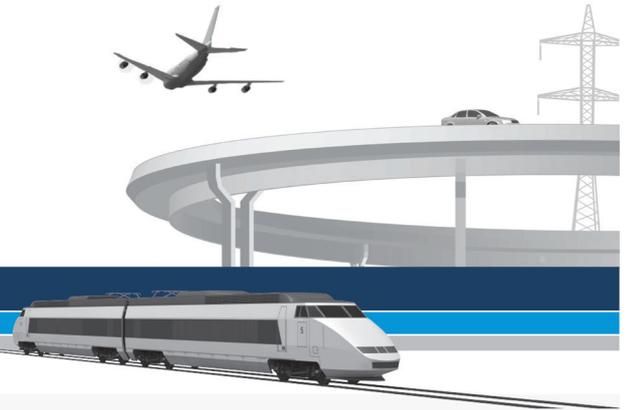


First State Global Infrastructure

Monthly Review and Outlook

December 2019



Market Review

Global Listed Infrastructure rallied in December against a background of positive macroeconomic news, including fresh progress in US-China trade talks and a conclusive UK general election result.

The best performing infrastructure sector was Towers (+6%), reflecting the enduring appeal of this business model. Structural growth in demand for mobile data (underpinned by the ever-growing popularity of video streaming) continues to drive steady earnings growth, largely insulated from the ebbs and flows of the broader global economy. The worst performing infrastructure sector was Airports (+1%), on concerns that future passenger growth rates may struggle to match those seen in recent years. Underperforming stocks included Flughafen Zuerich (flat, not held) whose successful bid to build and operate the new Jewar Airport in Delhi, India was met with a lacklustre market response.

The best performing infrastructure region was Latin America (+8%), aided by an improving political environment for infrastructure companies in Mexico and the view that lower interest rates and investor-friendly reforms will prove supportive of Brazil's infrastructure companies. The worst performing region was Australia / NZ (-1%), where higher bond yields and concerns for full valuation multiples weighed on airports, toll roads and utilities.

Fund Performance

The Fund ended the month +1.5% higher¹, 111 basis points behind the FTSE Global Core Infrastructure 50/50 TR Index (SGD).

The best performing stock in the portfolio was UK water utility Severn Trent (+12%), which rallied strongly after a comfortable general election win for the Conservative Party eased nationalisation concerns. Water regulator Ofwat published its final determinations (regulatory frameworks) for 2020 – 2025, providing the UK water sector with a high level of certainty for the next five years. UK electric utility SSE (+11%) and multi-utility National Grid (+6%) were also buoyed by the election result. US multi-utility CenterPoint Energy (+11%) outperformed on news that it had engaged in talks that could lead to a revision of terms for an unfavourable recent rate case proposal for its Texas electric utility.

American Tower (+8%), Crown Castle (+7%) and SBA Communications (+2%) gained as the US Federal Communications Commission (FCC) launched its latest high-band wireless spectrum auction, and stated that “pushing more spectrum into the commercial marketplace is a key component of our plan to advance American leadership in the next generation of wireless connectivity.” The comments provided a fresh reminder of the structural growth opportunities that the 5G build-out could present for the tower sector.

US energy pipeline operators including Magellan Midstream Partners (+8%), Enterprise Products Partners (+7%) and Williams (+6%) climbed after recent management team commentary placed renewed emphasis on reducing growth capex and achieving positive free cash flow. This change in focus was welcomed by investors, who have expressed concerns about the pipeline sector's propensity to focus on growth rather than balance sheet strength. Enterprise Products Partners was also buoyed by news that its Chairman had purchased almost US\$50 million worth of the company's shares during the month – a clear expression of confidence in its future prospects.

Mexican airport operator ASUR (+6%) and toll road Pinfra (+4%) rose as favourable regulatory terms for the period to 2024, including the right to levy higher-than-expected tariffs, were awarded to peer airport operator GAP (+13%, not held). The decision represents a de-risking of the concessions sector in Mexico, which has faced concerns about government interference in the tariff setting process. It follows the Mexican government's November announcement of a US\$43 billion infrastructure program, to include roads, railways, ports and airports, in a bid to boost GDP growth.

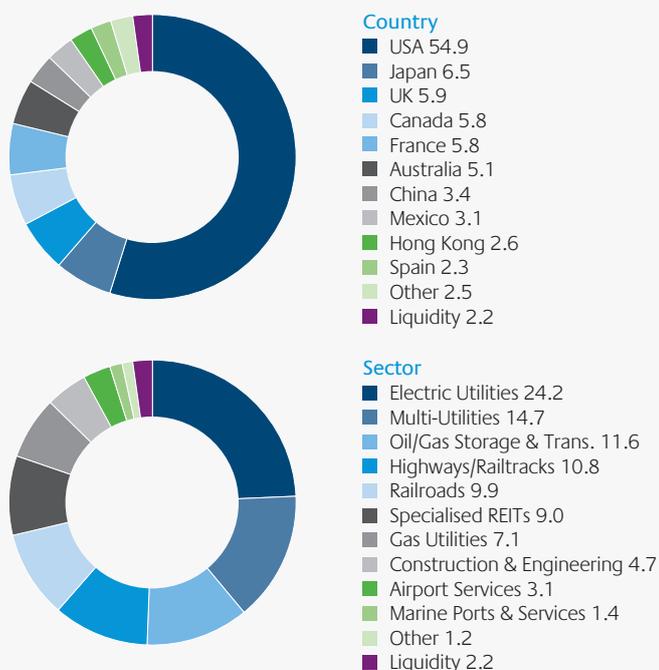
The worst performing stocks in the portfolio included passenger rail operators East Japan Railway (-2%) and Central Japan Railway (flat), as investors digested the effect of October's powerful Typhoon Hagibis on EJR's operations; and Japan's gloomy recent economic data weighed on its stock market. The 2020 Summer Olympics in Tokyo is expected to boost tourist volumes as the year progresses.

Toll roads also lagged. Transurban (-1%) dipped as investors took profits following strong ytd gains. Spain's Ferrovial (flat) was affected by a delay in the hoped-for sale of its Services business segment; and lower-than-expected earnings guidance for its 25% stake in Heathrow Airport; while Vinci (flat) was awarded

	Annualised Performance in SGD (%) ²				
	1yr	3yrs	5yrs	10yrs	Since inception
Class A (SGD - H Dist) (Ex initial charges)	22.6	7.3	7.3	7.7	4.9
Class A (SGD - H Dist) (Inc initial charges)	16.5	5.5	6.2	7.2	4.5
Benchmark*	24.4	10.7	9.2	8.9	5.6

	Cumulative Performance in SGD (%) ²				
	3 mths	1yr	3yrs	5yrs	Since inception
Class A (SGD - H Dist) (Ex initial charges)	0.1	22.6	23.7	42.0	76.6
Class A (SGD - H Dist) (Inc initial charges)	-4.9	16.5	17.5	34.9	67.8
Benchmark*	1.0	24.4	35.6	55.4	90.1

Asset Allocation (%)²



Top 10 holdings (%)²

Stock name	Sector	%
Nextera Energy Inc	(Electric Utilities)	5.3
Dominion Energy Inc COM	(Multi-Utilities)	5.2
Transurban	(Highways/Railtracks)	5.1
Williams Companies, Inc.	(Oil/Gas Storage & Trans.)	4.1
National Grid plc	(Multi-Utilities)	3.5
American Electric Power Company, Inc.	(Electric Utilities)	3.3
Crown Castle International Corp	(Specialised REITs)	3.3
American Tower Corporation	(Specialised REITs)	3.2
Union Pacific Corporation	(Railroads)	3.1
East Japan Railway Co	(Railroads)	3.0

a slightly smaller-than-expected toll increase of 0.8% for 2020 for its French roads. The sector's strong fundamentals, including high operating margins, effective barriers to entry and traffic growth rates that can match or exceed GDP growth over the long term, are expected to support robust future earnings growth.

Fund Activity

The Fund sold its position in Chinese gas utility ENN Energy following pleasing share price gains during the Fund's holding period. The company's growth trajectory remains strong, reflecting rising market penetration and China's national clean energy drive. However this positive outlook now appears to be fully reflected in the company's valuation multiples.

Market Outlook and Portfolio 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 outlook for global listed infrastructure is positive. The asset class performed well during 2019, as lower bond yields provided a stronger than expected tailwind for infrastructure valuations. However, taken in aggregate with headwinds of 2018, the two-year return is in line with our long term expectations. In addition, listed infrastructure companies are delivering strong earnings growth. Combined with lower discount rates (from falling interest rates), this means that intrinsic asset values have increased meaningfully.

If, as expected, bond yields remain low in 2020, infrastructure's income generative nature is likely to drive continued investor demand for the asset class. In addition, if an economic slowdown were to make it harder for the broader market to grow earnings, infrastructure's regulated or contracted earnings streams would become increasingly valuable.

Political and regulatory change will remain the key risk in the months ahead. Continuing trade tariffs, Brexit tensions, populist politics in Italy and Mexico, and the US presidential election could all present challenges for infrastructure investors. Reassuringly, we see strong bipartisan support for infrastructure investment globally. As a result the pipeline of capital expenditure opportunities for listed infrastructure remains robust - for example replacing aged infrastructure assets, reducing urban congestion, and decarbonising electricity networks.

²Source: Lipper & First State Investments. Single pricing basis with net income reinvested. Data as at 31 December 2019. Allocation percentage is rounded to the nearest one decimal place and the total allocation percentage may not add up to 100%. The First State Global Infrastructure inception date: 3 March 2008. * From inception - 31 May 08 : S&P Global Infrastructure Index; From 1 Jun 08 - 31 Mar 15 : UBS Global Infrastructure and Utilities 50-50 Index; From 1 Apr 15 : FTSE Global Core Infrastructure 50/50 Index

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