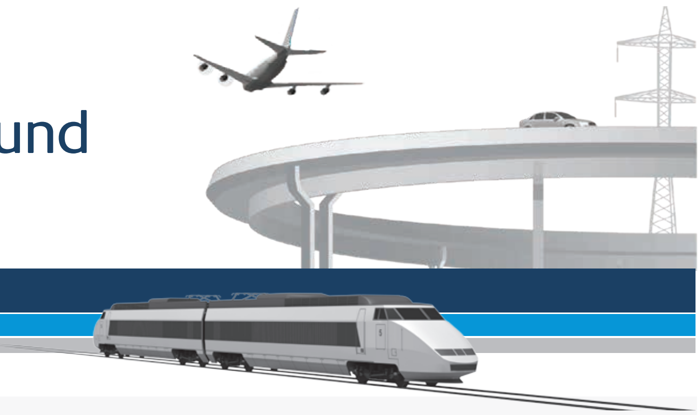
First State Investments
首域投資



First State
Global Listed Infrastructure Fund

Monthly Review and Outlook

December 2018

- 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 held up better than global equities during December's turbulent market conditions. The FTSE Global Core Infrastructure 50/50 index fell -3.6%, while global equities^ dropped by -7.6%.

The best performing infrastructure sector was Ports (+3%), on hopes that the US and China could begin to resolve their trade differences. Toll Roads (+2%) gained as investors identified value in the wake of a challenging year. The worst performing sector was Railroads (-8%), as concerns about slowing economic growth rates weighed on North American freight rail stocks.

The best performing region was Asia ex-Japan (+3%), where softening economic indicators buoyed demand for defensive assets. The worst performing regions included Canada (-6%) and the US (-5%), where pipelines and railroads lagged, and the US federal government shutdown affected sentiment.

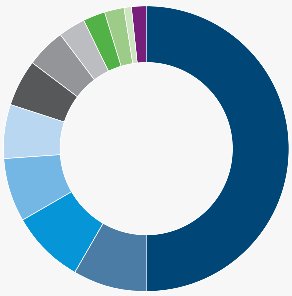
The UK (-6%) also underperformed after the energy regulator, Ofgem, proposed lower-than-expected price levels for the country's electric and gas transmission and distribution networks. The appeal of UK infrastructure assets was highlighted by French-listed tollroad and airport operator Vinci (-7%, held by the Fund) buying a majority stake in Britain's second busiest airport, Gatwick, for £2.9 billion.

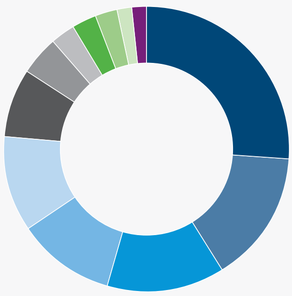
Fund Performance

Cumulative Performance in USD (%) [1]	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	-2.2	-8.3	-8.3	20.0	27.1	56.0
Benchmark*	-2.6	-4.0	-4.0	26.6	35.1	59.5

Calendar Year Performance in USD (%) [1]	2018	2017	2016	2015	2014
Class I (USD - H Dist)	-8.3	17.2	11.7	-5.7	12.3
Benchmark*	-4.0	18.4	11.3	-6.0	13.6

Asset Allocation (%) [1]





All stock and sector performance data expressed in local currency terms. Source: Bloomberg. [1] Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 31 December 2018. Since 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. ^MSCI World Net Total Return Index, USD.
*The benchmark displayed is the FTSE Global Core Infrastructure 50/50 Index.

Top 10 holdings (%) [2]

Stock name	Sector	%
Dominion Energy Inc COM	(Multi-Utilities)	6.8
Transurban Group Stapled Deferred	(Highways/Railtracks)	6.2
NextEra Energy, Inc.	(Electric Utilities)	5.6
Kinder Morgan Inc Class P	(Oil/Gas Storage & Trans.)	4.9
TransCanada Corporation	(Oil/Gas Storage & Trans.)	4.6
American Electric Power Company, Inc.	(Electric Utilities)	4.2
East Japan Railway Co	(Railroads)	4.2
Atlantia S.p.A	(Highways/Railtracks)	3.0
Evergy Inc Com	(Electric Utilities)	3.0
Williams Companies, Inc.	(Oil/Gas Storage & Trans.)	2.8

The portfolio fell −4.3%[3] in December, 66 basis points behind the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

The best performing stock in the portfolio was Australian toll road operator Transurban (+5%) as investors became increasingly comfortable with the terms of the company's substantial WestConnex deal. The falling interest rate environment provided additional support. A healthy pipeline of growth projects, with five projects to be delivered over the next two years and two more to be delivered in the two years after that, is likely underpin nearer term earnings growth.

Most of the portfolio's other toll road holdings also outperformed. Pinfra (+4%) , which operates a road network in Mexico City, rallied along with the wider Mexican market after socialist President Andrés Manuel López Obrador proposed a more fiscally responsible budget than markets had been expecting. China's Jiangsu Expressway (+4%) rose on the view that easing trade tensions could enable investors to refocus on the stock's stable, cash generative fundamentals. Channel Tunnel operator Getlink (+2%) climbed after French construction and concession company Eiffage (-13%, not held) disclosed it had built a ~5% stake in the company. The move highlights the attractiveness of the company's unique, long concession-life asset. Already undemanding valuation multiples helped Italy's Atlantia (flat) to withstand December's volatile markets.

Other steady performers in the Fund included Canadian electric utility Hydro One (+4%), and Australian freight rail operator Aurizon (+2%). Hydro One rallied after the Washington State regulator blocked its proposed takeover of Northwest US multi-utility Avista (-18%, not held). The decision will strengthen Hydro One's balance sheet and enable it to focus on its core Ontario franchise. Aurizon benefitted from a favourable regulatory decision on the amount it will be allowed to charge customers on its monopoly Queensland rail network.

The worst performing stock in the portfolio was Brazil toll road operator CCR (-14%). The stock gave up some of its very strong gains from the prior two month period, as traffic volumes remained subdued in November. North American pipeline operators Plains All American Pipeline (-13%), Williams (-12%), Kinder Morgan (-10%) and TransCanada (-9%) all came under pressure as energy prices declined.

US freight rail stocks Norfolk Southern (-12%) and Union Pacific (-10%) also decreased. Having enjoyed meaningful share price gains earlier in the year, underpinned by corporate tax cuts and a healthy US economy, concerns mounted that they may be affected by slowing economic growth rates. In our view, the ability to improve customer service, reduce costs and improve asset returns by implementing Precision Scheduled Railroading could still drive material value-add for both companies.

Defensive, income-generative utilities also declined, highlighting the broad-based nature of the market sell-off. National Grid (-8%) was affected by regulatory proposals to implement lower-than-expected price levels for the UK's electric and gas utilities. US peer Alliant Energy (-7%) fell after announcing a US$326m equity raising to partly fund next year's capex needs. Virginia-based Dominion Energy (-3%) fared relatively well as its acquisition of South Carolina's SCANA (+3%, not held) neared completion.

Fund Activity

No new stocks were added to the Fund in December, and positions in existing holdings were generally maintained at current levels.

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.

We anticipate slower global economic growth in 2019 as the robust US economy comes down from its tax cut-driven sugar high. This, combined with reduced monetary stimulus in Europe and Japan as well as continued high levels of geopolitical risk likely keeping business investment restrained, implies a less positive economic growth environment in the year ahead.

Global listed infrastructure is well positioned to navigate a likely slower growth world in 2019 owing to its essential services having the ability to price at or above inflation without destroying demand. Therefore while we expect lower earnings growth from GDP sensitive infrastructure assets like freight railways, airports and sea ports; this is likely to be offset by a robust pipeline of capital expenditure driven earnings growth from utilities and energy pipelines, as well as robust price rises from mobile towers, freight railways and toll roads.

The Fund remains focused on bottom-up stock picking, seeking good quality companies that are trading at attractive relative valuations.

[2] Source: First State Investments as at 31 December 2018. [3] Performance is based on VCC ID share class, net of fees, expressed in USD.

Disclaimer

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