

# 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 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

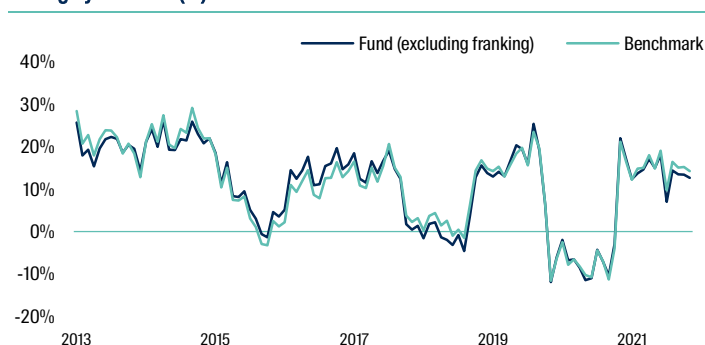
APIR code	FSF1241AU
Inception date	28 May 2012
Fund Size (AS)	418 million
Benchmark	FTSE Global Core Infrastructure 50-50 Net Index - AUD Hedged
Number of stock holdings	45
Buy / Sell spread	0.15% / 0.15%
Management cost (p.a.)*	0.95%

\* 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	3.3	12.7	6.6	7.0	7.8	-	11.7
Benchmark return	3.1	14.2	6.9	7.9	7.8	-	12.0
Excess net return	0.2	-1.5	-0.4	-0.8	0.0	-	-0.3

## Rolling 1 year return (%)



## Top 5 holdings

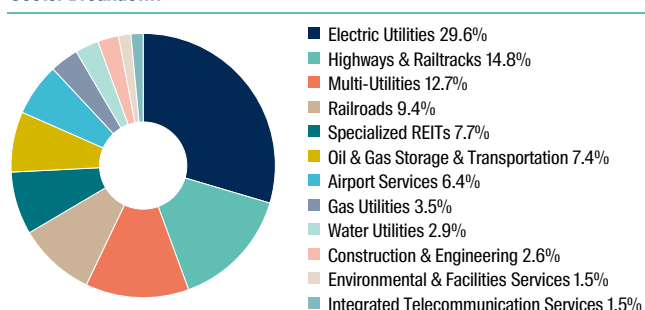
Stock
American Tower Corporation
Dominion Energy Inc COM
Nextera Energy Inc
Sempra Energy
Transurban

Sorted alphabetically

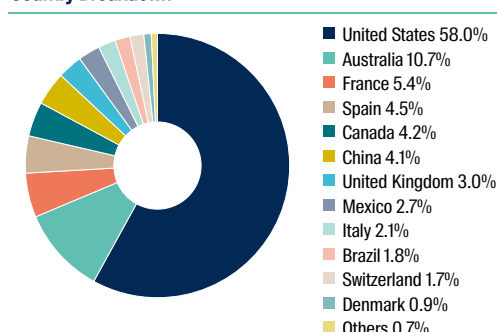
## Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	11.5	14.5	12.6	11.8		10.8
Benchmark standard deviation (%)	10.9	14.3	12.3	11.5		10.7
Tracking error (%)	1.9	2.0	2.1	2.0		2.1
Fund Sharpe ratio	1.1	0.5	0.5	0.5		0.9
Information ratio	-0.8	-0.2	-0.4	0.0		-0.1
Beta	1.0	1.0	1.0	1.0		1.0

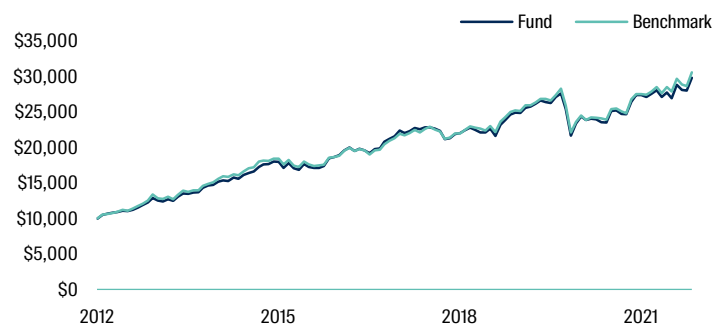
## Sector Breakdown



## Country Breakdown



## Growth of AUD 10,000 Investment Since Inception



## Top 5 Attributors To Performance (3 Months)

Stock	Value added
Sempra Energy	0.54%
Cheniere Energy, Inc.	0.48%
Crown Castle International Corp	0.40%
Enterprise Products Partners L.P.	0.26%
American Water Works Company, Inc.	0.21%

## Top 5 Detractors To Performance (3 Months)

Stock	Value added
China Gas Holdings Limited	-0.49%
SBA Communications Corp Class A	-0.39%
Enbridge Inc.	-0.35%
Williams Companies, Inc.	-0.25%
TC Energy Corp COM	-0.25%

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: 31 March 2022

## Market insights

Russia's invasion of Ukraine in February saw western governments impose a swathe of financial and economic sanctions on Russia. The portfolio has no direct exposure to Russia, but we remain alert to potential implications for commodity and broader markets.

In March, the US Federal Reserve raised interest rates for the first time since 2018, in an effort to counter rising inflation. Importantly, infrastructure outperformed equities in the quarter despite the 83 bps rise in US long bond yields, implying the move was well anticipated by markets.

## Sector and region performance

Energy midstream stocks rallied on expectations that Europe's need to reduce or eliminate its dependence on Russia energy would buoy US oil and natural gas production levels. This is likely to support utilisation rates of North American pipelines and storage assets, and boost demand for LNG exports. Airports climbed as coronavirus travel restrictions and isolation requirements eased in many regions (although China proved a notable exception to this). Railroads gained on the view that higher commodity prices would prove supportive of North American bulk volumes (and freight rail operators). Japanese passenger rail also recorded modest gains as domestic travel restrictions were lifted.

Towers / Data Centers lagged in January and February, as concerns for higher bond yields overshadowed the structural growth theme of increasing demand for mobile data, before recovering some ground in March.

## Portfolio activity

The Fund initiated a position in Danish-listed Ørsted, a leading global renewables developer and operator with a focus on offshore wind. The majority of Ørsted's current projects are located in the North Sea, but the company also has a growing onshore wind and solar business in the United States, and growth ambitions in Asia. Government subsidies or tax incentive structures underpin stable returns from the company's projects over long time frames, regardless of underlying energy market conditions. Net zero commitments and a growing focus on energy independence are expected to underpin structural growth in demand for the company's developments over coming years.

A position in Canadian National Railway was divested on a relative valuation basis; the stock is now trading at levels above peers and above its own long-term average valuation multiples. The Fund Manager prefers US operators such as Norfolk Southern, which is trading at cheaper multiples and has greater scope to improve operational efficiency.

## 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 proving significantly more resilient than those of other transport infrastructure assets. 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.

The portfolio is also overweight Railroads, primarily via exposure to large cap North American freight rail operators. These firms are unique and valuable franchises. Their wholly-owned track networks are high quality infrastructure assets which can never be replicated. They typically operate under duopoly market conditions, with significant numbers of captive customers such as grain, chemical and auto producers giving them strong pricing power over long haul routes. Improving operating efficiency provides further scope to grow earnings.

**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.

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

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The product disclosure statement (**PDS**) and Information Memorandum (**IM**) 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.

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