Colonial First State
Global Asset Management

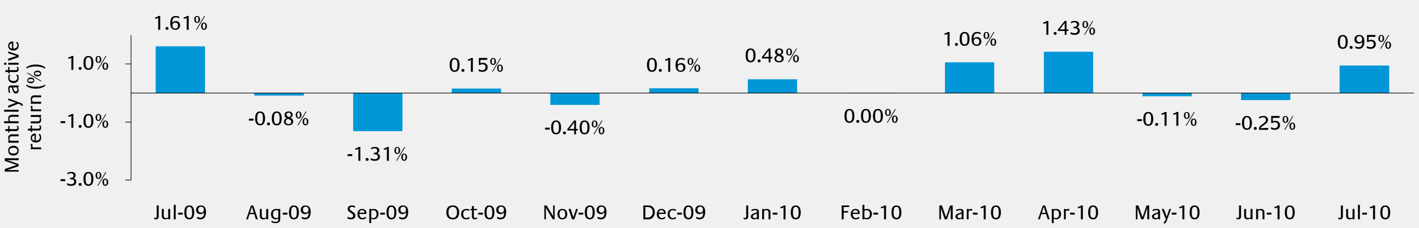
Wholesale Global Listed Infrastructure Securities Fund

Monthly update

July 2010

Performance (before fees and expenses)	1 mth	3 mths	6 mths	1 yr	2 yrs pa	3 yrs pa	Inception pa (Jun 07)
Fund performance (%)	5.96	-0.05	6.93	18.92	0.77	-1.62	-2.83
Benchmark performance* (%)	5.00	-0.59	3.80	16.51	-3.36	-5.36	-6.28
Relative performance (%)	0.95	0.54	3.13	2.41	4.12	3.74	3.45

*The benchmark from inception was the S&P Global Infrastructure Index AUD Hedged, from 01/05/08 the UBS Global 50-50 Infrastructure & Utilities TR Index (AUD hedged)



Market review

The global listed infrastructure asset class had a strong month in July, driven by merger and acquisition (M&A) activity, a rebound in European equity markets as sovereign debt concerns reduced and a strong start to the 2Q reporting season. The benchmark UBS Global Infrastructure & Utilities 50-50 Index (AUD hedged) was up 5.0% for the month, slightly behind global equities (+6.0%) and global property (+7.8%).

The best performing infrastructure sub-sectors were Airports (+13%), Toll Roads (+9%) and Water utilities (+6%). Airports rebounded strongly due to robust June passenger numbers, favourable regulatory outcomes for Fraport and Aeroports de Paris as well as a strong recovery in Ferrovial's share price. Toll roads strong performance was driven by the Canadian Pension Plan Investment Board (CPPIB) making a bid for Intoll and rumours of CVC bidding for Abertis. Water utilities also benefited from M&A speculation post Cheung Kong Infrastructure (CKI) paying ~20% premium to Regulated Asset Base (RAB) for electricity distribution assets in the United Kingdom (UK). The weakest performing sub-sectors were Railways (5%), Ports (5%) and Energy Infrastructure (+5%). While the North American railway companies performed strongly post better than expected 2Q earnings, the sector was held back by share price declines in the Japanese railways after weaker than expected passenger numbers.

Europe (+8%) and North America (+7%) were the strongest performing regions for listed infrastructure. European infrastructure was driven by M&A activity, a decline in sovereign debt concerns and better than expected 2Q earnings from several large European utilities. North American infrastructure companies rallied on a strong start to the 2Q reporting season. The weakest region for infrastructure was Japan (-4%) which was adversely impacted by lower than expect railway passenger numbers, slowing industrial sales impacting gas utilities as well as the overall Japanese equities market lagging the rest of the world.

Portfolio review

The Fund increased 6.0% for the month, outperforming its benchmark by 95 bps.

The best performing stock in the fund this month was Australian toll road operator, Intoll (+41%). The company received a bid from CPPIB at a 37% premium or ~24x 2011 EBITDA. Intoll's assets include the 407-ETR which is a high quality road on a congested growth corridor. Another of the fund's toll road holdings, Abertis (+10%), rose strongly on back of a rumoured bid from CVC Capital.

Holdings in several Spanish utilities, Red Electrica (+18%) and Iberdrola (+17%) were significant positive contributors to the fund in July. This strong performance was driven by a reduction in fear over the impact of new regulation in the Spanish electricity industry, a stronger than expected 2Q result from Iberdrola, three small acquisitions by Red Electrica for the remaining high voltage transmission grid in Spain and reduced sovereign debt concerns (seeing the IBEX 35 up 13% for the month).

North American electric and gas utilities, Exelon (+10%), Southern Company (+8%) and PPL Corporation (+9%) were also strong contributors to performance this month. Exelon and Southern Company both reported stronger than expected earnings for 2Q with Exelon upgrading its full year earnings guidance for the second time this year. PPL Corporation outperformed as it received a favourable regulatory outcome for its soon to be acquired Kentucky utilities.

The Fund also benefitted from its holdings in the US based gas pipeline operator, El Paso (+11%). This share price performance was driven by the announcement of a $100m expansion of its Tennessee Gas Pipeline, establishment of a new LNG Distribution joint venture and rising gas prices over the month. El Paso also received FERC regulatory approval for its new US$3 billion Ruby gas pipeline from the Rockies to the US west coast.

The worst performing stocks in July were holdings in East Japan Railway (-6%) and Central Japan Railway (-4%). These stocks fell as the recovery in shinkansen passenger volumes showed signs of deceleration. Both companies reported modestly better-than-expected first quarter results due to tight cost controls. With a long track record of relatively stable cashflow growth and current passenger volumes below trend, these stocks should see earnings growth as economic conditions normalise.

Japanese gas utility, Osaka Gas (flat), and Japanese port operator, Kamigumi (-1%), also detracted from performance this month. Despite Osaka Gas reporting a stronger than expected 1Q result and upgrading its profit guidance late in the month, this highly defensive utility was left behind in a strongly rising market. Kamigumi underperformed due to concerns about weakening Japanese industrial production and export growth.

Outlook

July has seen acceleration in M&A activity in the listed infrastructure space. This activity has seen unlisted funds attempting to acquire listed toll roads (Intoll and Abertis), CKI spending GBP5.8 billion acquiring EDF's UK electric distribution assets, GDFSuez has re-opened talks to acquire International Power and Magellan Midstream Partners acquired oil storage and pipeline assets from BP. Intoll and Abertis are the most recent examples of this trend of unlisted funds attempting to source these high quality infrastructure assets from the listed market.

This reporting season has not only seen companies exceed our earnings expectations but also begin to increase earnings guidance for the full year and accelerate share buyback programs as many balance sheets are now looking under geared. With earnings in an upgrade cycle but still below trend and multiples at or below trend, we believe global listed infrastructure continues to offer attractive risk adjusted returns at current levels.

Investing in infrastructure securities

The Fund invests in securities with underlying assets which have the following characteristics:

- High barriers to entry
- Strong pricing power
- Sustainable growth
- Predictable cash generation

Our investment process is driven by:

- Active, bottom-up security selection
- A pragmatic approach to balancing value and quality
- High conviction security positions
- Integrated portfolio risk management overlay to manage sector and country risk

Largest fund holdings

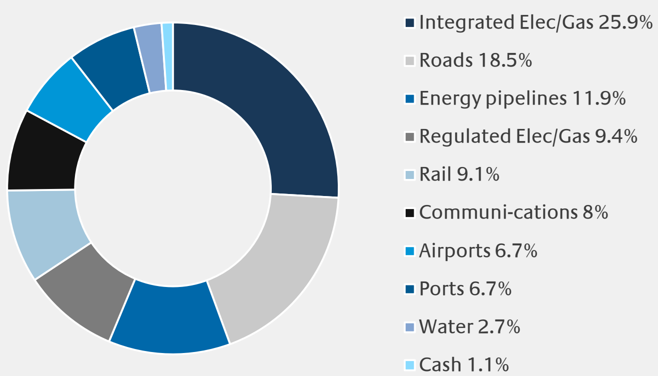
Company	Sector
Vinci SA	Toll Roads
Crown Castle International Corp	Communications
Central Japan Railway Co	Rail
Nextera Energy	Electric Utilities
E.ON	Electric Utilities
Koninklijke Vopak	Energy Infrastructure
National Grid	Electric Utilities
Exelon Corp	Electric Utilities
PPL Corp	Electric Utilities
Flughafen Zuerich	Airports

Fund details

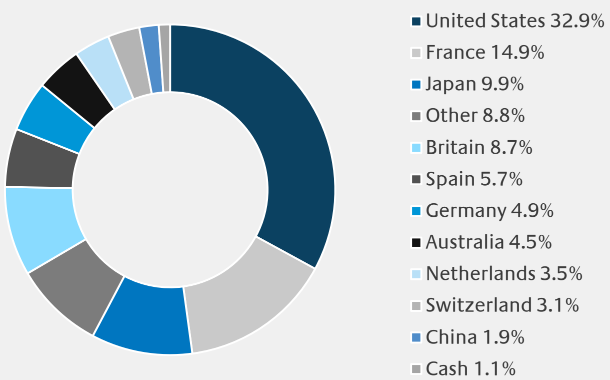
Number of securities	41
Fund size	A$107m
EV/EBITDA (2011 est. ^)	8.3x
Dividend yield (2011 est. ^)	4.5%
Interest cover (2011 ^)	3.6x
Inception date	Jun-07
Currency	Fully hedged to A$
Total funds managed by the Global Infrastructure Securities team	A$427

^Estimates sourced from Colonial First State Global Asset Management research

Sector weights as at 31 July 2010



Country weights as at 31 July 2010



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