

# First Sentier Responsible Listed Infrastructure Fund (UK OEIC)

Quarterly Investment Report

30 September 2024

## Contents

Portfolio Overview	1
Performance	2
Commentary	3
Portfolio Allocation and Stock Holdings	4
Stock Contribution	5
Risk Analysis	6
Disclaimer	7

## Risk Factors

This document is a financial promotion for the First Sentier Responsible Listed Infrastructure Fund in the UK 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 substantially less than the original amount invested.**
- **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Single sector risk:** investing in a single economic sector may be riskier than investing in a number of different sectors. Investing in a larger number of sectors helps to spread risk.
- **Currency risk:** The Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund and could create losses. Currency control decisions made by governments could affect the value of the Fund's investments and could cause the Fund to defer or suspend redemptions of its shares.
- **Concentration risk:** The Fund invests in a relatively small number of companies which may be riskier than a Fund that invests in a large number of companies.
- **Listed Infrastructure Risk:** the Fund 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 (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.**

**If you are unsure of the terminology used in this report, please seek independent financial advice.**

# Portfolio Overview

30 September 2024

## Investment objective and policy

The Fund aims to achieve an investment return from income and capital growth over the long term (at least five years).

The Fund invests in shares of companies that are involved in infrastructure around the world and are listed on exchanges worldwide. The infrastructure sector includes utilities (e.g. water and electricity), highways and railways, airports, marine ports and energy storage and transportation. The Fund does not invest directly in infrastructure assets. The Fund may invest up to 10% in other funds. The Fund will only use derivatives to reduce risk or to manage the Fund more efficiently in limited cases.

## Fund Information

Fund Launch Date	08 February 2021
Fund Size (£m)	30.1
UK's Investment Association Sector	Infrastructure
Benchmark	FTSE Developed Core Infrastructure ex-Pipelines Index Net TR*
Number Of Holdings	37
Fund Manager(s)	Rebecca Sherlock/Peter Meany
Fund Yield	3.0%

\* The benchmark and IA sector for this Fund have been identified as a means by which investors can compare the performance of the Fund and have been chosen because their constituents most closely represent the scope of the investable assets. The benchmark and sector are not used to limit or constrain how the portfolio is constructed nor are they part of a target set for Fund performance. The IA Infrastructure Sector was split out of the IA Global Sector as of 13 September 2021 to create a new IA Infrastructure Sector. The Fund joined the new IA Infrastructure Sector at the same time. Please note that the number of funds in each Investment Association sector will vary over time. The benchmark of the Fund changed from FTSE Global Core Infrastructure 50/50 Net Index to FTSE Developed Core Infrastructure ex-Pipelines Index Net TR with effect from 30 November 2022. This change has been reflected in the calculation of the benchmark performance.

## Available Share Classes

ISIN	Sedol	Share Class
GB00BMXP3956	BMXP395	First Sentier Responsible Listed Infrastructure Fund GBP Class E (Accumulation)
GB00BMBQLK73	BMBQLK7	First Sentier Responsible Listed Infrastructure Fund GBP Class B (Accumulation)
GB00BKP85030	BKP8503	First Sentier Responsible Listed Infrastructure Fund GBP Class E (Income)
GB00BKQMYG32	BKQMYG3	First Sentier Responsible Listed Infrastructure Fund GBP Class E Hedged (Accumulation)

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# Performance

30 September 2024

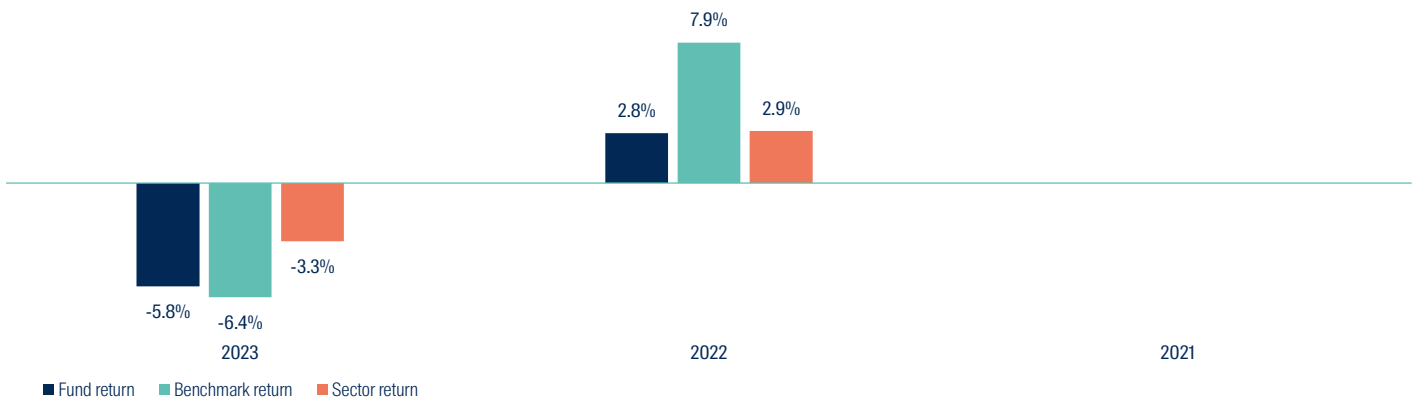
## Annual Performance (% in GBP) to 30 September 2024

	12 mths to 30/09/24	12 mths to 30/09/23	12 mths to 30/09/22	12 mths to 30/09/21	12 mths to 30/09/20
First Sentier Responsible Listed Infrastructure Fund	15.1	-14.0	8.6	-	-
FTSE Developed Core Infrastructure ex-Pipelines Index Net TR	15.8	-10.9	13.4	-	-
Sector return	14.2	-7.3	5.6	-	-

## Cumulative Performance (% in GBP) to 30 September 2024

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
First Sentier Responsible Listed Infrastructure Fund	15.2	-	-	7.6	15.1	4.2	6.6	6.2
FTSE Developed Core Infrastructure ex-Pipelines Index Net TR	26.2	-	-	16.9	15.8	8.2	6.5	8.2
Sector return	18.8	-	-	11.8	14.2	6.2	8.1	7.1

## Calendar Year Performance (% in GBP) to 30 September 2024



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 GBP, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 08 February 2021. All performance data for the First Sentier Responsible Listed Infrastructure Fund Class B (Accumulation) GBP as at 30 September 2024. Source for fund - Lipper IM / First Sentier Investors (UK) Funds Limited. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management fee and other fund expenses), 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 for benchmark - FTSE, income reinvested net of tax.

Sector returns calculated by Lipper and denote the arithmetic mean performance of funds in the relevant UK's Investment Association Sector.

# Commentary

30 September 2024

## Market Review

Global Listed Infrastructure delivered strongly positive returns during the September quarter, aided by robust quarterly earnings numbers and the US Federal Reserve's first interest rate cut since 2020.

## Performance Review

Mobile towers rallied on lower interest rates and indications that tower leasing activity (telecom companies seeking to lease space for their equipment on mobile towers) may accelerate in late 2024 and 2025. Utilities / renewables gained on growing awareness of the extent to which demand for electricity is likely to increase over coming years.

North American freight railroads delivered positive returns but lagged other infrastructure sectors as freight haulage volumes remained lacklustre. Japanese infrastructure stocks were led lower by its electric utilities, which gave up ground following strong gains earlier in the year.

## Fund Activity

The portfolio initiated a position in US tower company SBA Communications, owner and developer of mobile tower portfolios in the US, as well as in faster-growing Latin American and African markets. Consistent with peers, SBA is positioned to benefit as improvements in mobile broadband technology drive demand for mobile communications, video streaming and smart devices. An upswing in the leasing cycle of US telecom companies, combined with easing interest rates, are expected to provide SBA with a favourable operating environment and scope for its valuation multiples to expand.

Holdings in renewables developers NEOEN and Atlantica Sustainable Infrastructure were divested; both companies recently received takeover offers from North American unlisted infrastructure managers.

## Outlook

The Fund invests in a range of listed infrastructure assets including toll roads, airports, railroads, utilities and renewables, mobile towers and data centres. 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 Fund's focus on sustainable development, guided by the UN Sustainable Development Goals, can create opportunities for positive risk-adjusted performance. It can generate investment ideas, as well as lowering the overall risk profile of a portfolio through a better understanding of Responsible Investment-related risks.

Earnings growth for the asset class is likely to be underpinned by a number of structural growth themes over coming years. We are optimistic about the substantial investment opportunities associated with the decarbonisation of the world's energy needs. Utilities are positioned to derive steady, regulated earnings growth by building solar and wind farms, and by upgrading and expanding the networks needed to connect these new power sources to the end user.

In addition to the energy transition, electricity demand levels in North America are also set to increase in absolute terms, after years of maintaining roughly consistent levels. This should provide additional earnings visibility for many regulated US utility stocks.

Digitalisation is another key theme for the asset class. We expect structural growth in demand for mobile data (underpinned by an ever-

growing reliance on digital connectivity) to support long-term earnings growth for Towers. The adoption of 5G technology over coming years will require networks to handle increased data speed, as well as a much higher number of connected devices. The surge of interest in AI is driving data center demand, as well as boosting the need for electricity.

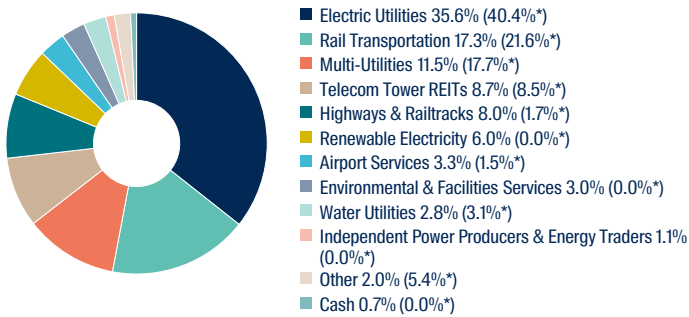
# Portfolio Allocation and Stock Holdings

30 September 2024

## Ten Largest Holdings as at 30 September 2024

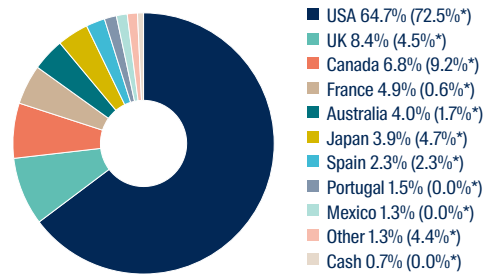
Stock Name	Country	Sector	Portfolio Weight (%)	Index Weight (%)
NextEra Energy, Inc.	USA	Electric Utilities	8.4	7.9
Union Pacific Corporation	USA	Rail Transportation	8.4	6.9
American Electric Power Co., Inc.	USA	Electric Utilities	7.0	2.5
American Tower Corporation	USA	Telecom Tower REITs	6.0	5.0
National Grid plc	UK	Multi-Utilities	5.3	3.1
Exelon Corporation	USA	Electric Utilities	4.9	1.8
Norfolk Southern Corporation	USA	Rail Transportation	4.7	2.6
Dominion Energy Inc	USA	Multi-Utilities	4.4	2.2
Eversource Energy	USA	Electric Utilities	4.4	1.1
Xcel Energy Inc.	USA	Electric Utilities	4.4	1.7

## Sector Breakdown



\*Index Weight

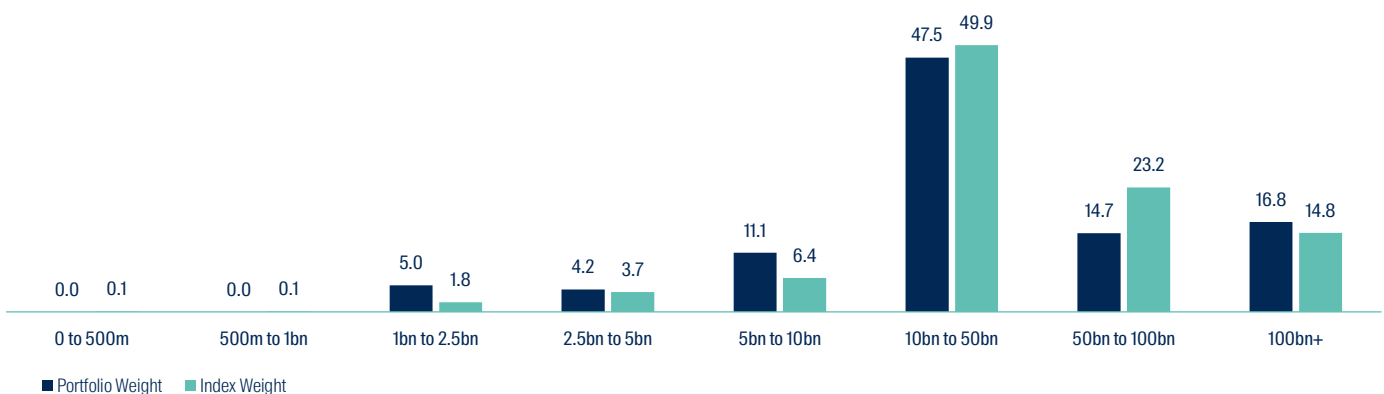
## Country Breakdown



\*Index Weight

Sector and Country classifications provided by Factset and First Sentier Investors. The Fund may hold multiple equity securities in the same company, which have been combined to provide the Fund's total position in that company. Index weights, if any, typically include only the main domestic-listed security. The above Fund weightings may or may not include reference to multiple securities.

## Market Capitalisation Breakdown (GBP)



Data source: For illustration purposes only. Portfolio weights may not add up to 100% as cash holdings are excluded and full coverage of stocks is not always available. This information is calculated by First Sentier Investors.

# Stock Contribution

30 September 2024

## Top 5 contributors to absolute performance

3 months to 30 September 2024

Stock Name	Country	Sector	Value added (bps*)
NextEra Energy, Inc.	USA	Electric Utilities	106
National Grid plc	UK	Multi-Utilities	82
American Tower Corporation	USA	Telecom Tower REITs	70
Eversource Energy	USA	Electric Utilities	68
Xcel Energy Inc.	USA	Electric Utilities	60

12 months to 30 September 2024

Stock Name	Country	Sector	Value added (bps*)
NextEra Energy, Inc.	USA	Electric Utilities	328
American Tower Corporation	USA	Telecom Tower REITs	186
Union Pacific Corporation	USA	Rail Transportation	111
National Grid plc	UK	Multi-Utilities	93
Dominion Energy Inc	USA	Multi-Utilities	82

## Bottom 5 contributors to absolute performance

3 months to 30 September 2024

Stock Name	Country	Sector	Value added (bps*)
Canadian National Railway Company	Canada	Rail Transportation	-30
CenterPoint Energy, Inc.	USA	Multi-Utilities	-22
GFL Environmental Inc	Canada	Environmental & Facilities Services	-15
NextEra Energy Partners LP	USA	Renewable Electricity	-11
Atlas Arteria	Australia	Highways & Railtracks	-9

12 months to 30 September 2024

Stock Name	Country	Sector	Value added (bps*)
Solaria Energia Y Comstk	Spain	Renewable Electricity	-33
West Japan Railway Company	Japan	Rail Transportation	-26
Atlas Arteria	Australia	Highways & Railtracks	-21
SBA Communications Corp. Class A	USA	Telecom Tower REITs	-6
AES Corporation	USA	Independent Power Producers & Energy Traders	-5

Stock Contributions show the impact of the individual stock's performance to the total fund performance. These stock contributions show the top 5 and bottom 5 contributors to the fund and are not representative of the performance of the fund as a whole.

**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 GBP, the return may increase or decrease as a result of currency fluctuation.**

This stock information does not constitute any offer or inducement to enter into investment activity.

Contributions are calculated at the investee company level before the deduction of any fees incurred at fund level (e.g. the management fee and other fund expenses) but after the deduction of transactional costs.

Stocks held/listed in non-index countries have economic activity > 50% from developing economies.

\* A basis point is a unit of measure used in finance to describe the percentage change in value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Data source: This information is calculated by First Sentier Investors.

# Risk Analysis

30 September 2024

## Portfolio Risk Analysis - Ex-Post 3 Years Annualised to 30 September 2024

Risk Measure	Value	Risk Description
Beta	1.05	Beta is a measure of volatility relative to the market. A beta of 1 would indicate that the fund tended to move in line with the market; a beta greater than 1 would indicate that the fund has been more volatile than the market; whereas a beta less than 1 would indicate that the fund has been less volatile than the market.
Information Ratio	-0.50	The fund's excess return divided by its tracking error. It is designed to assess a portfolio's performance relative to its level of benchmark risk. The higher the fund's information ratio, the more excess return it generates for each unit of tracking error.
Portfolio Standard Deviation	12.58%	A measure of how much the returns of the fund vary relative to the arithmetical average. The higher the fund's standard deviation, the more its returns tend to deviate from the mean.
Benchmark Standard Deviation	11.60%	A measure of how much the returns of the index vary relative to the arithmetical average. The higher the index's standard deviation, the more its returns tend to deviate from the mean.
Tracking Error	2.83%	The standard deviation of the difference between the fund's returns and those of the index. The higher the fund's tracking error, the more its performance relative to the benchmark may vary.

## Portfolio Risk Analysis - Ex-Ante at 30 September 2024

Risk Measure	Value	Risk Description
Dividend Yield (Index)	2.97%	The annual dividend yield paid per share divided by the share price. This factor measures the value of company shares according to the stream of dividend income resulting from share ownership.
Price to Book (Index)	2.20	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to Earnings (Index)	20.41	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.

Data source: Ex-post information is calculated by First Sentier Investors, ex-ante information is provided by FactSet.



# Disclaimer

30 September 2024

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References to "we" or "us" are references to First Sentier Investors.

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