

### Market insights

Global Listed Infrastructure dipped in the June quarter as investors focused on higher beta segments of the market. The Fund returned  $-1.8\%$  after fees<sup>1</sup>, compared with a  $-0.3\%$  return from its benchmark index. Global equities ended the quarter  $+6.8\%$  higher.

### Fund performance

#### Annual Performance (% in USD) 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
<b>First Sentier Global Listed Infrastructure Fund ID USD</b>	0.16	-0.89	17.16	-6.70	12.39
<b>FTSE Global Core Infrastructure 50/50 Index Net TR USD</b>	-0.62	2.90	18.51	-8.02	15.47
<b>MSCI World Net Total Return Index USD<sup>^</sup></b>	18.51	-14.34	39.04	2.84	6.33

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 I (Distributing) USD 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.

<sup>^</sup>MSCI World Net Total Return Index USD 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.

### Risk factors

This is a financial promotion for The First Sentier Global Listed Infrastructure Fund. This information is for professional clients only in the EEA 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.**

1. Performance is based on VCC ID share class, net of fees, expressed in USD. All stock and sector performance data expressed in local currency terms. Source: Bloomberg.

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.

### **Important information**

This document has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered and does not purport to be comprehensive. The views expressed are the views of the writer at the time of issue and may change over time. It does not constitute investment advice and/or a recommendation and should not be used as the basis of any investment decision. This document is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, units or other interests or to enter into an investment agreement. No person should rely on the content and/or act on the basis of any material contained in this document.

This document is confidential and must not be copied, reproduced, circulated or transmitted, in whole or in part, and in any form or by any means without our prior written consent. The information contained within this document has been obtained from sources that we believe to be reliable and accurate at the time of issue but no representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information. We do not accept any liability whatsoever for any loss arising directly or indirectly from any use of this information.

References to “we” or “us” are references to First Sentier Investors.

In the UK, issued by First Sentier Investors (UK) Funds Limited which is authorised and regulated by the Financial Conduct Authority (registration number 143359). Registered office Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB number 2294743. In the EEA, issued by First Sentier Investors (Ireland) Limited which is authorised and regulated in Ireland by the Central Bank of Ireland (registered number C182306) in connection with the activity of receiving and transmitting orders. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland number 629188. Outside the UK and the EEA, issued by First Sentier Investors International IM Limited which is authorised and regulated in the UK by the Financial Conduct Authority (registered number 122512). Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB number SC079063.

Certain funds referred to in this document are identified as sub-funds of First Sentier Investors Global Umbrella Fund plc, an umbrella investment company registered in Ireland (“VCC”). Further information is contained in the Prospectus and Key Investor Information Documents of the VCC which are available free of charge by writing to: Client Services, First Sentier Investors, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland or by telephoning +353 1 635 6798 between 9am and 5pm (Dublin time) Monday to Friday or by visiting [www.firstsentierinvestors.com](http://www.firstsentierinvestors.com). Telephone calls may be recorded. The distribution or purchase of shares in the funds, or entering into an investment agreement with First Sentier Investors may be restricted in certain jurisdictions.

In the EU: This document is a marketing communication. The fund(s) mentioned here may or may not be registered for marketing to investors in your location. If registered, marketing may cease or be terminated in accordance with the terms of the EU Cross Border Distribution Framework.

Copies of the prospectus (in English and German) and key investor information documents in English, German, French, Danish, Spanish, Swedish, Italian, Dutch, Norwegian and Swedish, along with a summary of investor's rights are available free of charge at [firstsentierinvestors.com](http://firstsentierinvestors.com)

Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The prospectus, key investor information documents (KIIDs), the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

First Sentier Investors entities referred to in this document are part of First Sentier Investors a member of MUFG, a global financial group. First Sentier Investors includes a number of entities in different jurisdictions. MUFG and its subsidiaries do not guarantee the performance of any investment or entity referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk including loss of income and capital invested.

Copyright © (2023) First Sentier Investors

All rights reserved.

Designed by the EMEA/US Design Team – PC0102