

# 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	Senior Portfolio Manager	(2006 / 2007)

## Product Overview

APIR code	FSF1241AU
Inception date	28 May 2012
Fund Size (AS)	312 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%

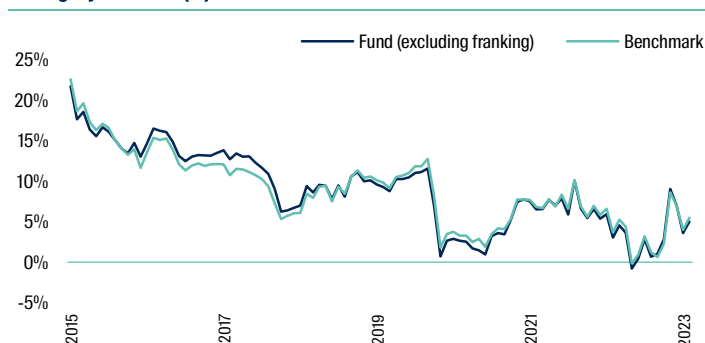
\* Information on Management fees and costs (including estimated indirect costs) is set out in the Fund's PDS.

## Performance Summary (%)

Period	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-1.8	-1.4	5.0	4.3	5.0	8.3	9.6
Benchmark return	-0.9	-3.0	5.5	4.5	5.3	8.2	9.7
Excess net return	-0.9	1.6	-0.5	-0.3	-0.3	0.1	-0.2

Past performance is not a reliable indicator of future performance.

## Rolling 3 year return (%)



## Top 5 holdings

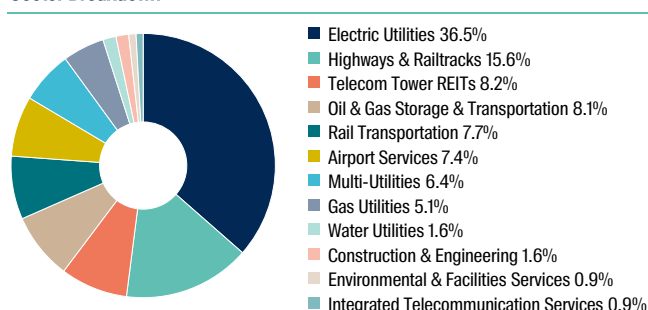
Stock
American Tower Corporation
Duke Energy Corporation
Nextera Energy Inc
Southern Company
Transurban

Sorted alphabetically

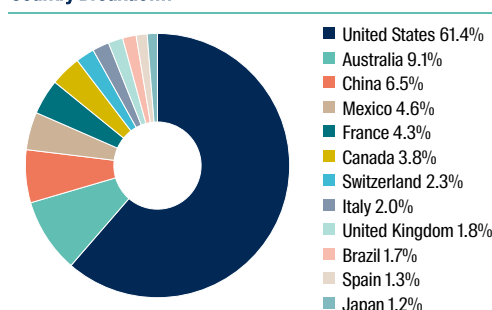
## Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.3	13.5	14.4	12.9	11.8	11.5
Benchmark standard deviation (%)	15.7	13.1	14.0	12.5	11.5	11.4
Tracking error (%)	2.1	2.0	2.1	2.1	2.0	2.1
Fund Sharpe ratio	-0.3	0.3	0.2	0.3	0.6	0.6
Information ratio	0.8	-0.2	-0.1	-0.1	0.1	-0.1
Beta	1.0	1.0	1.0	1.0	1.0	1.0

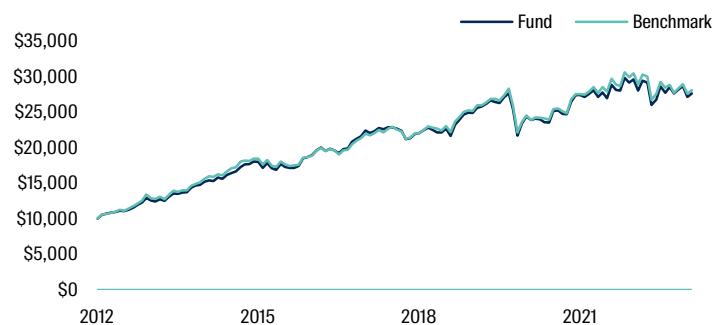
## Sector Breakdown



## Country Breakdown



## Growth of AUD 10,000 Investment Since Inception



## Top 5 Attributors To Performance (3 Months)

Stock	Value added
CSX Corporation	0.20%
Flughafen Zurich AG	0.17%
Grupo Aeroportuario del Pacifico SAB de CV Class B	0.13%
CCR S.A.	0.12%
American Electric Power Company, Inc.	0.12%

## Top 5 Detractors To Performance (3 Months)

Stock	Value added
Crown Castle International Corp	-0.35%
Entergy Corporation	-0.32%
Grupo Aeroportuario del Sureste SA de CV Class B	-0.24%
Adani Ports & Special Economic Zone Ltd.	-0.18%
ENN Energy Holdings Limited	-0.15%

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: 30 June 2023

## Market insights

Global Listed Infrastructure dipped in the June quarter as investors focused on higher beta segments of the market.

## Sector and region performance

Railroads were the best performing infrastructure sector. Healthy US economic data points, including strong May employment numbers and a higher-than-expected number of new residential construction projects, raised hopes that North American freight haulage volumes may soon begin to improve. Toll roads also increased, owing to healthy March quarter earnings numbers and a positive outlook for traffic volumes.

Towers / DCs lagged on concerns of a moderation in tower network investment as some carriers' initial 5G coverage nears completion. The defensive utilities / renewables sector delivered broadly flat returns.

Japan was the best performing infrastructure region. An apparent shift within corporate Japan, with companies being urged to place greater emphasis on profits and share prices, provided an additional tailwind to the country's infrastructure stocks and broader stock market.

## Portfolio activity

The Fund initiated a position in passenger rail company West Japan Railway. Passenger volumes reduced during the COVID-19 pandemic. However the stock is now set to benefit as the easing of movement restrictions and border controls translate to the normalisation of business activity and a recovery in tourist volumes.

The Fund sold its holding in Australian freight rail operator Aurizon, owing to a lack of confidence in the company's new strategic direction. The company is seeking to diversify away from its core businesses of regulated network operation / maintenance and coal haulage, and towards bulk haulage (grain, fertiliser and cotton). Bulk haulage, which is subject to acute competitive pressures, is not an area in which we believe Aurizon possesses a natural advantage.

## 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. Robust traffic volumes and inflation-linked toll increases are leading to healthy earnings growth. We are alert to potential headwinds, such as an economic slowdown leading to a dip in truck traffic on longer distance roads; or soft commuter traffic levels on some intra-city roads as the return-to-office trend settles. Overall however we expect toll roads to remain strong performers as higher tolls support earnings growth, and demand proves resilient.

A substantial part of the portfolio consists of utilities / renewables stocks. Decarbonisation, electrification and resiliency spend represent large and growing investment opportunities for these companies. However North American utilities in particular have lagged in the first half of this year, as defensive assets have been overlooked by investors. We believe the extent of this underperformance appears to be extreme, given the utilities' generally sound fundamentals, undemanding valuation multiples and substantial longer term growth drivers.

The portfolio's largest underweight position is to the airports sector. Following strong share price gains driven by the post-covid passenger recovery, mispricing in this space is becoming less evident. We remain most positive on airport operators with exposure to tourist-focused destinations, particularly those serviced by low cost carrier airlines.

**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 - Aus/NZ 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		

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 2023

All rights reserved.