the month +5.2% higher[2], 137bps ahead of its benchmark index.

Annual Performance (% in GBP) to 30 April 2018

Period	12 mths to 30/04/18	12 mths to 30/04/17	12 mths to 30/04/16	12 mths to 30/04/15	12 mths to 30/04/14
First State Global Listed Infrastructure Fund B GBP Acc	**-2.5%**	**27.3%**	**6.3%**	**19.0%**	**5.4%**
FTSE Global Core Infrastructure 50/50 Index Net TR GBP*	-1.4%	25.3%	4.3%	17.9%	2.6%
MSCI World Net Total Return Index	6.3%	29.8%	0.5%	18.0%	7.5%

These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than the share class currency, the return may increase or decrease as a result of currency fluctuations.

Performance figures have been calculated since the launch date. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management and administration fee) and other costs charged to the fund (e.g. transaction and custody costs), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source: Lipper IM / First State Investments (UK) Limited. *The benchmark changed from the UBS Global Infrastructure & Utilities 50-50 Index on 01/04/2015.

The best performing stock in the portfolio was Osaka Gas (+12%), whose full year earnings beat market consensus. Concerns about increased competition, following the recent de-regulation of local gas markets, are beginning to give way to renewed investor appreciation of the company's cash generation and under-levered balance sheet. Japan Airport Terminal (+11%), which manages facilities and retail sales at Tokyo's Haneda airport, continued to benefit from structural growth in Chinese overseas tourism. Passenger rail operators Central Japan Railway (+9%) and East Japan Railway (+6%) gained as business and leisure demand underpinned continued steady passenger growth on their high quality bullet train (shinkansen) services during the March quarter.

US east coast freight rail operator CSX (+7%) announced better than expected March quarter earnings, helped by a disciplined approach to cost control. Earnings from peer Norfolk Southern (+6%), which services the same regions as CSX, also beat consensus as a result of very strong pricing, productivity improvements and higher volumes. The company also raised its share buyback program. These positive developments suggest that both companies are being spurred to lift their performance by the Precision Scheduled Railroading strategy being implemented by CSX's new management team.

Most utilities shrugged off rising bond yields and gained during the month. US-listed gas utility UGI (+9%) rallied ahead of its second quarter earnings result on growing market recognition of its earnings growth potential and strong financial metrics. Normalised (cooler) weather conditions proved supportive of its utility and midstream business segments. Alliant Energy (+6%) received approval from the Iowa Utilities Board to build a further 500 megawatts (MW) of wind-powered generation capacity, in addition to an already-approved 500MW. The approval adds certainty to Alliant's forecast rate base growth of between 5% and 7% pa. PG&E (+5%) regained ground as work to fix the regulatory uncertainty surrounding Californian utilities' wildfire liabilities continued. The main exception to this upward trend for utilities, and the worst performing stock in the portfolio this month, was Hong Kong-listed Power Assets Holdings (-8%), which gave up ground after paying out a HK$6 per share special dividend.

Tower stocks Crown Castle (-8%) and American Tower (-6%) fell on concerns that their revenue growth rates may be curtailed by the proposed merger between Sprint and T-Mobile, as overlapping tower sites are decommissioned. The new combined company is forecast to require ~85,000 sites, compared to the ~109,000 used across both wireless operators today. The deal still requires regulatory approval, and could face opposition from consumer groups concerned about reduced competition.

Pipelines delivered mixed returns. Canada's Enbridge Inc (-4%) received approval to replace Line 3, a mature pipeline connecting Alberta oil sands to US refineries, but was denied permission to revise its route. The requirement to maintain the existing route – which makes it a more challenging project – is the latest reminder of the regulatory headwinds faced by the sector. More positively, Plains All American Pipeline (+8%) rallied as robust Permian Basin volume growth highlighted the value of its strategically located West Texas-focused pipeline networks and storage assets. Kinder Morgan (+6%) also outperformed as March quarter earnings came in ahead of consensus, helped by a strong result from its substantial gas pipelines division. As expected, the company raised its 2018 dividend by 60%, taking its yield to ~5%.

During April the Fund sold pipeline operator Enterprise Products Partners after significant outperformance compared to its peers reduced mispricing. Holdings in Dutch-listed energy storage company Vopak were sold after strong earnings and positive guidance saw the share price rally, and we became concerned about increasing competition at its core Rotterdam operations. Spanish toll road Abertis was also sold as the Atlantia/ACS takeover saga drew close to a resolution.

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 the opportunity of strong capital growth over the medium-term.

Two key risks for Global Listed Infrastructure investors – (i) a sharp rise in interest rates, and (ii) political and regulatory interference – came to the forefront of investors' minds during the first quarter of 2018. After the resulting pullback, our outlook for the asset class is now more positive. Valuation multiples are at or below historic averages, and continue to be supported by growing earnings and sustainable dividends.

There are encouraging signs that management teams are moving to address market concerns - reduced leverage, non-core asset sales, more capital discipline, a focus on improved governance and customer satisfaction. We believe that these improved fundamentals will be increasingly recognised over the coming year.

Although recent volatility has been unsettling, we remain confident that essential volumes, inflation-linked pricing and strong cash flows will benefit infrastructure investors over the medium and long term. Importantly, we also see significant mispricing within sectors which should reward active management.

The best/worst performing stocks are referred to solely to illustrate the investment process (and should not be construed as a recommendation to buy or sell any of these companies), are not representative of the performance of the Fund as a whole and should not be taken into account in any decision as to whether to invest in the Fund. Furthermore, these figures refer to the past and past performance is not a reliable indicator of future results.

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