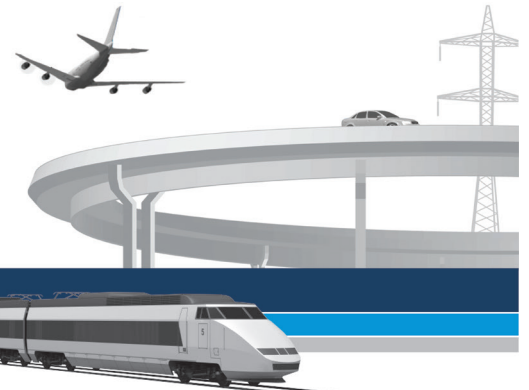


First State Global Listed Infrastructure Fund

Monthly Review and Outlook

June 2020



- The Fund invests primarily in global listed infrastructure and infrastructure-related equity and equity related securities worldwide. Investments in infrastructure projects may involve risks including projects not being completed on time and within budget, changes in environment laws and regulations.
- The Fund's investments may be concentrated in a single and limited/specialist sector or in fast growing economies which may have higher volatility or greater loss of capital than more diversified portfolios.
- Small/ mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments.
- The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.
- For certain share classes, the Fund may at its discretion pay dividend out of capital or pay fees and expenses out of capital to increase distributable income and effectively a distribution out of capital. This amounts to a return or withdrawal of your original investment or from any capital gains attributable to that, and may result in an immediate decrease of NAV per share.
- It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

Market Review

Global Listed Infrastructure gave up ground in June as the partial reopening of the global economy and brightening macroeconomic data saw investors rotate away from defensive assets. The FTSE Global Core Infrastructure 50/50 index fell -2.1% during the month, while the MSCI World index[^] rose +2.6%.

The best performing infrastructure sector was Water / Waste (flat), which delivered stable returns as general equities rose. Toll Roads (flat) also fared relatively well as traffic volumes for European, Chinese and Australian roads maintained upward trends.

The worst performing infrastructure sector was Electric Utilities (-5%), owing to a lack of appetite for lower beta assets, and concerns that bad debts may weigh on cash flow. Pipelines (-4%) gave up some of the previous month's strong returns, as a result of their still-clouded growth outlook.

The best performing infrastructure region was the United Kingdom (+6%), as its utilities announced resilient earnings numbers and the market welcomed the prospect of widespread relaxations of the country's lockdown from July 4th. The worst performing infrastructure region was Japan (-6%), where the general population's cautious attitude to coronavirus - despite the country's relatively low caseload to date - translated to muted passenger traffic volumes and a worse-than-expected reading for business confidence in the June quarter.

Fund Performance

The portfolio returned -2.2%¹ in June, 10 basis points behind the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

The best performing stock in the portfolio was ASUR (+12%), which operates tourism-focused airports in Mexico. Although passenger volumes have fallen sharply since the spread of coronavirus began, investors took the view that the company's low leverage and constructive regulatory framework should enable it to thrive again once normalised conditions return.

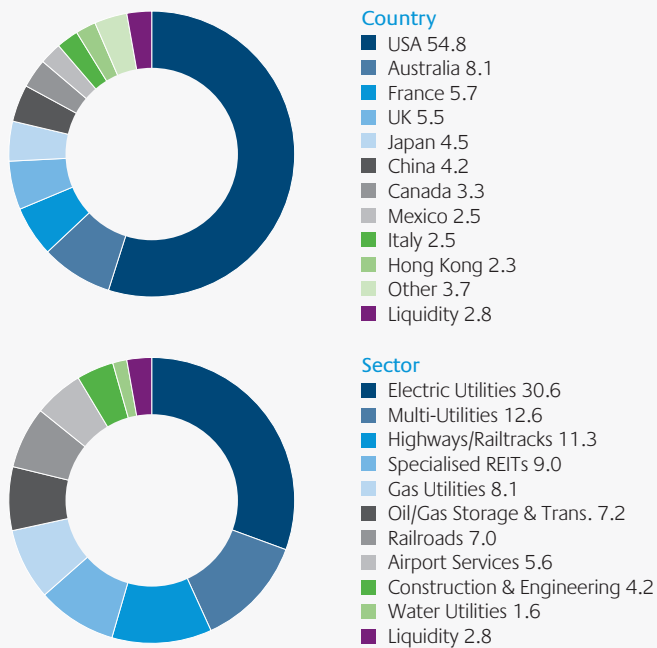
UK electric utility SSE (+10%) reiterated its commitment to increase dividend payments by the rate of inflation each year between now and 2023. The company is increasingly focused on the build-out of renewables, particularly offshore wind, as the UK moves towards a target of Net Zero carbon emissions by 2050. Multi-utility National Grid (+7%) gained after reporting quarterly earnings broadly in line with consensus, and increasing its 2020 dividend in line with inflation.

US energy infrastructure company Cheniere (+9%) rose strongly after securing borrowing facilities that will enable it to repay higher interest convertible notes. On a call with investors the company noted that it was the only energy company in the US to have reiterated 2020 earnings guidance, reflecting the favourable terms of its long term LNG export contracts.

	Cumulative Performance in USD (%) ²					
	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	9.1	-11.7	-6.7	3.9	26.5	71.2
Benchmark*	10.3	-13.3	-8.0	9.1	31.6	73.1

	Calendar Year Performance in USD (%) ²				
	2019	2018	2017	2016	2015
Class I (USD - H Dist)	24.3	-8.3	17.2	11.7	-5.7
Benchmark*	25.1	-4.0	18.4	11.3	-6.0

Asset Allocation (%) ²



Top 10 holdings (%) ²

Stock name	Sector	%
Transurban	(Highways/Railtracks)	6.6
Nextera Energy Inc	(Electric Utilities)	6.0
Dominion Energy Inc COM	(Multi-Utilities)	4.8
American Electric Power Company, Inc.	(Electric Utilities)	4.0
Eversource Energy	(Electric Utilities)	4.0
American Tower Corporation	(Specialised REITs)	3.7
SBA Communications Corp Class A	(Specialised REITs)	3.4
NiSource Inc.	(Multi-Utilities)	2.7
Xcel Energy Inc.	(Electric Utilities)	2.6
Emera Inc	(Electric Utilities)	2.3

Chinese toll road operator Jiangsu Expressway (+5%) reported increases of between 8% and 10% in traffic numbers for May, even though its toll free period ended on May 6th. Company assets include the 275km Shanghai-Nanjing Expressway, one of China’s busiest expressways. French toll road operator Vinci (flat) also held up well. While this year’s earnings have been

significantly impacted by France’s lockdown, the company is now seeing improving trends in traffic levels on its highways, with French economic stimulus measures expected to support its construction business segment. A traffic update from Australian peer Transurban (flat) showed that its roads with a heavy vehicle focus are now seeing close to normal volumes. Routes with airport traffic, and North American Express Lanes (which rely on higher congestion), are taking longer to recover. The company also announced a dividend of 47c per share for 2020, higher than the 44-45c expected by the market.

The worst performing stocks in the portfolio included passenger rail operators West Japan Railway (-13%) and East Japan Railway (-12%). As fixed cost businesses with relatively slim margins, these companies are proving sensitive to lower volumes. Demand has begun to return for their conventional railway lines. However passenger numbers on their longer haul, high speed shinkansen routes (which provide a similar function to local airline routes) are taking longer to recover, reflecting lingering concerns of coronavirus risks.

US utilities also underperformed in June, despite strong fundamentals – the vast majority of major US utilities have reaffirmed full-year earnings guidance for 2020. However the sector was overshadowed by concerns that the recent spike in US unemployment could make it more difficult for some customers to pay their bills. Smaller operators such as Portland General Electric (-10%) and Avista (-7%) were amongst the hardest hit, but large-cap peers American Electric Power (-7%) and NextEra Energy (-6%) also slipped. Reminders of the sector’s longer term structural growth drivers were provided by Dominion Energy (-3%) which successfully installed its Coastal Virginia Offshore Wind pilot project in June; and Xcel Energy (-3%) which identified US\$3 billion-worth of accelerated or additional capex opportunities in its Minnesota service territory, including wind, solar and electric vehicle infrastructure.

Fund Activity

During the month the Fund initiated a position in AENA, which operates a portfolio of Spanish airports, notably Madrid-Barajas and Barcelona. Persistent concerns for passenger volumes have seen its share price recover slowly from March lows. Given Spain’s attractiveness as a holiday destination, the company’s airports are now positioned to benefit from rising volumes as European transport restrictions are lifted for the continent’s summer holiday season.

The Fund sold its position in Ferrovial, a Spanish-listed global infrastructure concession and construction company. Strong share price gains since its mid-March low point – as investors anticipated volume recovery on its globally diversified transport infrastructure assets – moved the stock to a lower position within our Value/Quality ranking process. Holdings in Central Japan Railway were also sold during June. The company derives a much higher proportion of its earnings from shinkansen routes than peers East Japan Railway and West Japan Railway, making Central more vulnerable to the sluggish pace of these assets’ volume recovery.

² Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 30 June 2020. Allocation percentage is rounded to the nearest one decimal place and the total allocation percentage may not add up to 100%. Fund inception date: 27 June 2008. Performance is based on First State Global Listed Infrastructure Fund Class I (USD – H Dist). This is the semi-annually dividend distribution class of the Fund. The performance quoted are based on USD total return (with dividend reinvested). Dividends are not guaranteed and may be paid out of capital. * The benchmark displayed is UBS Global Infrastructure & Utilities 50-50 Index until 31 March 2015 and FTSE Global Core Infrastructure 50/50 Index from 1 April 2015 onwards. Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date.

Market Outlook and Fund Positioning

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

While the macroeconomic outlook remains hard to predict and will depend largely on coronavirus developments / progress, the sharp recovery seen in financial markets during the June quarter appears to be implying an imminent V-shaped recovery. While conceivable, we remain alert to the risk of second waves, prolonged recessions and slow recoveries.

Against a more challenging backdrop, cyclical growth would become less valuable than the long term structural earnings growth drivers offered by many infrastructure assets. Examples include the build-out of renewable energy; increasing data mobility / connectivity needs being met by mobile towers and data centres; the electrification of transportation; the reduction of urban congestion; and the ongoing replacement of aged infrastructure assets.

Further, infrastructure could be the target of near term economic stimulus measures. Investment in infrastructure remains highly popular across society, and on both sides of the political divide. Private sector infrastructure investment could provide a useful way for politicians to boost anaemic economic growth rates and reduce high unemployment levels.

Source : Company data, First State Investments, as of end of June 2020.

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