

# First Sentier Global Listed Infrastructure Fund Hedged Share Class

For Adviser use only

## Portfolio Description

This Fund is suitable for investors seeking long term income and growth from global listed infrastructure companies.

## 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

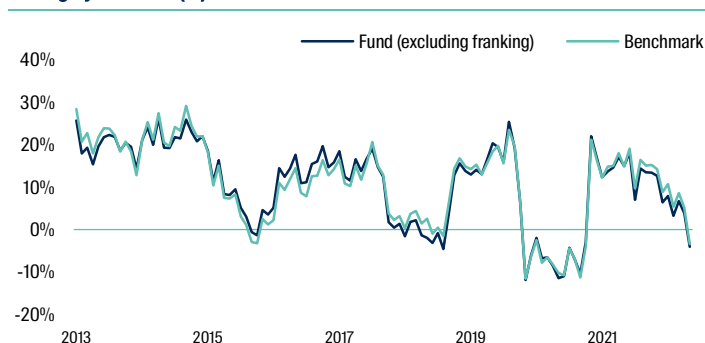
APIR code	FSF1241AU
Inception date	28 May 2012
Fund Size (AS)	354 million
Benchmark	FTSE Global Core Infrastructure 50-50 Net Index - AUD Hedged
Number of stock holdings	42
Buy / Sell spread	0.15% / 0.15%
Management fees and costs (p.a.)*	0.95%

\* Information on Management fees and 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	-7.1	-4.1	-0.8	2.9	6.4	9.1	9.7
Benchmark return	-7.6	-3.4	-0.1	3.9	6.4	9.3	10.0
Excess net return	0.5	-0.7	-0.6	-1.0	0.0	-0.3	-0.3

## Rolling 1 year return (%)



## Top 5 holdings

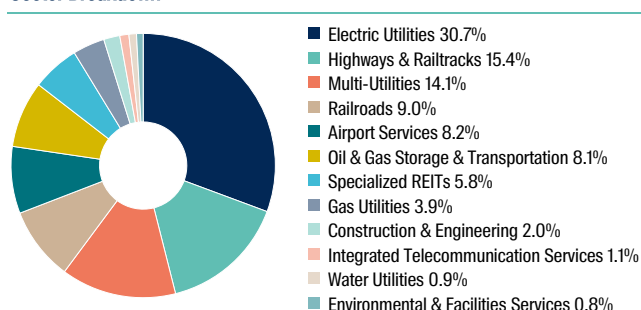
Stock
American Tower Corporation
Dominion Energy Inc COM
Nextera Energy Inc
Sempra Energy
Transurban

Sorted alphabetically

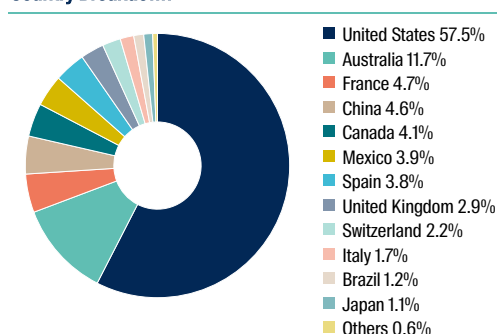
## Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	17.1	16.4	13.9	12.6	11.5	11.4
Benchmark standard deviation (%)	16.9	16.2	13.6	12.3	11.5	11.4
Tracking error (%)	1.5	2.0	2.1	2.0	2.1	2.0
Fund Sharpe ratio	-0.3	-0.1	0.1	0.4	0.6	0.7
Information ratio	-0.4	-0.3	-0.5	0.0	-0.1	-0.1
Beta	1.0	1.0	1.0	1.0	1.0	1.0

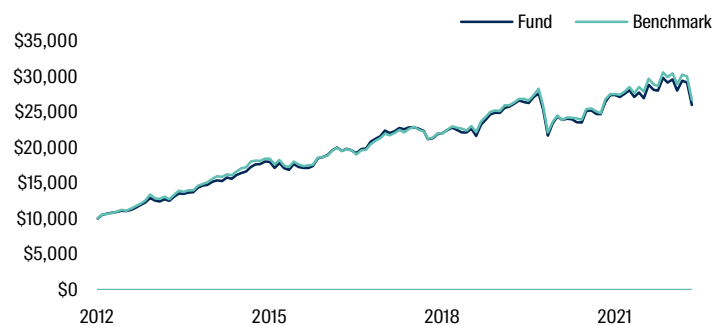
## Sector Breakdown



## Country Breakdown



## Growth of AUD 10,000 Investment Since Inception



## Top 5 Attributors To Performance (3 Months)

Stock	Value added
Cheniere Energy, Inc.	0.35%
Dt Midstream Inc Com USD0.01 WI	0.27%
Duke Energy Corporation	0.19%
West Japan Railway Company	0.18%
Crown Castle International Corp	0.16%

## Top 5 Detractors To Performance (3 Months)

Stock	Value added
Adani Ports & Special Economic Zone Ltd.	-0.36%
Jiangsu Expressway Co. Ltd. Class H	-0.24%
PG&E Corporation	-0.20%
Dominion Energy Inc COM	-0.19%
Guangdong Investment Limited	-0.18%

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 September 2022

## Market insights

Mounting concerns for higher interest rates caused widespread turbulence in financial markets during the September quarter. In August, the US Inflation Reduction Act of 2022 (IRA) was signed into law. The IRA includes a broad range of measures in support of renewables and low carbon energy sources; notably new or extended tax credits for wind and solar, battery storage, electric vehicles, hydrogen, and nuclear power. These have positive implications for the global listed infrastructure asset class, particularly US utilities.

## Sector and region performance

The Energy Midstream sector performed relatively well, aided by strong performance from US operators with exposure to Liquefied Natural Gas (LNG) export markets. Japanese passenger rail stocks gained as travel restrictions into the country were eased. Airports also fared reasonably well, as June quarter earnings numbers highlighted positive operating leverage to improving passenger volumes.

However the interest rate sensitive Towers / DCs and Water / Waste sectors underperformed. During the September quarter the US 10-year bond yield increased from 3.0% to 3.8% - its highest level in over a decade.

## Portfolio activity

ENN Energy, a Chinese gas utility run by an experienced and well regarded management team, was added to the portfolio. The Chinese gas distribution market is on a structural growth trajectory, underpinned by a national clean energy drive and an increasing urbanisation rate. Against this supportive backdrop, ENN has demonstrated an ability to expand its high return business model across China.

UK water utility Severn Trent was divested after the stock traded up to valuation multiples where limited mispricing was evident; and on concerns that the current regulatory review process for UK water companies may affect sentiment towards the sector in coming months.

## 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.

Toll roads represent the portfolio's largest sector overweight, via positions in European, Asia Pacific and Latin American operators. We believe these companies represent exceptional value at current levels, with traffic volumes (particularly car traffic) likely to prove resilient if economic conditions deteriorate. Toll roads are also likely to fare relatively well in a higher inflation environment. Many toll roads have concession agreements that specify how prices can be increased, with an option to follow the inflation rate or an agreed percentage - whichever is higher.

A substantial portion of the portfolio is invested in Utilities / Renewables. The Fund's focus is on companies with the scope to derive steady, low risk earnings growth by replacing old fossil fuel power plants with renewables, and by upgrading and expanding the networks needed to connect these new power sources to the end user.

The portfolio is underweight Towers / DCs. We still expect the sector to be a beneficiary of structural growth in demand for mobile data, and for earnings to prove relatively resilient in the event of a slowing economy. However, further interest rate rises could represent a headwind to valuation multiples in the near term, and to interest expense in the medium term. Underweight exposure to the Energy Midstream sector has been maintained. Strong gains across the sector have moved these stocks to lower rankings within our investment process; and we remain conscious of the structural headwinds that Net Zero initiatives may present to these stocks.

**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.

[www.firstsentierinvestors.com.au](http://www.firstsentierinvestors.com.au)

#### For further information

Acting Head of Wholesale Ross Crocker	+61 2 9010 5424	Business Development Manager - VIC/TAS Jack Heinz	+61 3 9225 5056
Key Account Manager - NSW Paul Sleiman	+61 2 9010 5393	Key Account Manager - QLD Quin Smith	+61 4 5509 5505
Business Development Manager – NSW Emerson Bloom	+61 2 9010 5547	Business Development Manager – QLD Julie Day	+61 4 6641 3176
Key Account Manager - VIC/TAS Nick Everitt	+61 3 9225 5055	Key Account Manager - WA/SA/NT Nathan Robinson	+61 4 0327 2440

This report has been prepared by and is issued by First Sentier Investors (Australia) IM Ltd (ABN 89 114 194 311, AFSL 289017) (**FSI AIM**) which forms part of First Sentier Investors, a global asset management business. First Sentier Investors is ultimately owned by Mitsubishi UFJ Financial Group, Inc (**MUFG**).

It is directed at persons who are professional, sophisticated or wholesale clients and has not been prepared for and is not intended for persons who are retail clients and must not be reproduced or transmitted in any form without the prior written consent of FSI AIM. A copy of the Financial Services Guide for FSI AIM is available from First Sentier Investors on its website.

This material contains general information only. It is not intended to provide you with financial product advice and does not take into account your objectives, financial situation or needs. Before making an investment decision, you should consider whether this information is appropriate in light of your investment needs, objectives and financial situation. Total returns shown for the Fund or any Portfolio have been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. Past performance is no indication of future performance.

The product disclosure statement (**PDS**) or Information Memorandum (**IM**) (as applicable) for the First Sentier Global Listed Infrastructure Fund Hedged Share Class, ARSN 157 876 134 (**Fund**) issued by The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) (**Perpetual**) should be considered before making an investment decision. The PDS or IM are available from First Sentier Investors on its website. The target market determination (**TMD**) for the Fund is available from First Sentier Investors on its website and should be considered by prospective investors before any investment decision to ensure that investors form part of the target market.

MUFG, FSI AIM, Perpetual and their respective affiliates do not guarantee the performance of the Fund or the repayment of capital by the Fund. Investments in the Fund are not deposits or other liabilities of MUFG, FSI AIM, Perpetual or their respective affiliates, and investment-type products are subject to investment risk including loss of income and capital invested.

To the extent permitted by law, no liability is accepted by MUFG, FSI AIM, Perpetual or their respective affiliates for any loss or damage as a result of any reliance on this information. This information is, or is based upon, information that we believe to be accurate and reliable, however neither MUFG, FSI AIM, Perpetual nor any of their respective affiliates offer any warranty that it contains no factual errors. Any opinions expressed in this material are the opinions of FSI AIM at the time of publication only. Such opinions are subject to change without notice.

Copyright © First Sentier Investors (Australia) Services Pty Limited 2022

All rights reserved.