First Sentier Global Listed Infrastructure Fund
Monthly review and outlook

First Sentier Investors

Monthly Review and Outlook | March 2021

Market review

Global Listed Infrastructure rose strongly in March, helped by supportive US policy proposals and M&A activity. The FTSE Global Core Infrastructure 50/50 index increased +7.1%. The MSCI World index^ ended the month up +3.3%.

The best performing infrastructure sectors were Multi-Utilities (+13%), Electric Utilities (+10%) and Towers / Data Centres (+10%), which in previous months had lagged the broader market during a period of rising interest rates. The worst performing infrastructure sectors were Airports (+1%) and Toll Roads (+5%), as the logistical challenges associated with the rollout of coronavirus vaccines muted gains for transport stocks.

The best performing infrastructure region was the United States (+11%), where President Biden's US$2.3 trillion American Jobs Plan contained a number of positive implications for US infrastructure stocks. The worst performing infrastructure region was Europe ex-UK (+3%), reflecting a slow vaccine rollout and accelerating coronavirus case numbers.

Fund performance

The Fund returned +4.6% after fees[1] in March, 244 basis points behind the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

Cumulative performance in USD (%)[2]

	3 mths	YTD	1 yr	3 yrs	5 yrs	Since inception
Class I (USD - H Dist)	4.1	4.1	24.2	22.1	37.0	94.8
Benchmark*	4.1	4.1	27.0	25.6	45.0	99.4

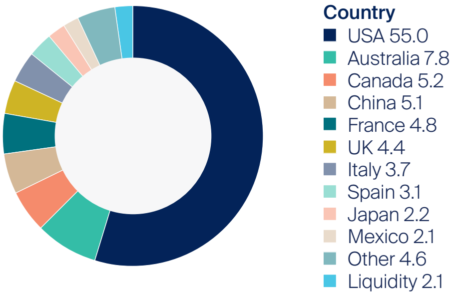
Calendar year performance in USD (%)[2]

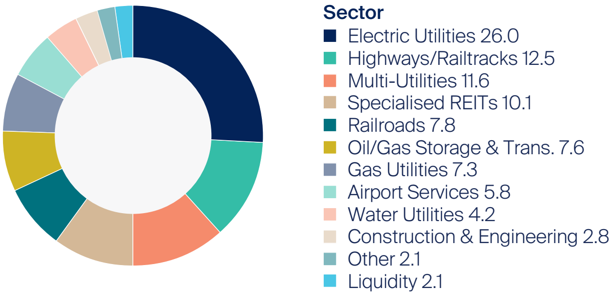
	2020	2019	2018	2017	2016
Class I (USD - H Dist)	-3.5	24.3	-8.3	17.2	11.7
Benchmark*	-4.1	25.1	-4.0	18.4	11.3

Performance is based on First Sentier 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.
1 Source: First Sentier Investors & Bloomberg, the First Sentier Global Listed Infrastructure's cumulative return over one month, data as of 31 March 2021.
^ MSCI World Net Total Return Index, USD
All stock and sector performance data expressed in local currency terms. Source: Bloomberg.
This Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund Plc.

- The Fund invests primarily in global listed infrastructure and infrastructure-related equity or 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.

Asset allocation (%)[2]





Top 10 holdings (%)[2]

Stock Name	Sector	%
American Tower Corporation	(Specialised REITs)	6.2
Transurban	(Highways/Railtracks)	5.8
Dominion Energy Inc COM	(Multi-Utilities)	4.9
Nextera Energy Inc	(Electric Utilities)	4.0
SBA Communications Corp Class A	(Specialised REITs)	3.9
Aena SA	(Airport Services)	3.1
Eversource Energy	(Electric Utilities)	2.8
Alliant Energy Corporation	(Electric Utilities)	2.8
Xcel Energy Inc.	(Electric Utilities)	2.7
CenterPoint Energy, Inc.	(Multi-Utilities)	2.7

The best performing stock in the portfolio was Pacific Northwest-focused regulated utility Avista (+19%). Improving investor sentiment towards the utilities sector buoyed its share price. Further support was provided by news that in February Montreal pension fund Public Sector Pension Investment Board had built a 7.5% stake in the company. Other small and mid-cap US utilities including Alliant Energy (+17%), CenterPoint Energy (17%), Pinnacle West (+16%), and Portland General Electric (+14%) also performed well in this environment.

US utilities with substantial offshore wind commitments such as Dominion Energy (+12%) and Eversource Energy (+10%) gained on constructive regulatory developments. The US Bureau of Ocean Energy Management issued its long-awaited Environmental Impact Study for Vineyard Wind 1, the first US utility-scale offshore wind energy project, bringing formal approval a step closer. The Biden administration also set a goal to deploy 30 gigawatts of offshore wind energy by 2030, which is likely to expedite existing offshore wind projects.

Mobile tower operators American Tower (+11%) and SBA Communications (+9%) also climbed as structural growth drives tower earnings. US telecom company Verizon, one of the towers' largest customers, announced plans to increase its capex budget by US$10 billion (or 18%) over the next three years to deploy newly acquired 5G spectrum. We expect this will see more capacity being taken up on towers, leading to increased revenue under long-term contracts.

The worst performing stock in the portfolio was water utility Guangdong Investments (-9%), which derives most of its earnings from the distribution of water to Hong Kong and mainland China. The stock underperformed after lower than expected profits on new water projects overshadowed the company's robust fundamentals and defensive balance sheet.

Having gained strongly in recent months, Mexican airport operator ASUR (-7%) gave up some ground on indications that the pace of its traffic recovery may have eased during the March quarter. European operators AENA (-2%) and Flughafen Zurich (-3%) also lagged as a new round of lockdowns came into force across the continent. Zurich announced better than expected earnings for the second half of 2020, with resilient revenues from its Property and Commercial business segments.

The portfolio's toll road holdings achieved mixed performance. European operators such as Eiffage (flat), Vinci (+2%) and Atlantia (+3%) delivered slight gains in strongly rising markets, owing to new lockdowns. Emerging Market peers fared better. Brazil's CCR (+15%) gained after the concession life on one its assets was extended to reflect an economic rebalancing; and on a growing recognition of the value on offer at the company's current valuation multiples. Jiangsu Expressway (+7%) reported a 5% increase in toll road revenue during the second half of 2020 compared to the same period a year earlier; illustrating China's quick recovery from coronavirus and steady demand for Jiangsu's road networks.

Fund activity

The Fund initiated a position in Dallas-based gas utility Atmos Energy, which serves more than 3 million customers across eight states, as well as managing extensive pipeline and storage assets. The company's US$9 billion rate base is forecast to grow at an annualized rate of between 9% and 10% in coming years, translating into regulated earnings growth of between 6% and 8% pa. Atmos' valuation multiples contracted significantly in 2020, along with the broader US gas utility sector. It then underperformed further after disclosing costs of between US$2.5 billion and US$3.5 billion, as a result of volatility in the Texas energy market during February's unusually cold weather. The company's regulated business model means that it should be able to recover those costs from customers, over time. We believe that this underperformance has created an attractive entry point for a well-managed company, operating in favourable regulatory jurisdictions.

A holding in West Japan Railway was divested from the portfolio. Positive vaccine news over the past six months has raised the prospect of a recovery in passenger numbers, driving significant share price gains and reducing the mispricing in this stock.

Performance is based on First Sentier Global Listed Infrastructure Fund Class I (USD – H Dist).
2 Source: Lipper & First Sentier Investors, Nav-Nav (USD total return) as at 31 March 2021. 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.

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.

Toll roads represent the portfolio's largest sector overweight. We believe these companies represent exceptional value at current levels. Traffic volumes have proved more resilient than those of other transport infrastructure assets; and toll roads are likely to be the first to see a return to normal demand levels as vaccine programs are rolled out. Recent congestion data indicates a positive traffic recovery during February and March on Transurban's Sydney, Brisbane and Melbourne road networks.

The portfolio is also overweight Towers / Data Centres. Increasing demand for mobile data (reflecting the growing popularity of video streaming) continues to underpin steady earnings growth for tower companies, insulating them from the ebbs and flows of the broader global economy.

The portfolio is underweight the Airports sector. It remains to be seen how quickly consumer behaviour will return to normal, while business travel may never regain previous levels. The portfolio's exposure is focused primarily on higher quality European operators such as Spain's AENA whose passenger mix is tilted towards Leisure and VFR (visiting friends and relatives) travellers. These categories could see numbers rebound sharply as travel restrictions are lifted.

An underweight exposure to the Pipelines sector has also been maintained. While the sector has delivered solid gains in recent months, we remain conscious of the structural headwinds that these companies could face as Net Zero initiatives gather pace.

Source : Company data, First Sentier Investors, as of end of March 2021