Global Listed Infrastructure Fund (USD)

Quarterly update

First Sentier Investors

For professional clients only

Q1 2024

Market insights

Global Listed Infrastructure delivered mixed returns during the March quarter, despite positive investor sentiment and generally robust fundamentals. The Fund returned –0.9% after fees[1], compared with a +1.6% return from its benchmark index. Global equities ended the quarter +8.9% higher.

Fund performance

Annual Performance (% in USD) to 31 March 2024

Period	12 mths to 31/03/2024	12 mths to 31/03/2023	12 mths to 31/03/2022	12 mths to 31/03/2021	12 mths to 31/03/2020
First Sentier Global Listed Infrastructure Fund ID USD	–0.93	–6.46	11.30	24.19	–10.95
FTSE Global Core Infrastructure 50/50 Index Net TR USD	3.22	–7.77	14.47	27.01	–13.01
MSCI World Net Total Return Index USD[2]	25.11	–7.02	10.12	54.03	–10.39

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.

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.**
- **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 VCC ID share class, net of fees, expressed in USD.
2 MSCI World Net Total Return Index USD is provided for information purposes only. Index returns are net of tax. Data to 31 March 2024. Source: First Sentier Investors UK Funds Limited/Lipper IM.

Sector and region performance

Energy Midstream stocks were supported by a favourable demand outlook and a rising oil price. Solid earnings numbers and a healthy outlook for passenger volumes helped Airport stocks move higher. Railroads gained on activist investor interest, and the anticipation of volume and margin improvements for North American freight rail operators.

However, Water stocks lagged as concerns for debt levels at unlisted UK operator Thames Water weighed on the country's listed water utilities. Towers also lagged, as market consensus around the likely timing of future interest rate cuts was extended.

Portfolio activity

The Fund added a position in regulated electric utility American Electric Power, which serves nearly 5.6 million customers across 11 US states. Concerns around the company's balance sheet had seen the stock trade down to depressed valuation multiples. However, recent developments – new board members and indications that the company may seek to ease balance sheet pressures by selling minority stakes in some of its transmission assets – have the potential to ease these worries and drive an increase in the stock's valuation multiples.

The Fund divested its holding in US east coast freight rail company CSX Corp, on a relative valuation basis. The proceeds were used in part to add to an existing position in east coast peer Norfolk Southern, which we believe has greater scope to increase earnings and operational efficiency metrics from current levels.

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.

Earnings growth for the asset class is likely to be underpinned by a number of structural growth themes over coming years. We are optimistic about the substantial investment opportunities associated with the decarbonisation of the world's energy needs. Utilities are positioned to derive steady, regulated earnings growth by building solar and wind farms, and by upgrading and expanding the networks needed to connect these new power sources to the end user.

Our team's recent meetings with US utility management teams have been characterized by optimism that demand growth for electricity is set to increase materially over coming years. This is likely to bolster the need for transition fuels such as natural gas, which have a crucial role to play in maintaining energy reliability and affordability. As well as underpinning utilities' earnings growth, this is also likely to drive additional demand for North American energy midstream storage and transportation assets.

Digitalisation is another key theme for the asset class. We expect structural growth in demand for mobile data (underpinned by an ever-growing reliance on digital connectivity) to support long-term earnings growth for Towers. The adoption of 5G technology over coming years will require networks to handle increased data speed, as well as a much higher number of connected devices. The surge of interest in AI is driving data centre demand, as well as boosting the need for electricity.

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