

Market insights

A growing consensus that interest rate cuts were likely in 2024 drove a strong quarter for Global Listed Infrastructure, with gains for every infrastructure sector and region. The Fund returned +6.7% after fees¹, compared with a +6.1% return from its benchmark index. Global equities ended the quarter +6.7% higher.

Fund performance

Annual Performance (% in GBP) to 31 December 2023

Period	12 mths to 31/12/2023	12 mths to 31/12/2022	12 mths to 31/12/2021	12 mths to 31/12/2020	12 mths to 31/12/2019
First Sentier Global Listed Infrastructure Fund B GBP Acc	-3.47	8.52	14.30	-6.64	21.94
FTSE Global Core Infrastructure 50/50 Index Net TR GBP	-3.56	7.12	15.94	-7.02	20.30
MSCI World Net Total Return Index GBP²	16.81	-7.83	22.94	12.32	22.74

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 B (Accumulation) GBP 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.

Risk factors

This is a financial promotion for The First Sentier Global Listed Infrastructure Fund. This information is for professional clients only in the UK 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.

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 OEIC B Acc share class, net of fees, expressed in GBP.
² MSCI World Index (GBP) is provided for information purposes only. Index returns are net of tax. Data to 31 December 2023. Source: First Sentier Investors UK Funds Limited/Lipper IM.

Sector and region performance

Mobile towers led the asset class higher, aided by falling bond yields and activist intervention for Crown Castle. North American freight railroads were supported by improving productivity metrics and indications of volume recovery, following a testing 2023. Water/waste rose on an improving regulatory outlook for UK water utilities, and robust earnings numbers from the US waste management sector. Toll roads performed well on solid traffic numbers and hopes of a soft landing for the global economy.

US infrastructure stocks performed well, reflecting robust gains for the region's tower, railroad and utility stocks. Infrastructure stocks in Japan lagged, having delivered strong returns earlier in the year on hopes of corporate reform and easing deflation.

Portfolio activity

The Fund initiated a position in Eversource Energy, a regulated transmission and distribution-focused US utility with a healthy forecast Earnings Per Share growth rate of between 5% and 7% through to 2027. Uncertainty relating to the sale of its 50% stake in an offshore wind project off the south coast of Massachusetts, and concerns for higher interest rates, have weighed on its share price in recent months. We believe the stock is now trading at a substantial discount to intrinsic value.

A position in large-cap US waste management company Republic Services was divested during the quarter. Strong share price gains since the position was initiated in early 2021 reduced mispricing and moved the stock to a lower ranking within our investment process.

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.

Toll roads remain the portfolio's largest sector overweight. These companies have benefited from a shift towards cars and away from public transport since the COVID-19 pandemic. To date, inflation-linked toll increases have had little impact on demand. Strong operating leverage (ie largely fixed costs as sales increase) has proved supportive of earnings growth. From here, we believe that improvements made to toll road networks in recent years provide scope for further growth in traffic volumes.

A substantial portion of the portfolio consists of utilities/renewables. Following a challenging 2023, these stocks face a more constructive outlook for 2024. Balance sheets are in better shape, customer bill pressures are declining and we could see a re-emergence of M&A activity. Capital expenditure growth should accelerate, reflecting the need for increased resiliency spend and higher electricity usage growth from data centres, industrial on-shoring and electric vehicles. However, this growth is also likely to require increased equity issuance.

The portfolio remains underweight energy midstream. Supportive oil and natural gas prices, robust LNG export levels and a disciplined approach to capital expenditure saw the sector generate strong free cash flow in 2023. This may allow energy midstream companies to increase dividend payments and carry out share buybacks, along with some M&A activity, in 2024. However, following strong share price gains in recent years, we believe that greater mispricing can be found elsewhere within our opportunity set.

Important information

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References to “we” or “us” are references to First Sentier Investors.

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