

# First Sentier Global Listed Infrastructure Fund Hedged Share Class

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## 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

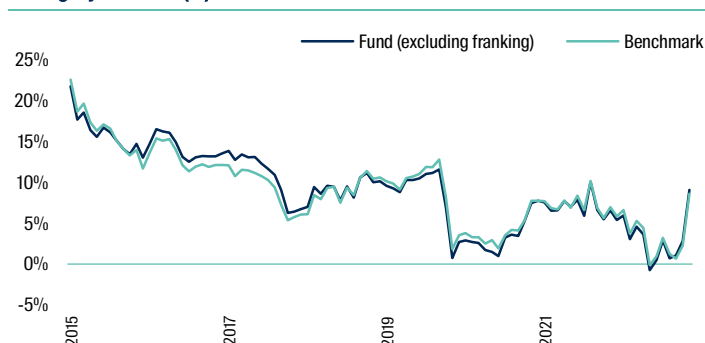
APIR code	FSF1241AU
Inception date	28 May 2012
Fund Size (AS)	364 million
Benchmark	FTSE Global Core Infrastructure 50-50 Net Index - AUD Hedged
Number of stock holdings	40
Buy / Sell spread	0.15% / 0.15%
Management fees and costs (p.a.)*	0.95%

\* 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	1.6	-5.6	9.1	5.7	6.2	8.7	10.0
Benchmark return	-0.4	-7.4	8.6	5.8	6.2	8.5	10.1
Excess net return	1.9	1.8	0.5	0.0	0.0	0.2	-0.1

## Rolling 3 year return (%)



## Top 5 holdings

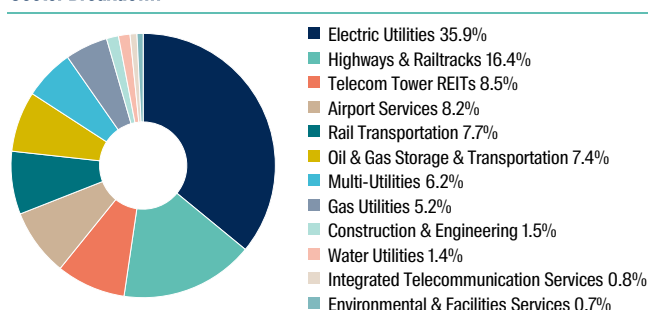
Stock
Crown Castle International Corp
Duke Energy Corporation
Entergy Corporation
Transurban
Union Pacific Corporation

Sorted alphabetically

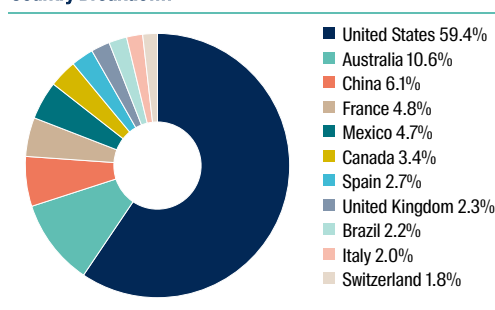
## Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.3	13.9	14.2	12.7	11.8	11.4
Benchmark standard deviation (%)	15.8	13.4	13.9	12.4	11.7	11.4
Tracking error (%)	2.0	2.1	2.1	2.1	2.1	2.1
Fund Sharpe ratio	-0.5	0.6	0.3	0.4	0.6	0.7
Information ratio	0.9	0.2	0.0	0.0	0.1	0.0
Beta	1.0	1.0	1.0	1.0	1.0	1.0

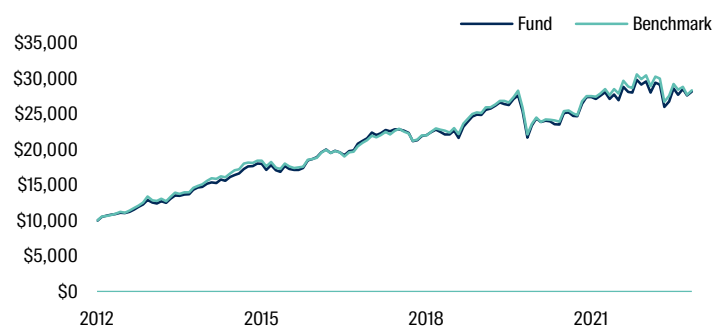
## Sector Breakdown



## Country Breakdown



## Growth of AUD 10,000 Investment Since Inception



## Top 5 Attributors To Performance (3 Months)

Stock	Value added
Aena SA	0.58%
Adani Ports & Special Economic Zone Ltd.	0.33%
Grupo Aeroportuario del Sureste SA de CV Class B	0.33%
CCR S.A.	0.25%
Infrastrutture Wireless Italiane S.p.A.	0.22%

## Top 5 Detractors To Performance (3 Months)

Stock	Value added
Grupo Aeroportuario del Pacifico SAB de CV Class B	-0.23%
Dt Midstream Inc Com US\$0.01 WI	-0.21%
National Grid plc	-0.17%
Grupo Aeroportuario del Centro Norte SAB de CV Class B	-0.15%
Aurizon	-0.13%

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 2023

Data as at: 31 March 2023

## Market insights

Global Listed Infrastructure delivered mixed returns during the March quarter. Hopes that recent banking sector weakness may cause the pace of interest rate rises to slow were offset somewhat by persistent concerns for high inflation.

## Sector and region performance

The best performing infrastructure sectors were airports and toll roads. European and Latin American airport stocks including AENA, Flughafen Zurich and ASUR gained strongly as passenger volumes approached or exceeded pre-pandemic levels. Toll road operators including Vinci and Transurban were supported by robust December quarter earnings numbers.

Large cap US mobile tower operators underperformed against a backdrop of elevated bond yields. However European peers fared relatively well on hopes of industry consolidation.

Railroads lagged, as lacklustre haulage volumes during the opening months of 2023 weighed on US freight rail stocks. Higher costs, labour shortages and adverse winter weather represented headwinds during the period.

## Portfolio activity

The Fund initiated a position in Southern Company, a large-cap, regulated US utility. Southern is run by a well-regarded management team and operates in a constructive regulatory jurisdiction with robust economic growth. The stock has underperformed in recent years, as project delays and cost overruns at the Vogtle nuclear power plant in Georgia have eroded the premium compared to peers that it previously traded at. We believe the stock now has the potential to trade back up to a premium, as the plant nears completion.

A holding in US utility Sempra Energy, whose assets include substantial US LNG export facilities on the US Gulf Coast, was sold after strong share price gains since the position was established in late 2021. The company has been a beneficiary of increased global demand for US energy exports over the past year.

## 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.

The outlook for the asset class is positive. Balance sheets and dividend payout levels are generally healthy, and appear well placed to weather a deteriorating economic backdrop. We are conscious of potential headwinds in the form of higher interest costs, and elevated regulatory and political risk. Overall however, earnings from this space are expected to be more resilient than those of global equities, owing to the essential service nature of these businesses, and their typically regulated / contracted earnings streams.

Public policy support for infrastructure investment remains strong globally, particularly for the replacement of aged infrastructure assets and the buildout of renewables. Utilities are in the midst of a multi-decade structural growth story. Decarbonisation, electrification and resiliency spend represent large and growing investment opportunities for these companies. These investments drive utilities' rate base growth, leading in turn to earnings growth.

Transport infrastructure is benefitting from a recovery in volumes as travellers return to the air; and as the return-to-office trend ramps up. For many toll roads, the high inflation of 2022 will translate into toll uplifts over coming quarters, supporting healthy earnings growth. Traffic data from the Airports sector has highlighted a keen appetite to travel, with the strongest recovery seen at tourism-focused airports.

**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

Head of Wholesale - ANZ Quin Smith	+61 455 095 505	Business Development Manager - VIC/TAS Jack Heinz	+61 436 810 683
Key Account Manager - NSW Paul Sleiman	+61 4 2251 1231	Business Development Associate - VIC/TAS Shannen Jacobsen	+61 457 227 728
Business Development Manager – NSW Nicole Kremastos	+61 431 187 910	Business Development Manager - QLD Julie Day	+61 466 413 176
Emerson Bloom	+61 472 633 201	Business Development Associate - QLD/WA/SA/NT Pam Evans	+61 458 864 686
Amelia McKinnon	+61 435 719 998	Key Account Manager - WA/SA/NT Nathan Robinson	+61 403 272 440
Business Development Associate – NSW Gabi Cheetham	+61 457 881 684		
Key Account Manager - VIC/TAS Nicholas Everitt	+61 499 454 206		

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