First Sentier Global Listed Infrastructure Fund
Monthly review and outlook

First Sentier Investors

Market review

Global Listed Infrastructure gave up ground in November as news of a potentially more infectious coronavirus variant, and indications that the US Federal Reserve may start to reduce monetary stimulus measures sooner than expected, weighed on financial markets. The FTSE Global Core Infrastructure 50/50 index returned -3.3%, while the MSCI World index^ ended the month -2.2% lower.

The best performing infrastructure sector was Water / Waste (+1%) as investors sought defensive exposure. Toll Roads (+1%) also held up well, with Asia-Pacific operators tending to outperform European peers.

The worst performing infrastructure sector was Pipelines (-6%), on concerns that the Omicron coronavirus variant may hinder the global economic recovery and reduce demand for energy. Airports (-6%) underperformed as strong October passenger volumes were overshadowed by an uncertain outlook for global mobility, as a number of countries tightened travel restrictions.

The best performing infrastructure region was the UK (+7%), reflecting gains from its utility stocks. The worst performing infrastructure region was Canada (-5%) owing to underperformance from its pipelines.

Fund performance

The Fund returned -3.3% after fees[1] in November, in line with 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)	-4.4	5.7	4.9	21.4	38.1	97.8
Benchmark*	-3.4	7.1	8.5	23.9	50.0	105.1

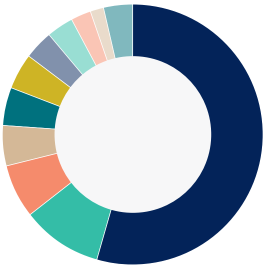
Calendar year performance in USD (%)[2]

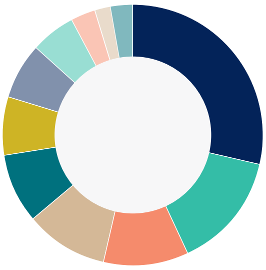
	2020	2019	2018	2017	2016
Class I (USD - H Dist)	-3.5	24.3	-8.3	17.2	11.7
Benchmark*	-4.1	25.1	-4.0	18.4	11.3

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 30 November 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. The Fund may also expose to RMB currency and conversion risk.
- 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	%
Transurban	(Highways/Railtracks)	7.0
Nextera Energy Inc	(Electric Utilities)	6.8
American Tower Corporation	(Specialised REITs)	5.1
Dominion Energy Inc COM	(Multi-Utilities)	4.9
Aena SA	(Airport Services)	4.1
SBA Communications Corp Class A	(Specialised REITs)	3.7
Norfolk Southern Corporation	(Railroads)	3.2
Xcel Energy Inc.	(Electric Utilities)	3.2
Emera Inc	(Electric Utilities)	2.5
CSX Corporation	(Railroads)	2.5

The best performing stock in the portfolio was CCR (+8%), Brazil's largest toll road operator. Having underperformed in recent months on concerns for country / political risk and rising interest rates, the stock gained as investors identified value. Traffic volumes on its toll road network remain robust, running close to or exceeding 2019 levels. In the medium term CCR is well positioned to benefit from the country's efforts to privatize and improve its roads, airports and passenger rail networks. Chinese peer Jiangsu Expressway (+3%), whose assets include the main road between major cities Shanghai and Nanjing; and Transurban (+2%), Australia's dominant toll road operator, also outperformed.

However, French-listed Vinci (-9%) and Italy's Atlantia (-3%) sold off, reflecting swift decisions by several European countries to tighten travel restrictions in an effort to slow the spread of Omicron; and both companies' exposure to the Airports sector. Pleasingly, both stocks have recovered some ground in the early part of December.

The portfolio's water utilities including Guangdong Investment (+6%) performed well in this environment. Guangdong's core business involves supplying water to Hong Kong within a regulated framework, under a concession agreement that runs until 2030. Severn Trent (+5%), which provides drinking water to over eight million people across central England and mid-Wales, rose on the appeal of its regulated business model, stable cash flows and inflation-linked dividend. The company also increased guidance for its Outcome Delivery Incentives – a measure used by the regulator to monitor the company's performance against customer-focused criteria such as water quality and supply interruptions.

Towers / data centres delivered mixed returns. Italian tower company operator Inwit (+6%) rallied after an €11 billion (US$12.5 billion) bid for co-controlling shareholder Telecom Italia boosted sentiment about M&A in the European communications sector. US peer American Tower (-7%) lagged following a sceptical market reaction to its US$10 billion takeover of data centre operator CoreSite (+20%, not held). American Tower expects the deal to provide value creation opportunities, owing to the growing overlap between towers and data centres in a 5G and cloud-based world. The portfolio's other communications infrastructure holding, SBA Communications (flat), was steady in falling markets.

The worst performing stock in the portfolio was China Gas (-28%), as a lower number of new residential connections and increased safety spending resulted in lower-than-expected half year profits. This news follows a number of other headwinds for the stock including a growing focus on China political / country risk, a slowdown in China's property sector, and two gas pipeline accidents earlier in the year. While this earnings result has disappointed, the company will continue to play a central role in the Chinese government's policy of replacing coal with cleaner sources of energy.

The general risk-off mood continued to weigh on specialist energy supply and storage operator Rubis (-12%), which has a presence in a range of developed and emerging economies. At current valuation multiples, we believe the market has also taken an overly negative view of this company's prospects, and of the essential role its assets play within a number of niche markets against limited competition.

The other main area of weakness in the portfolio came from its airport holdings. AENA (-9%), Flughafen Zurich (-7%) and ASUR (-5%) fell on concerns that the Omicron coronavirus variant would affect passenger volumes. West Japan Railway (-9%) also underperformed after Japan introduced particularly stringent travel restrictions at the end of the month, closing its borders to all overseas travellers.

Fund activity

The Fund added a holding in US utility Sempra Energy. The company's assets include electric and gas utility businesses in Southern California (San Diego Gas & Electric and SoCalGas); Texas' largest electric transmission and distribution company (Oncor); and Sempra Infrastructure, which develops and operates natural gas transportation networks and liquefaction facilities in the US and Mexico. Sempra's unfashionable conglomerate structure has contributed to a sustained period of share price

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 30 November 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.

underperformance. The company now trades at a discount to peers, presenting an appealing entry point to its high quality collection of underlying assets.

The Fund also initiated a position in energy infrastructure company DT Midstream, whose modern and reliable networks are focused on North America's most prolific natural gas basin (the Marcellus / Utica); and the fast-growing Texas / Louisiana Haynesville basin. Spun off from its utility parent company DT Energy in July 2021, the newly independent entity is run by an experienced and well-regarded management team. Forecast production growth in the Haynesville basin and steady demand from existing customers are expected to underpin healthy earnings growth into the medium term. This growth potential could also make the company an acquisition target for mature, lower growth peers.

The Fund increased its exposure to toll roads by initiating a position in Australian-listed Atlas Arteria. The company's main asset is a ~30% stake in central French toll road APRR, a ~2,300km motorway network which connects major French cities including Paris and Lyon. Atlas also owns two smaller assets – the Dulles Greenway toll road in Virginia, and Warnow Tunnel in Germany. Long distance toll road traffic volumes in Europe have largely recovered to pre-pandemic levels. The continuing rollout of coronavirus vaccinations and the recent development of anti-viral pills by Merck and Pfizer are likely to provide additional momentum to the return to the office and commuter traffic volumes, despite the emergence of the Omicron variant.

Data centre operator CyrusOne was divested after accepting a US$11.5 billion takeover bid from private equity firm KKR and fund manager Global Infrastructure Partners. The transaction is the third acquisition within the data centre space this year, alongside the previously mentioned takeover of CoreSite by American Tower, which was announced on the same day; and the US$10 billion purchase of QTS in August 2021 by alternatives-focused investment manager Blackstone. Large-cap regulated US electric utility Duke Energy was sold during the month. Following several positive developments over the past year, including settling rate cases in North Carolina and Florida, and raising capital via the sale of a minority stake in its Indiana utility business, greater mispricing is now evident in other US utility names. The Fund sold its holding in Tokyo Gas, Japan's largest natural gas utility. Structural growth challenges in their domestic market and rising input costs are likely to represent a headwind to the company profits.

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, via positions in European, Asia Pacific and Latin American operators. We believe these companies represent exceptional value at current levels, with traffic volumes proving significantly more resilient than those of other transport infrastructure assets. While new coronavirus variants have clouded the near term outlook, we remain confident that toll roads will lead a return to normal demand levels as economic activity levels continue to pick up.

The portfolio is also overweight Railroads, primarily via exposure to large cap North American freight rail operators. These firms are unique and valuable franchises. Their wholly-owned track networks are high quality infrastructure assets which can never be replicated. They typically operate under duopoly market conditions, with significant numbers of captive customers such as grain, chemical and auto producers giving them strong pricing power over long haul routes. Improving operating efficiency provides further scope to grow earnings.

The portfolio is underweight Electric / Multi-Utilities. While these companies represent a large segment of the global listed infrastructure universe, and are a good source of yield and defence, some are trading at levels where limited mispricing is evident. That said, a substantial portion of the portfolio still consists of high conviction utility holdings. The portfolio's focus is on companies with the scope to derive steady, low risk earnings growth from rate base investment (replacing ageing distribution networks, upgrading substations, expanding transmission lines); and the replacement of older coal-fired power stations with wind farms and solar power.

The portfolio is also underweight the Airports sector. The emergence of the Omicron variant has underscored how vulnerable airlines remain to coronavirus-related disruption. 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.

Source : Company data, First Sentier Investors, as of 30 November 2021.