Global Listed Infrastructure Fund
Quartery update

First Sentier Investors

For professional clients only

Q3 2023

Market insights

Global Listed Infrastructure fell in the September quarter as market expectations that interest rates were likely to remain "higher for longer" were priced into valuations. The Fund returned –7.7% after fees , compared with a –8.0% return from its benchmark index. Global equities ended the quarter –3.5% lower.

Fund performance

Annual Performance (% in USD) to 30 September 2023

Period	12 mths to 30/09/2023	12 mths to 30/09/2022	12 mths to 30/09/2021	12 mths to 30/09/2020	12 mths to 30/09/2019
First Sentier Global Listed Infrastructure Fund ID USD	–0.44	–7.11	15.44	–8.99	18.47
FTSE Global Core Infrastructure 50/50 Index Net TR USD	0.51	–6.15	15.87	–8.29	17.55
MSCI World Net Total Return Index USD[2]	21.95	–19.63	28.82	10.41	1.83

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.

Sector and region performance

Energy Midstream held up relatively well, supported by rising energy prices and a positive demand outlook for energy storage and transportation services. Generally favourable passenger volume trends for Japanese passenger rail and European/Latin America airport stocks helped the Railroads and Airports sectors to limit their losses.

Risk factors

This is a financial promotion for The First Sentier Global Listed Infrastructure Strategy/Responsible Listed Strategy. 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.**
- **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.
- **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.
- **Concentration risk:** the Fund invests in a relatively small number of companies which may be riskier than a fund that invests in a large number of companies.
- **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.

For details of the firms issuing this information and any funds referred to, please see Terms and Conditions and Important Information.

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

1. Performance is based on VCC ID share class, net of fees, expressed in USD.
2. MSCI World Net Total Return Index USD is provided for information purposes only. Index returns are net of tax. Data to 30 September 2023. Source: First Sentier Investors UK Funds Limited/Lipper IM.

The bond yield-sensitive Towers sector came under pressure as the US 10-year treasury yield increased from 3.8% to 4.6% during the quarter. Water/Waste and Utilities/Renewables were also affected by this. Toll Roads gave up ground as investors took profits, following healthy share price increases in the first half of the year.

Portfolio activity

The Fund initiated a position in US utility/energy midstream company UGI Corp. The business consists of four distinct segments; regulated gas utilities in Pennsylvania and West Virginia; energy midstream in the Appalachia region; propane distribution in the US; and propane distribution in Europe. A growing focus on the structural headwinds facing its propane businesses, and concerns that the company may seek to acquire additional utility assets, had seen the stock trade down to very appealing levels. The stock was added after announcing plans to carry out a strategic review, with the aim of reducing earnings volatility and strengthening its balance sheet.

No stocks were divested from the Fund during the September quarter.

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.

Having held up well in 2022 against a backdrop of falling global equities, global listed infrastructure has underperformed during 2023. This appears to be primarily a reflection of macro factors; rising interest rates have weighed on infrastructure valuations, while inflation (which listed infrastructure assets can typically pass through to the end user) has subsided.

Performance in 2023 also reflects some more sector-specific headwinds. While passenger/traffic volumes for transport infrastructure have recovered to pre-pandemic levels in most cases, airports have yet to see a full recovery in Chinese overseas passengers, and business travel remains below 2019 levels. Toll roads face regulatory challenges in France and Australia, with a tax on concessions (toll roads, airports) being proposed in France, and Australia's competition authority opposing Transurban's proposed acquisition of EastLink. Towers have flagged the prospect of lower growth as telecom companies (towers' main customers) ease back on their mobile network investment plans.

However, the fundamentals of infrastructure have not changed. Infrastructure companies are still delivering essential services to millions of people every day, generating stable and predictable earnings via regulated or contracted frameworks. The theses for a number of long term, structural growth drivers remain largely intact.

Designed by the EMEA/US Design Team – PC0193