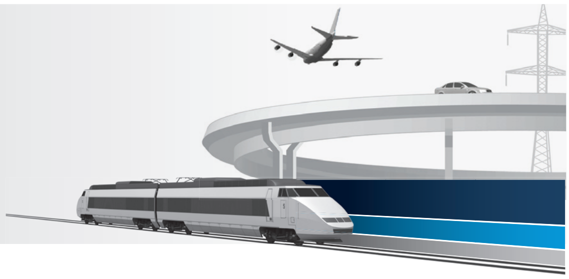
For professional clients only

First State Investments

Monthly update

Global Listed Infrastructure

First State Global Listed Infrastructure Fund



February 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.
- **Currency hedged share class risk:** hedging transactions are designed to reduce currency risk for investors. There is no guarantee that the hedging will be totally successful or that it can eliminate currency risk entirely.

Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company is merely 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 fell during February against a backdrop of market volatility triggered by rising bond yields. The FTSE Global Core Infrastructure 50/50 index ended the month -2.4% lower, while global equities[1] fell -1.1%.

The best performing infrastructure sector was Satellites (+2%), whose December quarter earnings numbers came in ahead of investors' low expectations.

All other infrastructure sectors ended the month lower. Utilities continued their recent run of underperformance as rising bond yields weighed on the valuations of income-generative assets. The worst performing sector was Pipelines (-6%), where persistent uncertainty over future earnings growth and the pace of balance sheet de-leveraging outweighed good operational performance and a strong oil price.

Every region finished the month lower. The best performing region was Japan (-2%), whose electric utilities outperformed on reports that some nuclear reactors may soon be re-started. The worst performing region was Latin America (-5%), as hoped-for Brazilian pension reform was shelved and toll road operator CCR was drawn into Brazil's anti-corruption investigations.

[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 -3.5% lower[2], 115bps behind its benchmark index.

Annual Performance (% in GBP) to 28 February 2018

Period	12 mths to 28/02/18	12 mths to 28/02/17	12 mths to 29/02/16	12 mths to 28/02/15	12 mths to 28/02/14
First State Global Listed Infrastructure Fund B GBP Acc	**-4.8**	**32.0**	**4.9**	**18.5**	**8.6**
FTSE Global Core Infrastructure 50/50 Index Net TR GBP*	-4.1	30.1	1.9	19.5	7.1
MSCI World Net Total Return Index	6.0	35.8	-1.3	17.0	10.2

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 Vopak (+7%), the world's largest independent bulk liquid storage company. The market reacted positively to better than expected December quarter earnings, helped by an uptick in occupancy rates at its Rotterdam oil storage facilities. Bullish 2019 outlook comments, when additional capacity is scheduled to come onstream across its strategically located global storage network, provided further impetus to its share price.

Houston-based pipeline operator Plains All American Pipeline (+1%) gained after healthy volumes in the December quarter for its high quality Permian Basin gathering and transportation assets translated to better than expected growth in distributable cash flow. Investors also welcomed a reduction in net debt to EBITDA[3] - a key metric for pipeline sector - to less than 5x. However Kinder Morgan (-10%) fell as its attractive valuation multiple and scheduled 60% dividend increase in 2018 were overshadowed by a lack of visibility over future earnings growth, given troubles with the Trans Mountain pipeline project.

Jiangsu Expressway (+1%), which operates toll road concessions in China's most densely populated province, increased on continued structural growth in Chinese traffic volume, underpinned by the country's growing middle class. Spain's Abertis (flat) also held up during the month. The company is the subject of a takeover bid from construction firm ACS, and may yet receive a higher bid from rival bidder Atlanta (-5%). French-listed Getlink (-7%) and Vinci (-7%) succumbed to the broader market sell off. The worst performing stock in the portfolio was Brazil's CCR (-19%) as media reports emerged that the firm had been cited in a plea bargain from an anti-corruption probe regarding overpriced sponsorship contracts. CCR, which denies the allegations, has established an independent committee to conduct a "thorough and meticulous" investigation into the issue.

UK utilities National Grid (-8%) and SSE (-6%) underperformed on persistent investor concerns about plans by the opposition Labour Party to re-nationalise a range of UK assets, including utilities. Comments from the Bank of England that UK monetary policy may need to be tightened earlier "and by a somewhat greater extent" than previously expected served as a further headwind. The portfolio's US utility holdings including Great Plains Energy (-5%), NiSource (-5%), NextEra Energy (-3%) and Dominion Energy (-3%) were affected by rising bond yields. PG&E (-3%) made up some ground towards the end of the month, as the California State Assembly's Committee on Utilities and Energy clearly acknowledged the uncertainty faced by utilities under current Californian law.

During the month, the Fund increased its exposure to the Pipelines sector via TransCanada and Gibson Energy. TransCanada operates one of North America's largest energy infrastructure portfolios and forecasts its distributions to grow at a compound annual growth rate of 8-10% per annum through to 2020. The pipeline sector remains out of favour, despite improving fundamentals, presenting an opportunity to gain exposure to these assets at an appealing entry price.

Gibson Energy owns valuable and strategically-located energy storage and transportation facilities in the Western Canadian energy hubs of Hardisty and Edmonton. Recent management changes have led to the planned disposal of non-core assets and a renewed focus on the development of core energy infrastructure, suggesting scope for the company's valuation multiples to re-rate from current levels.

Holdings in US freight rail operator Union Pacific were sold after 2017's buoyant US economy and corporate tax cuts pushed its share price up to optimistic valuation multiples. A position in Mexican airport operator, GAP, was also sold after rapid volume growth across its portfolio of Mexican airports underpinned substantial outperformance during the Fund's holding period.

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.

While we are long term investors, we acknowledge the need to provide some context to recent performance. Since the Fund's inception we have consistently said that its two key risks are (1) a sharp rise in interest rates, and (2) political and regulatory interference. The sharp rise in US Treasury yields (the yield on the 10-year has risen from around 2.4% at the start of the year to over to 2.8% by the end of February) resulted in a clear sector rotation from defensives to cyclicals.

While we anticipated the rise in rates and were positioned in with overweight exposure to growth infrastructure, around 40% of the Fund is invested in utilities. Though this period has been challenging for utilities, they offer strong defensive characteristics through a full cycle and are a good source of income. They serve an important purpose in enabling the Fund to provide a sensibly diversified exposure to the infrastructure asset class.

Other sectors such as Towers and Tollroads, which also have strong longer term growth characteristics, were affected as growth potential was overshadowed by the interest-rate sensitivity. Political and regulatory headwinds played a part, contributing to this month's underperformance of UK Utilities and North American Pipelines.

Listed infrastructure is a listed equity and is not immune to short term market movements. However we remain confident that infrastructure's essential volumes, inflation-linked pricing and strong cash flows will continue to benefit investors over longer time frames.

[3] Earnings before interest, taxes, depreciation and amortization.

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.

For institutional enquiries contact institutionalenquiries@firststate.co.uk

For wholesale enquiries contact enquiries@firststate.co.uk

Important Information

This document has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered and does not purport to be comprehensive. The views expressed are the views of the writer at the time of issue and may change over time. It does not constitute investment advice and/or a recommendation and should not be used as the basis of any investment decision. This document is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, units or other interests or to enter into an investment agreement. No person should rely on the content and/or act on the basis of any material contained in this document.

This document is confidential and must not be copied, reproduced, circulated or transmitted, in whole or in part, and in any form or by any means without our prior written consent. The information contained within this document has been obtained from sources that we believe to be reliable and accurate at the time of issue but no representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information. We do not accept any liability whatsoever for any loss arising directly or indirectly from any use of this information.

References to “we” or “us” are references to First State Investments.

In the UK, issued by First State Investments (UK) Limited which is authorised and regulated by the Financial Conduct Authority (registration number 143359). Registered office Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB number 2294743. Outside the UK within the EEA, this document is issued by First State Investments International Limited which is authorised and regulated in the UK by the Financial Conduct Authority (registered number 122512). Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB number SCO79063.

Certain funds referred to in this document are identified as sub-funds of First State Investments ICVC, an open ended investment company registered in England and Wales (“OEIC”). Further information is contained in the Prospectus and Key Investor Information Documents of the OEIC which are available free of charge by writing to: Client Services, First State Investments (UK) Limited, Finsbury Circus House, Finsbury Circus, London, EC2M 7EB or by telephoning 0800 587 4141 between 9am and 5pm Monday to Friday or by visiting www.firststateinvestments.com. Telephone calls may be recorded. The distribution or purchase of shares in the funds, or entering into an investment agreement with First State Investments may be restricted in certain jurisdictions.

Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The prospectus, key investor information documents (KIIDs), the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

First State Investments (UK) Limited and First State Investments International Limited are part of Colonial First State Asset Management (“CFSGAM”) which is the consolidated asset management division of the Commonwealth Bank of Australia ABN 48 123 123 124. CFSGAM includes a number of entities in different jurisdictions, operating in Australia as CFSGAM and as First State Investments elsewhere. The Commonwealth Bank of Australia (“Bank”) and its subsidiaries do not guarantee the performance of any investment or entity referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of the Bank or its subsidiaries, and are subject to investment risk including loss of income and capital invested.

MAR00200_0218_UK/EU