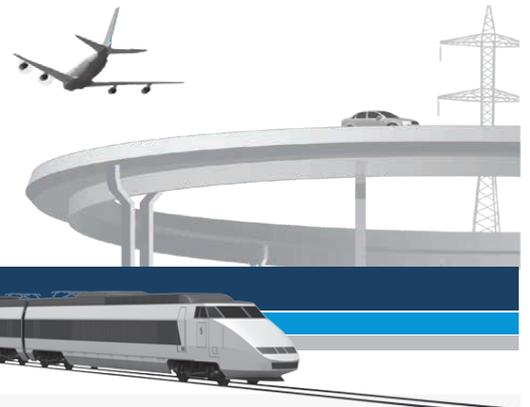


First State Global Listed Infrastructure Fund

Monthly Review and Outlook

January 2019



- 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 rebounded in January, aided by well-received December quarter earnings. The FTSE Global Core Infrastructure 50/50 index climbed +7.8%, in line with global equities^.

The best performing infrastructure sector was Pipelines (+16%), which rallied from December lows as investors began to acknowledge the sector's improving fundamentals. Railroads (+10%) also climbed, as December quarter earnings results from North American freight rail firms highlighted consistently firm pricing and robust volume growth. The worst performing sector, Ports (+1%) delivered positive absolute returns but lagged in the absence of progress in ongoing tariff negotiations between the US and China.

The best performing region was Latin America (+16%). Brazil's stock market rallied on mounting enthusiasm for the right wing government's economic reform agenda. The worst performing region was Asia ex-Japan (+3%) as China's slowing economy weighed on the region's ports, airports and toll roads.

Fund Performance

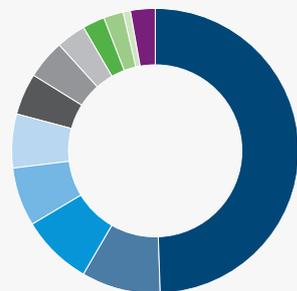
Cumulative Performance in USD (%)¹

	3 mths	YTD	1yr	3yrs	5yrs	Since inception
Class I (USD - H Dist)	4.2	7.3	-1.4	32.5	37.6	67.5
Benchmark*	7.0	7.8	3.4	37.0	47.0	72.0

Calendar Year Performance in USD (%)¹

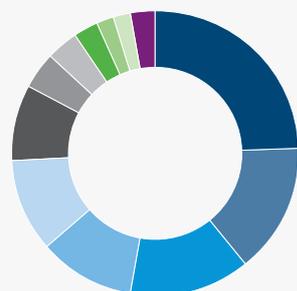
	2018	2017	2016	2015	2014
Class I (USD - H Dist)	-8.3	17.2	11.7	-5.7	12.3
Benchmark*	-4.0	18.4	11.3	-6.0	13.6

Asset Allocation (%)¹



Country

USA	49.5
Canada	9.1
Japan	7.8
Australia	6.8
UK	6.2
Spain	4.7
China	4.4
Italy	3.3
France	2.6
Brazil	2.0
Other	0.9
Liquidity	2.7



Sector

Electric Utilities	24.7
Highways/Railtracks	14.6
Oil/Gas Storage & Trans.	13.6
Railroads	10.9
Multi-Utilities	10.6
Specialised REITs	8.4
Construction & Engineering	4.4
Gas Utilities	3.5
Airport Services	2.7
Marine Ports & Services	2.1
Other	1.8
Liquidity	2.7

All stock and sector performance data expressed in local currency terms. Source: Bloomberg. ¹ Source: Lipper & First State Investments, Nav-Nav (USD total return) as at 31 January 2019. Since inception date: 27 June 2008. Performance is based on First State Global Listed Infrastructure Fund Class I (USD - H-Dist). This is the semi-annually dividend distribution class of the fund. The performance quoted are based on USD total return (with dividend reinvested). Dividends are not guaranteed and may be paid out of capital. *MSCI World Net Total Return Index, USD. *The benchmark displayed is the FTSE Global Core Infrastructure 50/50 Index.

Top 10 holdings (%)²

Stock name	Sector	%
Dominion Energy Inc COM	(Multi-Utilities)	6.3
Transurban Group Stapled Deferred	(Highways/Railtracks)	6.0
NextEra Energy, Inc.	(Electric Utilities)	5.3
TransCanada Corporation	(Oil/Gas Storage & Trans.)	5.1
Kinder Morgan Inc Class P	(Oil/Gas Storage & Trans.)	4.6
American Electric Power Company, Inc.	(Electric Utilities)	4.2
East Japan Railway Co	(Railroads)	3.9
Atlantia S.p.A	(Highways/Railtracks)	3.3
Union Pacific Corporation	(Railroads)	3.3
Crown Castle International Corp	(Specialised REITs)	3.2

The portfolio rose +7.3%³ in January, 48 basis points behind the FTSE Global Core Infrastructure 50/50 Index (USD, Net TR).

The best performing stock in the portfolio was Brazil toll road operator CCR (+33%). The stock surged after the São Paulo governor announced plans to extend a number of the state's toll road concessions – including some managed by CCR – rather than re-auctioning them as had been expected. Brazil's buoyant equity market provided additional support.

Pipelines also outperformed. Williams (+22%) rallied on the appeal of its strategically located pipeline networks connecting prolific natural gas fields in the Northeast US and Texas to LNG export facilities and eastern US population centres. Kinder Morgan (+19%) announced better than expected December quarter earnings, driven by robust performance from its natural gas pipeline business. Rumours that it would seek to divest its carbon dioxide business segment were also welcomed by the market. The company's corporate credit rating was upgraded during the month by S&P, who cited a "continued focus on strengthening its balance sheet". Plains All American Pipeline (+15%) gained on a recovery in crude oil prices and the prospect of additional growth projects such as the reversal of the Capline pipeline, which runs between Illinois and the US Gulf Coast.

North American freight rail stocks were led higher by Union Pacific (+15%), which appointed a new Chief Operating Officer with extensive experience in implementing Precision Scheduled Railroading (a series of operating procedures that can materially improve rail company efficiency and profitability). East coast peer Norfolk Southern (+12%) rallied on the view that it is well-placed to benefit from similar measures.

European transport infrastructure shrugged off soft economic data and ongoing Brexit uncertainty. Toll road company Atlantia (+14%) recovered as concerns eased that its concession may be revoked, following August's Morandi Bridge collapse. The CEO of its Italian motorway division (ASPI) has resigned, and Atlantia is paying for the bridge to be rebuilt. AENA (+11%) was supported by the prospect of continued passenger growth across its portfolio of Spanish airports. Ferrovial (+11%) saw robust 2018 passenger growth of +2.7% at Heathrow Airport, one of its flagship assets, driven by the adoption of larger (and fuller) aircraft. The company plans to sell its global support services business, in order to focus on transport infrastructure.

The worst performing stock in the portfolio was US utility Dominion (-2%), which lowered earnings growth guidance to "the lower half"

of its 2017 – 2020 guidance range of between 6% and 8% pa, owing to delays in the construction of its Atlantic Coast Pipeline and higher than expected pension costs. Other defensive North American utility holdings including Evergy (+1%) and Hydro One (+2%) delivered positive absolute returns but also lagged the broader market.

US utilities remain well positioned to derive stable earnings growth over long time frames from the build-out of renewables. NextEra Energy (+3%) announced a plan to install 30 million solar panels at their Florida regulated utility business by 2030. Customers stand to benefit from the increasing cost effectiveness of solar technology, and the move will reduce the company's carbon footprint as older, inefficient plants are replaced. New York's governor set new renewable energy goals during January, including plans to quadruple the state's offshore wind generation target to 9,000 megawatts by 2035. This could provide investment opportunities for utilities with the ability to bid into these auctions, such as portfolio holding Eversource Energy (+7%).

Defensive Japanese stocks lagged as confidence returned to the market. West Japan Railway (+2%) announced solid December quarter operating profit growth of 4%. Healthy passenger volumes indicate that the company has now recovered from the floods and earthquakes that affected its service area in mid-2018. East Japan Railway (+4%) announced December quarter operating profit growth of 2%, in line with consensus expectations, and appears on track to beat full year guidance.

Fund Activity

Having already reduced the Fund's weighting in Californian utility company PG&E in late 2018, as estimated liabilities approached the size of its rate base, the Fund's remaining position in the company was sold during January. The stock faces years of extreme volatility as it works through bankruptcy and litigation proceedings, presenting a risk / return profile inconsistent with our clients' expectations.

Market Outlook and Fund Positioning

The Fund invests in a range of global listed infrastructure assets including toll roads, 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.

The Fund is positioned with toll roads as its largest sector overweight. We are attracted to their high operating margins, stable cash flows and effective barriers to entry. European operators are positioned to benefit from resilient traffic volumes over long time frames. Transurban's bid for WestConnex adds a substantial, high quality and long life asset to the listed infrastructure opportunity set. Peers in China and Latin America operate high growth toll roads with well-established concession agreements, providing an essential service to some of the most densely populated regions in the world.

² Source: First State Investments as at 31 January 2019. ³ Performance is based on VCC ID share class, net of fees, expressed in USD.

The Fund is also overweight energy pipelines. The portfolio has built positions in several companies with unique and long life energy infrastructure networks at appealing valuation multiples. Sentiment towards the sector is improving, helped by simpler corporate structures and greater clarity for growth projects; while North American production growth is providing a favourable operating environment.

The Fund's largest underweight position is the Airports sector. The sector has faced headwinds in recent months, as the outlook for passenger volumes, aeronautical charges and retail spend have deteriorated following years of exceptional growth. However, in our view, many airport stocks still appear overvalued and we are content to remain underweight. A number of high quality US utilities also continue to trade at valuations that we find difficult to justify based on company fundamentals.

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