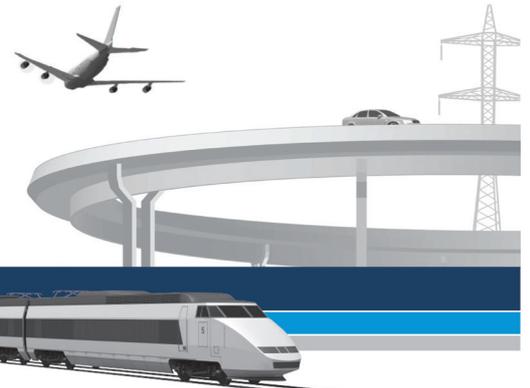


First State Global Listed Infrastructure Fund

Monthly Review and Outlook

January 2020



- The Fund invests primarily in global listed infrastructure and infrastructure-related equity and 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.
- 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.

Market Review

Global Listed Infrastructure delivered steady gains through January as investors sought defensive assets. The FTSE Global Core Infrastructure 50/50 index returned +2.1% over the course of the month, while the MSCI World Index[^] fell -0.6%.

The best performing infrastructure sector was Electric Utilities (+7%) which rallied as bond yields fell sharply. The US 10-year Treasury yield declined from 1.9% to 1.5% over the course of the month. Growing awareness of the growth opportunities arising as power generation shifts from fossil fuels towards renewables aided sentiment towards the sector. Water Utilities (+6%) and Multi-Utilities (+5%) also outperformed in this environment. Airports (-3%) and Ports (-2%) were the worst performing sectors, on the view that global economic activity levels and trade volumes could be affected by coronavirus. Chinese passengers are an increasingly important part of Airport retail earnings, spending on average three times as much as passengers from other countries.

The best performing infrastructure region was the US (+6%), reflecting strong gains from its utility and tower stocks. The UK (+5%) outperformed as investors welcomed the country's reduced political risk, and anticipated future offshore wind and transmission investment opportunities for its utilities. The worst performing infrastructure regions were Japan (-4%) and Asia ex-Japan (-3%), as the region's airports, ports and toll roads bore the brunt of concerns for economic growth rates and regional tourist volumes.

Fund Performance

The portfolio returned +2.4%¹ in January, 18 basis points ahead of the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

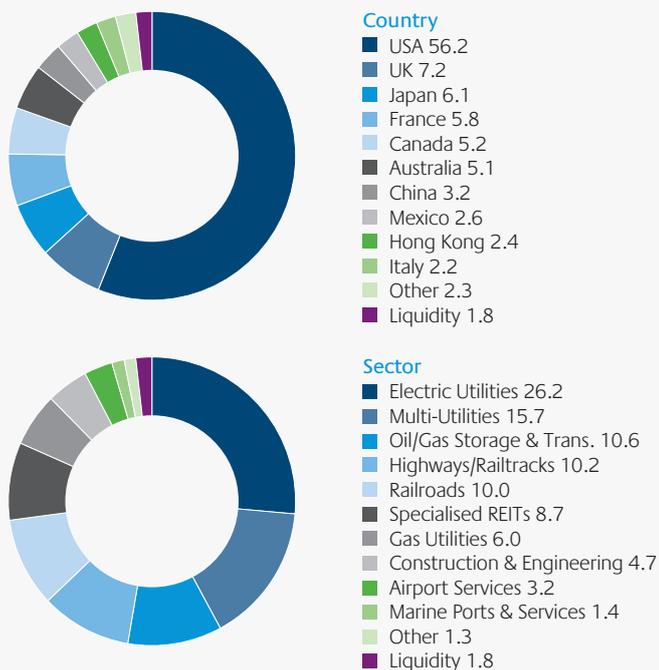
The best performing stocks in the portfolio were US regulated utilities. Gains were led by Evergy (+11%) as activist investor Elliott Management disclosed that it had established a 5% economic interest in the company, urging management to improve its performance or consider a merger. Elliott has a successful track record of working with US utilities, including FirstEnergy and Sempra Energy in 2018. Pleasing share price gains were also achieved by other utility holdings including NextEra Energy (+11%), American Electric Power (+10%) and Eversource Energy (+9%).

The portfolio's toll road holdings rose during the month. Italy's Atlantia (+7%) benefitted from a more constructive political environment, and hopes that a government agreement on compensation for the 2018 collapse of Genoa's Morandi Bridge was within reach. Such a move would remove the lingering risk of concession revocation. Spanish-listed Ferrovial (+6%) announced an upbeat business plan. Its high quality infrastructure concessions are set to become a more important part of the overall company. Toronto's 407 Express Toll Route (a 43% stake is Ferrovial's largest asset) announced a higher than expected toll increase for 2020. Pinfra (+5%) continued its recent rally as investor confidence grew that Mexican concessions were unlikely to be subject to unfair interference. The exception to these positive toll road returns was Jianguo

| | Cumulative Performance in USD (%) ² | | | | | |
|-------------------------------|--|-----|------|------|------|-----------------|
| | 3 mths | YTD | 1yr | 3yrs | 5yrs | Since inception |
| Class I (USD - H Dist) | 5.0 | 2.4 | 18.6 | 35.8 | 41.9 | 98.6 |
| Benchmark* | 5.1 | 2.2 | 18.6 | 42.7 | 49.4 | 104.0 |

| | Calendar Year Performance in USD (%) ² | | | | |
|-------------------------------|---|------|------|------|------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Class I (USD - H Dist) | 24.3 | -8.3 | 17.2 | 11.7 | -5.7 |
| Benchmark* | 25.1 | -4.0 | 18.4 | 11.3 | -6.0 |

Asset Allocation (%)²



Top 10 holdings (%)²

| Stock name | Sector | % |
|---------------------------------------|----------------------------|-----|
| Nextera Energy Inc | (Electric Utilities) | 5.8 |
| Dominion Energy Inc COM | (Multi-Utilities) | 5.2 |
| Transurban | (Highways/Railtracks) | 5.1 |
| National Grid plc | (Multi-Utilities) | 4.8 |
| Williams Companies, Inc. | (Oil/Gas Storage & Trans.) | 3.7 |
| American Electric Power Company, Inc. | (Electric Utilities) | 3.6 |
| Crown Castle International Corp | (Specialised REITs) | 3.3 |
| American Tower Corporation | (Specialised REITs) | 3.2 |
| Union Pacific Corporation | (Railroads) | 3.0 |
| East Japan Railway Co | (Railroads) | 3.0 |

Expressway (-10%) which was affected by concerns that traffic volumes would reflect lower levels of economic activity within China.

East coast US freight rail operator Norfolk Southern (+7%) announced resilient December quarter earnings in difficult operating conditions. Earnings Per Share were around 10% higher than the market had been expecting, as a disciplined

approach to cost control (headcount, fuel costs) and firm pricing levels outweighed weak volumes. West coast peer Union Pacific (-1%) lagged, given its higher exposure to China via the ports of Los Angeles and Long Beach. The measures being taken by both companies to improve efficiency and operational performance are expected to provide a foundation for future earnings growth as volumes stabilise.

Energy pipelines faced market concerns that lower economic growth rates could affect global energy demand. Pipeline operators with assets in the Northeast US including Williams (-13%) were particularly affected by concerns that weaker natural gas prices may lessen the viability of their upstream customers in that region. Current valuation multiples appear to be disregarding Williams' healthier balance sheet and planned cuts to growth capex, which have the potential to deliver higher free cash flow and support a share buyback in 2021. Enterprise Products Partners (-7%) shipped the first cargo of ethylene from its Morgan's Point marine terminal in Texas, illustrating the current rise in US energy exports. Despite achieving record earnings, and its management team buying units in the company, investors were disappointed by the announcement of conservative capital management plans, including lower than expected dividend growth and a slow paced share buyback program.

Other underperformers included Japanese gas utility Tokyo Gas (-9%), which cut its full-year sales forecast for city gas by ~1.6% owing to warmer weather in late 2019. Broader Japanese equity weakness provided an additional headwind. UGI Corp (-8%) was similarly affected by warm weather and reduced gas demand in the US and Europe.

Fund Activity

The portfolio initiated a position in PNM Resources, a New Mexico and Texas-based regulated electric utility run by an experienced and well-regarded management team. The company's high 9.6% rate base growth is underpinned by the transition from coal-fired power stations to renewables in New Mexico; and economic development in Texas. Although the company's relationship with its New Mexico regulator has proved challenging, the incumbent commissioners are due to be replaced later this year. Plentiful solar and wind resources in its service territory should smooth its ongoing transition to renewables.

Airport operator Flughafen Zurich was also added to the portfolio. The company owns and operates Switzerland's main airport through a concession that runs until 2051, and is developing The Circle, a strategically located property development project adding commercial and retail space to the airport. A combination of longer term headwinds (slowing growth outlook for the airports sector, an unfavourable regulatory review in 2018) and near term issues (underwhelming market reaction to a decision to build a new major airport in India, coronavirus) combined to create mispricing in this high quality, long life infrastructure asset.

Pipeline operator TC Energy was sold after a strengthened balance sheet and growing investor confidence in its ability to

² Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 31 January 2020. 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. Performance is based on First State 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.

execute on future growth projects saw the stock outperform. Mexican peer IEnova was sold after its share price responded positively to easing Mexico regulatory risk. Brazilian toll road operator CCR was divested after growing investor awareness of opportunities for future growth prospects, along with Brazil's political stabilisation and economic recovery, drove strong share price gains. A small position in Osaka Gas was also sold and the proceeds invested into Tokyo Gas – a higher quality operator trading at similar valuation multiples.

Market Outlook and Fund Positioning

The Fund invests in a range of global listed infrastructure assets including toll roads, airports, ports, railroads, utilities, pipelines, and wireless towers. 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 Fund is positioned with Toll Roads as its largest sector overweight. Transurban, Atlantia and Vinci have high barriers to entry, strong free cash flow and inflation linked pricing. We are attracted to their reasonable valuation multiples and well-supported historical dividend yields of between 3% and 6%. Healthy fundamentals, including high operating margins

and traffic growth rates that can match or exceed GDP growth over the long term, are expected to underpin robust future earnings growth. EM peers operate high growth toll roads with well-established concession agreements, providing an essential service to some of the most densely populated regions in the world.

The Fund is also overweight energy pipelines. The Fund has built positions in several companies with unique and long life energy infrastructure networks trading at appealing valuations, and paying generous distribution yields. Although general sentiment towards pipelines remains cautious, our exposure to the sector is consistent with our contrarian investment approach. We remain confident that stronger balance sheets, lower commodity exposure and simpler corporate structures will in time reflect in higher valuation multiples.

The Fund is underweight Multi/Electric Utilities. A number of high quality US names continue to trade at valuations that we find difficult to justify based on company fundamentals. The Fund has also maintained its underweight exposure to Airports, with holdings limited to leading European and Mexican operators. The airport sector faces medium term headwinds following a long period of above-average growth, with January's events providing a reminder of their potential vulnerability to external factors.

Important Information

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