First Sentier Global Listed Infrastructure Fund
Monthly review and outlook

First Sentier Investors

Monthly Review and Outlook | April 2022

Market review

Global Listed Infrastructure held up as investors grew increasingly concerned about rising inflation and future interest rate increases. US CPI jumped by a higher-than-expected 8.5% in March compared to a year earlier, the largest annual gain since December 1981. The FTSE Global Core Infrastructure 50/50 index returned -3.7% in April, while the MSCI World index^ ended the month -8.3% lower.

The best performing infrastructure sector was Toll Roads (+7%), which were supported by reduced political risk in France and M&A activity in Italy, as well as the appeal of inflation-linked tolling. The worst performing infrastructure sector was Railroads (-9%), with North American operators falling on concerns that a slowing US economy may weigh on haulage volumes.

The best performing infrastructure region was Australia / NZ (+5%), which was buoyed by strong returns from its road and rail infrastructure stocks. Japan (+5%), traditionally viewed as a safe haven during periods of market volatility, also outperformed. The worst performing infrastructure region was Latin America (-5%), which underperformed in the risk-off environment.

Fund performance

The Fund returned -1.9% after fees[1] in April, 175 bps ahead of 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)	6.1	1.8	4.7	20.2	32.7	112.7
Benchmark*	3.0	-0.1	6.6	21.0	42.7	119.9

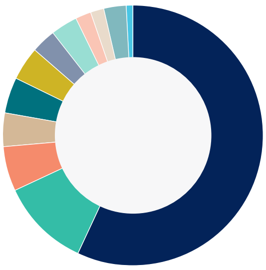
Calendar year performance in USD (%)[2]

	2021	2020	2019	2018	2017
Class I (USD - H Dist)	11.6	-3.5	24.3	-8.3	17.2
Benchmark*	14.9	-4.1	25.1	-4.0	18.4

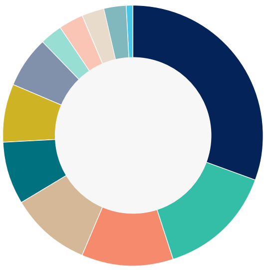
Performance is based on First Sentier Global Listed Infrastructure Fund Class I (USD – H Dist). This is the semi-annually dividend distribution class of the Fund. The performance quoted are based on USD total return (with dividend reinvested). Dividends are not guaranteed and may be paid out of capital.
* 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 April 2022.
^ 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]



Country
- USA 57.1
- Australia 11.0
- France 5.6
- Canada 4.3
- Spain 4.3
- China 4.1
- UK 3.3
- Mexico 3.1
- Italy 2.0
- Switzerland 1.6
- Other 3.0
- Liquidity 0.6



Sector
- Electric Utilities 30.7
- Highways/Railtracks 14.4
- Multi-Utilities 11.5
- Railroads 9.9
- Specialised REITs 7.8
- Oil/Gas Storage & Trans. 7.1
- Airport Services 6.5
- Gas Utilities 2.9
- Water Utilities 2.9
- Construction & Engineering 2.7
- Other 3.0
- Liquidity 0.6

Top 10 holdings (%)[2]

Stock Name	Sector	%
Transurban	(Highways/Railtracks)	7.3
Nextera Energy Inc	(Electric Utilities)	5.4
Dominion Energy Inc COM	(Multi-Utilities)	4.5
American Tower Corporation	(Specialised REITs)	4.3
CSX Corporation	(Railroads)	3.8
SBA Communications Corp Class A	(Specialised REITs)	3.6
Entergy Corporation	(Electric Utilities)	3.5
Sempra Energy	(Multi-Utilities)	3.5
Xcel Energy Inc.	(Electric Utilities)	3.5
Norfolk Southern Corporation	(Railroads)	3.4

The best performing stock in the portfolio was Spanish-listed global renewables leader Iberdrola (+11%). Operating in Spain and Portugal, the UK, the US and Latin America, Iberdrola offers investors access to renewables growth, underpinned by the predictable earnings from its regulated power transmission and distribution networks. News of relatively benign terms for a cap on Iberian natural gas prices, as the Spanish and Portuguese governments seek to shield consumers from commodity market volatility, provided a tailwind to its share price. UK utility SSE (+7%), which owns regulated transmission and distribution assets alongside a growing renewables business segment, also outperformed. Consistent with its ambition to expand outside the UK and Ireland, the company announced an agreement to buy a portfolio of onshore wind projects in Spain, France, Italy and Greece from wind engineering company Siemens Gamesa for €580 million.

The portfolio's toll road operators delivered mixed returns. Atlas Arteria (+6%), whose largest asset is a stake in French toll road network APRR, and French-listed Vinci (+2%) both gained after Emmanuel Macron's win over far right opponent Marine Le Pen eased political risk concerns. Le Pen's proposals had included nationalising French toll roads. Australia's Transurban (+6%) also gained as investors took the view that rising inflation and interest rates would represent a net benefit to the firm. The concession terms on the vast majority of its road networks allow tolls to be raised by the rate of inflation while the company's debt is fully hedged. However, EM operators fared less well. Traffic volumes for Jiangsu Expressway (-5%) were affected by travel restrictions as China maintained its zero-Covid approach. Mexico's PINFRA (-6%) and Brazil's CCR (-9%) also underperformed as the risk-off mood weighed on Latin American stocks. Traffic volumes for both companies have already reached or exceeded 2019 levels.

March quarter earnings numbers from North American freight rail operators Norfolk Southern (-10%) and CSX (-8%) showcased their strong pricing power. However both stocks underperformed on concerns that volumes may be affected in the second half of the year, if rising interest rates cause the US economic growth rate to slow. More positively, Australian freight rail operator Aurizon (+9%) gained as investors were drawn to its undemanding valuation multiples and healthy balance sheet. Rising coal prices augur well for haulage volumes over coming months. Getlink (+7%), which operates the Channel Tunnel link between the UK and France under a concession agreement that runs to the year 2086, rallied on recovering passenger volumes and market speculation that it could be the subject of a takeover offer.

The worst performing stock in the portfolio was US electric utility operator and renewables developer NextEra Energy (-16%), as reports of solar supply chain hold-ups overshadowed otherwise solid March quarter earnings numbers. The majority of the portfolio's North American utilities including Entergy (+2%), CenterPoint (flat) and Dominion Energy (-4%) held up relatively well, true to their defensive reputation.

Spanish airport operator AENA (-10%) underperformed owing to lower-than-expected earnings numbers for the March quarter. Elevated spend rates from its retail segment represented a silver lining in the results; while a trading update from EasyJet indicated strong travel demand was likely during the European summer holiday season.

Fund activity

Italian-listed toll road operator Atlantia was divested after the Benetton family's holding company Edizione (which already owns a stake in Atlantia) and US alternative investment manager Blackstone announced a take-private offer for the company.

The Fund's holding in Texas gas utility Atmos Energy was also sold following a sustained period of outperformance as its share price recovered from the aftermath of the February 2021 winter storm. At current valuation multiples, mispricing has become less evident.

Market outlook and fund positioning

The Fund invests in a range of global listed infrastructure assets including toll roads, airports, railroads, utilities and renewables, energy midstream, wireless towers and data centres. These sectors share common characteristics, like barriers to entry and

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 April 2022. 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.

pricing power, which can provide investors with inflation-protected income and strong capital growth over the medium-term.

Recent performance has seen global listed infrastructure exhibit two of the key benefits that it can offer investors. First, the asset class has held up relatively well as global equities sold off, consistent with its history of providing most of the upside in rising equity markets but offering protection from falling ones. This pattern of performance is underpinned by global listed infrastructure's consistently strong pricing power, predictable cash flows, and relative immunity to economic cycles. This ability to hold up in falling markets has enabled the asset class to generate higher returns than global equities over the past 20 years, with less risk, as measured by standard deviation of returns.

Secondly, global listed infrastructure has outperformed global equities against a backdrop of high inflation. This is a reflection of listed infrastructure being a price maker, not a price taker. Infrastructure's tangible assets provide essential services, using contracted or regulated business models. These assets consistently demonstrate the ability to pass though the effects higher input costs and inflation to the end user. This can be achieved through regulated real returns for utilities, or through contracts which explicitly link tolls or fees to the inflation rate. Infrastructure's capital intensive nature provides high barriers to entry which have allowed incumbent operators in other sectors, such as mobile towers and freight rail, to achieve similarly robust pricing results even without explicit inflation links. Our analysis has found that more than 70% of assets owned by listed infrastructure companies have effective means to pass-through the impacts of inflation to customers, to the benefit of shareholders. Further, the value of infrastructure assets can generally be expected to rise during inflationary environments. Existing infrastructure assets become more attractive as the replacement costs increase. This factor gives infrastructure assets enhanced appeal during periods of high inflation.

While global markets remain unpredictable, we are confident in global listed infrastructure's ability to consistently deliver these positive outcomes to investors over time.

Source : Company data, First Sentier Investors, as of 30 April 2022.