

First Sentier Global Listed Infrastructure Fund Hedged Share Class

For Adviser use only

Portfolio Description

The Fund invests in the shares of listed companies from around the world that own or operate infrastructure assets.

Investment Strategy

The Fund invests in shares of infrastructure companies around the world. The infrastructure sector includes operating assets from the transport, utilities, energy and communications sectors. The strategy is based on active, bottom-up security selection which seeks to identify mispricing. The Fund seeks to minimise risk through on-the-ground research, focus on quality and sensible portfolio construction. The Fund's Hedged Share Class uses derivatives to hedge its currency exposure to Australian dollars.

Investment Objective

To deliver capital growth and inflation protected income by investing in a globally diversified portfolio of infrastructure securities. The Fund aims to outperform its benchmark over rolling three-year periods before fees and taxes.

Key Investment Personnel and Experience (Industry / Firm)

Peter Meany	Head of Global Listed Infrastructure	(1996 / 2007)
Andrew Greenup	Deputy Head of Global Listed Infrastructure	(1996 / 2005)
Edmund Leung	Portfolio Manager	(2006 / 2007)

Product Overview

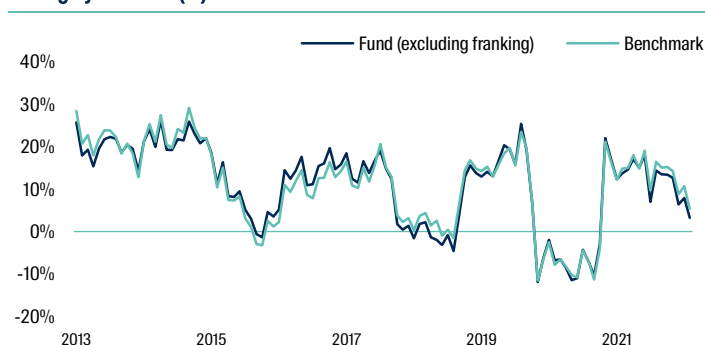
APIR code	FSF1241AU
Inception date	28 May 2012
Fund Size (AS)	423 million
Benchmark	FTSE Global Core Infrastructure 50-50 Net Index - AUD Hedged
Number of stock holdings	42
Buy / Sell spread	0.15% / 0.15%
Management cost (p.a.)*	0.95%

* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

Performance Summary (%)

Period	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-6.1	3.2	3.1	4.9	7.3	10.3	10.7
Benchmark return	-5.5	5.4	3.7	5.9	7.3	10.6	11.1
Excess net return	-0.6	-2.1	-0.6	-1.0	0.0	-0.3	-0.4

Rolling 1 year return (%)



Top 5 holdings

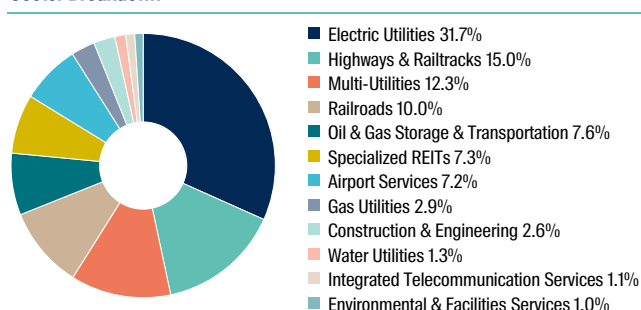
Stock
American Tower Corporation
Dominion Energy Inc COM
Entergy Corporation
Nextera Energy Inc
Transurban

Sorted alphabetically

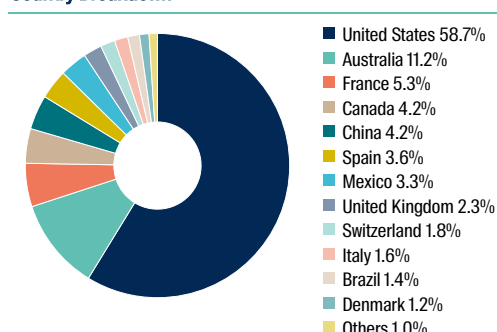
Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	12.9	14.9	12.8	11.9	10.8	10.9
Benchmark standard deviation (%)	12.6	14.7	12.5	11.6	10.8	10.8
Tracking error (%)	1.5	2.0	2.1	2.0	2.1	2.1
Fund Sharpe ratio	0.2	0.2	0.3	0.5	0.8	0.8
Information ratio	-1.4	-0.3	-0.5	0.0	-0.1	-0.2
Beta	1.0	1.0	1.0	1.0	1.0	1.0

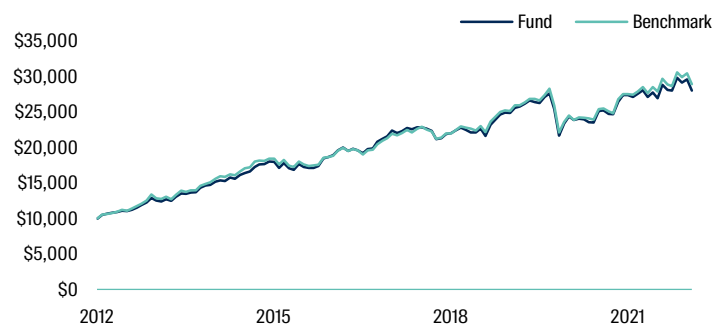
Sector Breakdown



Country Breakdown



Growth of AUD 10,000 Investment Since Inception



Top 5 Attributors To Performance (3 Months)

Stock	Value added
Union Pacific Corporation	0.39%
Transurban	0.24%
Atlas Arteria	0.20%
China Gas Holdings Limited	0.20%
Aurizon	0.15%

Top 5 Detractors To Performance (3 Months)

Stock	Value added
CSX Corporation	-0.51%
Atlantia S.p.A	-0.43%
Norfolk Southern Corporation	-0.39%
Aena SA	-0.29%
FirstEnergy Corp.	-0.27%

Performance returns are calculated net of management fees and transaction costs. Performance returns for periods greater than one year are annualised. Past performance is not a reliable indicator of future performance.

Data source: First Sentier Investors 2022

Data as at: 30 June 2022

Market insights

Global listed infrastructure proved relatively resilient during a volatile June quarter, consistent with its track record of providing investors with defence from falling markets. Coming during a period when US inflation reached levels not seen since the early 1980s, this performance also reflects listed infrastructure's ability to outperform global equities when inflation is higher.

Sector and region performance

Toll roads were the best performing infrastructure sector for the quarter, gaining on the appeal of inflation-linked tolls and the prospect of takeover activity. Ongoing growth in demand for wireless data, reflecting an ever-increasing reliance on digital connectivity, was supportive of Towers / Data Centres. Utilities / Renewables held up well, aided by their predictable earnings and essential service provision. Several US utilities increased earnings guidance during the quarter as a result of additional investment in decarbonisation and electrification – a welcome contrast to the turmoil seen elsewhere in financial markets.

US freight Railroads were affected by concerns that haulage volumes may prove sensitive to a slowing economic growth rate. Water / waste stocks fell as interest rates rose, and on the prospect of a potentially negative catalyst for UK water names when draft rules for the next regulatory period are published in July.

Portfolio activity

The Fund initiated a position in Targa Resources, one of North America's largest independent energy midstream companies. Targa's strategically located energy infrastructure footprint is focused around the Permian basin in Texas. The company processes and transports Natural Gas Liquids (such as propane and butane) for use in US and international markets. Having simplified its corporate structure and strengthened its balance sheet over the past two years, Targa now appears well positioned to generate strong free cash flow and carry out additional capital management initiatives, including increasing capital returns to shareholders.

A position in US gas utility Atmos Energy was sold following a sustained period of outperformance as its share price recovered from the aftermath of the February 2021 winter storm. At current valuation multiples, mispricing has become less evident.

Market outlook

The Fund invests in a range of global 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.

Recent performance has seen global listed infrastructure exhibit two of the key benefits that it can offer investors. First, the asset class has held up relatively well as global equities sold off, consistent with its history of providing most of the upside in rising equity markets but offering protection in falling markets. This pattern of performance is underpinned by global listed infrastructure's consistently strong pricing power, predictable cash flows, and relative immunity to economic cycles.

Secondly, global listed infrastructure has outperformed global equities against a backdrop of high inflation. This is a reflection of listed infrastructure being a price maker, not a price taker. Infrastructure's tangible assets provide essential services, using contracted or regulated business models. These assets consistently demonstrate the ability to pass through the effects higher input costs and inflation to the end user. Further, the value of infrastructure assets can generally be expected to rise during inflationary environments. Existing infrastructure assets become more attractive as the replacement costs increase. This factor gives infrastructure assets enhanced appeal during periods of high inflation.

While global markets remain unpredictable, we are confident in global listed infrastructure's ability to consistently deliver these positive outcomes to investors over time.

Portfolio Beta measures the portfolio's sensitivity to benchmark movements. Mathematically, it is the covariance of the portfolio vs the benchmark divided by the variance of the benchmark. The covariance and variance are ex ante calculations based on current weights and historic patterns of return over the past five years.

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