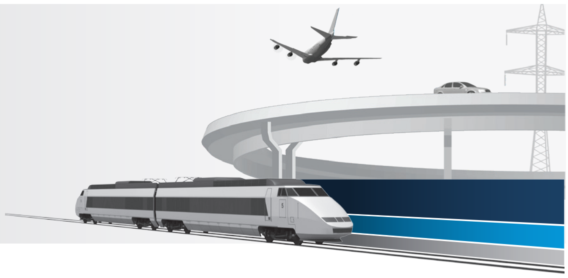
First State Investments

Monthly update

Global Listed Infrastructure

First State Global Listed Infrastructure Fund



July 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 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 +2.9% higher, while global equities[1] gained +3.8%.

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.

[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 rose +1.7% in July[2], 125bps behind its benchmark index, the FTSE Global Core Infrastructure 50/50 index.

Annual Performance (% in USD) to 31 July 2018

Period	12 mths to 31/07/18	12 mths to 31/07/17	12 mths to 31/07/16	12 mths to 31/07/15	12 mths to 31/07/14
First State Global Listed Infrastructure Fund B GBP Acc	**-0.2%**	**12.9%**	**31.6%**	**9.8%**	**8.1%**
FTSE Global Core Infrastructure 50/50 Index Net TR GBP*	2.7%	11.5%	27.8%	8.7%	7.2%
MSCI World Net Total Return Index	12.4%	16.9%	17.0%	13.5%	4.1%

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 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 (liquefied natural gas) 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 the potential for 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.

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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