Global Listed Infrastructure Fund
Quarterly update

First Sentier Investors

Quarterly Update | Q1 2023

For professional clients only

Market insights

Global Listed Infrastructure delivered mixed returns during the March quarter. Hopes that recent banking sector weakness may cause the pace of interest rate rises to slow were offset somewhat by persistent concerns for high inflation. The Fund returned +1.0% after fees[1], compared with a +0.6% return from its benchmark index. Global equities ended the quarter +7.7% higher.

Fund performance

Annual Performance (% in USD) to 31 March 2023

Period	12 mths to 31/03/2023	12 mths to 31/03/2022	12 mths to 31/03/2021	12 mths to 31/03/2020	12 mths to 31/03/2019
First Sentier Global Listed Infrastructure Fund ID USD	-6.5	11.3	24.2	-11.0	10.4
FTSE Global Core Infrastructure 50/50 Index Net TR USD	-7.8	14.5	27.0	-13.0	13.7
MSCI World Net Total Return Index USD^	-7.0	10.1	54.0	-10.4	4.0

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. ^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

The best performing infrastructure sectors were airports and toll roads. European and Latin American airport stocks including AENA, Flughafen Zurich and ASUR gained strongly as passenger volumes approached or exceeded pre-pandemic levels. Toll road operators including Vinci and Transurban were supported by robust December quarter earnings numbers.

Large cap US mobile tower operators underperformed against a backdrop of elevated bond yields. However European peers fared relatively well on hopes of industry consolidation.

Railroads lagged, as lacklustre haulage volumes during the opening months of 2023 weighed on US freight rail stocks. Higher costs, labour shortages and adverse winter weather represented headwinds during the period.

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.

Portfolio activity

The Fund initiated a position in Southern Company, a large-cap, regulated US utility. Southern is run by a well-regarded management team and operates in a constructive regulatory jurisdiction with robust economic growth. The stock has underperformed in recent years, as project delays and cost overruns at the Vogtle nuclear power plant in Georgia have eroded the premium compared to peers that it previously traded at. We believe the stock now has the potential to trade back up to a premium, as the plant nears completion.

A holding in US utility Sempra Energy, whose assets include substantial US LNG export facilities on the US Gulf Coast, was sold after strong share price gains since the position was established in late 2021. The company has been a beneficiary of increased global demand for US energy exports over the past year.

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.

The outlook for the asset class is positive. Balance sheets and dividend payout levels are generally healthy, and appear well placed to weather a deteriorating economic backdrop. We are conscious of potential headwinds in the form of higher interest costs, and elevated regulatory and political risk. Overall however, earnings from this space are expected to be more resilient than those of global equities, owing to the essential service nature of these businesses, and their typically regulated / contracted earnings streams.

Public policy support for infrastructure investment remains strong globally, particularly for the replacement of aged infrastructure assets and the buildout of renewables. Utilities are in the midst of a multi-decade structural growth story. Decarbonisation, electrification and resiliency spend represent large and growing investment opportunities for these companies. These investments drive utilities' rate base growth, leading in turn to earnings growth.

Transport infrastructure is benefitting from a recovery in volumes as travellers return to the air; and as the return-to-office trend ramps up. For many toll roads, the high inflation of 2022 will translate into toll uplifts over coming quarters, supporting healthy earnings growth. Traffic data from the Airports sector has highlighted a keen appetite to travel, with the strongest recovery seen at tourism-focused airports.