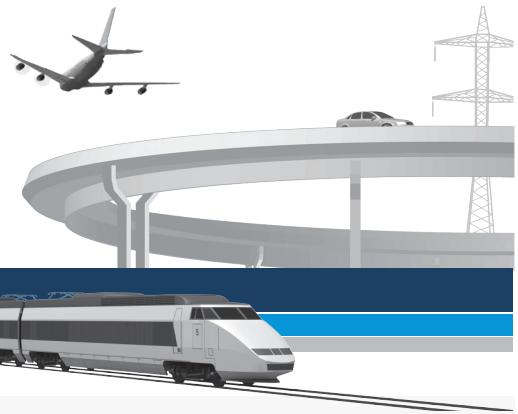


First State Global Listed Infrastructure Fund

Monthly Review and Outlook

October 2018



- The Fund invests primarily in global listed infrastructure and infrastructure-related equity and equity related securities worldwide. Investments in infrastructure projects may involve risks including projects not being completed on time and within budget, changes in environment laws and regulations.
- The Fund's investments may be concentrated in a single and limited/specialist sector or in fast growing economies which may have higher volatility or greater loss of capital than more diversified portfolios.
- Small/ mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments.
- The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.
- For certain share classes, the Fund may at its discretion pay dividend out of capital or pay fees and expenses out of capital to increase distributable income and effectively a distribution out of capital. This amounts to a return or withdrawal of your original investment or from any capital gains attributable to that, and may result in an immediate decrease of NAV per share.
- It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

Market Review

Global Listed Infrastructure's defensive qualities were highlighted during October's turbulent market conditions. The best performing infrastructure sector was Towers (+2%). Pleasing earnings numbers from American Tower provided a reminder of the sector's ability to benefit from growth in consumer demand for mobile data, through long-term leases on towers. Tollroads (+2%) also held up well as difficult markets highlighted the appeal of their cash generative business models, high barriers to entry and inflation-linked pricing.

The worst performing sector was Airports (-7%). Mexican operators lagged after a referendum result called for Mexico City's partially-built new airport to be cancelled.

The best performing region was Latin America (+4%). Brazil's infrastructure stocks, and broader market, gained strongly on hopes that the country would reduce its budget deficit and privatise some state-owned companies under newly-elected President Jair Bolsonaro. The worst performing region was Japan (-4%), where infrastructure stocks were caught up in the broader market's sell-off, triggered by global slowdown concerns.

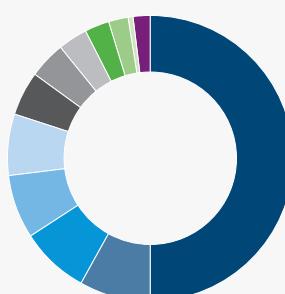
Performance Review

Cumulative Performance in USD (%)¹

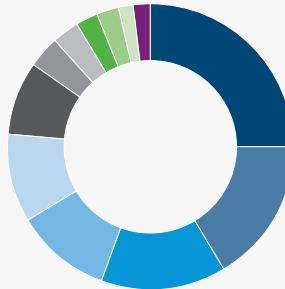
	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	-3.2	-5.6	-5.6	18.5	30.6	60.7
Benchmark*	-3.5	-3.3	-2.9	21.8	35.4	60.8

	Calendar Year Performance in USD (%) ¹				
	2017	2016	2015	2014	2013
Class I (USD - H Dist)	17.2	11.7	-5.7	12.3	17.3
Benchmark*	18.4	11.3	-6.0	13.6	17.9

Asset Allocation (%)¹



Country
USA 50.0
Canada 8.3
Japan 7.8
Australia 7.1
UK 6.8
China 5.1
Spain 4.1
Brazil 3.3
Italy 3.0
France 2.1
Other 0.7
Liquidity 1.7



Sector
Electric Utilities 25.2
Highways/Railtracks 16.4
Oil/Gas Storage & Trans. 14.1
Multi-Utilities 10.8
Railroads 10.1
Specialised REITs 8.3
Construction & Engineering 3.7
Gas Utilities 2.9
Marine Ports & Services 2.6
Airport Services 2.3
Other 1.9
Liquidity 1.7

Top 10 holdings (%)²

Stock name	Sector	%
Transurban Group Stapled Deferred	(Highways/Railtracks)	6.6
Dominion Energy Inc COM	(Multi-Utilities)	6.4
NextEra Energy, Inc.	(Electric Utilities)	5.2
Kinder Morgan Inc Class P	(Oil/Gas Storage & Trans.)	5.1
TransCanada Corporation	(Oil/Gas Storage & Trans.)	4.8
East Japan Railway Co	(Railroads)	4.3
Energy Inc Com	(Electric Utilities)	3.7
CCR S.A.	(Highways/Railtracks)	3.3
Crown Castle International Corp	(Specialised REITs)	3.1
Atlantia S.p.A	(Highways/Railtracks)	3.0

The best performing stock in the portfolio was Brazil tollroad operator CCR (+35%), which rallied aggressively from oversold levels as investor confidence flooded back to Brazil's stock market. Jiangsu Expressway (+5%) gained as September traffic volumes rose 11% compared to the previous period a year earlier. Steady traffic growth and growing demand for efficient road transport in the relatively prosperous province of Jiangsu are expected to support healthy cashflow growth over coming years.

American Tower (+7%) announced better than expected September quarter earnings as US telecom companies continue to strengthen and upgrade their mobile networks. SBA Communications (+1%), which derives over 80% of its earnings from US macro towers, also outperformed. Crown Castle (-2%) expects accelerating leasing activity from its portfolio of towers, small cells and dense fibre assets next year, and raised its dividend by 7%.

Utilities, which represent around 40% of the portfolio, held up exceptionally well as global growth concerns and US / China trade tensions drew investors towards defensive assets. The UK's National Grid (+5%) outperformed on the appeal of its monopoly assets earning attractive regulated returns. US peers also materially outperformed broader markets. NextEra Energy (+3%) announced strong September quarter earnings. Its renewables business segment continues to secure wind and solar build-out projects, further supporting its longer term earnings outlook.

The worst performing stock was crude oil-focused energy pipeline operator Plains All American Pipeline (-12%). The company gave up some of its strong ytd gains on concerns that a slowing global economy may weigh on demand for energy products from the west Texas Permian Basin. Natural gas peer Williams (-11%) fell on worries that it may come under increased scrutiny from its regulator, as interstate gas pipelines begin to submit profitability metrics to the Federal Energy Regulatory Committee. Canadian operator TransCanada (-5%) also declined as lingering concerns about the company's balance sheet stability and need to divest non-core assets came to the fore. The falling oil price represented an additional headwind to the sector.

COSCO Shipping Ports (-7%) underperformed as trade concerns overshadowed September's healthy +11% volume growth. Robust third quarter earnings, including a 12% increase in net profit, suggest that the company is on track to deliver much better full year earnings than the market is expecting.

During the month, changes were made to the Fund's holdings in the freight rail space. Positions were initiated in Union Pacific and

Aurizon, while CSX Corp and Canadian Pacific were sold. Union Pacific, the largest listed North American freight rail company, owns and operates a rail network connecting major West Coast and US Gulf Coast ports with US eastern gateways, Canada and Mexico. The company recently announced plans to introduce an operating method known as Precision Scheduled Railroading. Peers such as CSX, Canadian National and Canadian Pacific have significantly improved their operational productivity and fuel efficiency metrics by implementing these practices. Union Pacific appears to be next in line to do so.

Aurizon is Australia's largest rail freight operator. The company has three main business segments: Coal; Iron Ore; and Network (the operation and maintenance of the Central Queensland Coal Network, under a regulated return framework). Aurizon has underperformed significantly since a disappointing draft regulatory decision in December 2017. The resulting changes in maintenance practices led to service disruptions and disgruntled customers. The company is now run by a new management team which is focussed on cost reductions, efficiency improvements and the sale of under-performing assets.

East coast US operator CSX Corp has achieved robust earnings growth since implementing Precision Scheduled Railroading in 2017. The stock was sold on the view that many of the associated gains have now been realised, and that rising wages and materials prices may make it harder to outperform in the coming months. Canadian Pacific was initially added to the portfolio in late 2017 after service metrics at rival operator Canadian National slipped, providing scope for Canadian Pacific to take market share. The stock was divested as the opportunity played out and positive shareholder returns moved the stock lower within the quality / value rankings of our investment process.

Market Outlook and Fund Positioning

The Fund invests in a range of global listed infrastructure assets including tollroads, airports, ports, railroads, utilities, pipelines, and wireless towers. 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.

Our outlook for Global Listed Infrastructure is positive. The asset class consists of stable, long life assets, and continues to deliver a reliable yield of between 3% and 4% per annum. Many infrastructure assets are insulated from inflation by regulation, concession terms or contracts that are explicitly linked to the inflation rate. Several infrastructure sectors are benefitting from structural growth drivers such as urbanisation (Tollroads) and the increasing mobility of communication (Towers).

As well as sound fundamentals, we expect a number of additional factors to be supportive of returns from Global Listed Infrastructure. The listed infrastructure investment universe continues to broaden, which is likely to stimulate further interest in the asset class. The IPO in July of China Tower, which operates the towers of China's three state-backed telecoms providers, provides an example of the listed infrastructure

market expanding through government sell-downs and conglomerates divesting non-core assets.

Tollroad operators Ferrovial and Transurban are pursuing their Express Lane strategies in the US - a politically palatable way to involve private sector capital in US highway infrastructure. We anticipate that both companies will be major players in this space over the next three to five years, diversifying and improving our opportunity set. Further, the ongoing asset allocation shift by large pension and sovereign wealth funds into real assets in general, and into infrastructure specifically, should provide a tailwind for asset class valuations.

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