Global Listed Infrastructure Fund
Quartery update

First Sentier Investors

For professional clients only

Q2 2023

Market insights

Global Listed Infrastructure dipped in the June quarter as investors focused on higher beta segments of the market. The Fund returned –3.4% after fees[1], compared with a –3.1% return from its benchmark index. Global equities ended the quarter +3.9% higher.

Fund performance

Annual Performance (% in GBP) to 30 June 2023

Period	12 mths to 30/06/2023	12 mths to 30/06/2022	12 mths to 30/06/2021	12 mths to 30/06/2020	12 mths to 30/06/2019
First Sentier Global Listed Infrastructure Fund B GBP Acc	–2.96	14.45	4.75	–3.30	18.18
FTSE Global Core Infrastructure 50/50 Index Net TR GBP	–5.07	17.05	5.99	–5.25	19.78
MSCI World Net Total Return Index GBP^	13.21	–2.56	24.36	5.93	10.30

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 the base currency of the share class, the return may increase or decrease as a result of currency fluctuations.

Performance data calculated since the launch date. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management and administration fee) and other costs charged to the fund (e.g. transaction and custody costs), 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. First Sentier Global Listed Infrastructure Fund, Class B (Accumulation) GBP shares. Benchmark is the FTSE Global Core Infra 50/50 TR Index from 1 April 2015, prev. UBS Global Infra & Utilities 50/50 TR Index.

^MSCI World Index (GBP) is provided for information purposes only. Index returns are net of tax. Data to 31 March 2023. Source: First Sentier Investors UK Funds Limited/Lipper IM.

Sector and region performance

Railroads were the best performing infrastructure sector. Healthy US economic data points, including strong May employment numbers and a higher-than-expected number of new residential construction projects, raised hopes that North American freight haulage volumes may soon begin to improve. Toll roads also increased, owing to healthy March quarter earnings numbers and a positive outlook for traffic volumes.

1. Performance is based on OEIC B Acc share class, net of fees, expressed in GBP. All stock and sector performance data expressed in local currency terms. Source: Bloomberg.

Risk factors

This is a financial promotion for The First Sentier Global Listed Infrastructure Fund. This information is for professional clients only 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 significantly less than the original amount invested.**
- **Charges to capital risk:** The fees and expenses may be charged against the capital property. Deducting expenses from capital reduces the potential for capital growth.
- **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.
- **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.
- **Listed infrastructure risk:** the infrastructure sector and the value of the Fund is particularly affected by factors such as natural disasters, operational disruption and national and local environmental laws.

For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document for each Fund.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.

Towers/DCs lagged on concerns of a moderation in tower network investment as some carriers' initial 5G coverage nears completion. The defensive utilities/renewables sector delivered broadly flat returns.

Japan was the best performing infrastructure region. An apparent shift within corporate Japan, with companies being urged to place greater emphasis on profits and share prices, provided an additional tailwind to the country's infrastructure stocks and broader stock market.

Portfolio activity

The Fund initiated a position in passenger rail company West Japan Railway. Passenger volumes reduced during the COVID-19 pandemic. However the stock is now set to benefit as the easing of movement restrictions and border controls translate to the normalisation of business activity and a recovery in tourist volumes.

The Fund sold its holding in Australian freight rail operator Aurizon, owing to a lack of confidence in the company's new strategic direction. The company is seeking to diversify away from its core businesses of regulated network operation/maintenance and coal haulage, and towards bulk haulage (grain, fertiliser and cotton). Bulk haulage, which is subject to acute competitive pressures, is not an area in which we believe Aurizon possesses a natural advantage.

Market outlook

The Fund invests in a range of 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 pricing power, which can provide investors with inflation-protected income and strong capital growth over the medium-term.

Toll roads remain the portfolio's largest sector overweight. Robust traffic volumes and inflation-linked toll increases are leading to healthy earnings growth. We are alert to potential headwinds, such as an economic slowdown leading to a dip in truck traffic on longer distance roads; or soft commuter traffic levels on some intra-city roads as the return-to-office trend settles. Overall however we expect toll roads to remain strong performers as higher tolls support earnings growth, and demand proves resilient.

A substantial part of the portfolio consists of utilities/renewables stocks. Decarbonisation, electrification and resiliency spend represent large and growing investment opportunities for these companies. However North American utilities in particular have lagged in the first half of this year, as defensive assets have been overlooked by investors. We believe the extent of this underperformance appears to be extreme, given the utilities' generally sound fundamentals, undemanding valuation multiples and substantial longer term growth drivers.

The portfolio's largest underweight position is to the airports sector. Following strong share price gains driven by the post-covid passenger recovery, mispricing in this space is becoming less evident. We remain most positive on airport operators with exposure to tourist-focused destinations, particularly those serviced by low cost carrier airlines.

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