

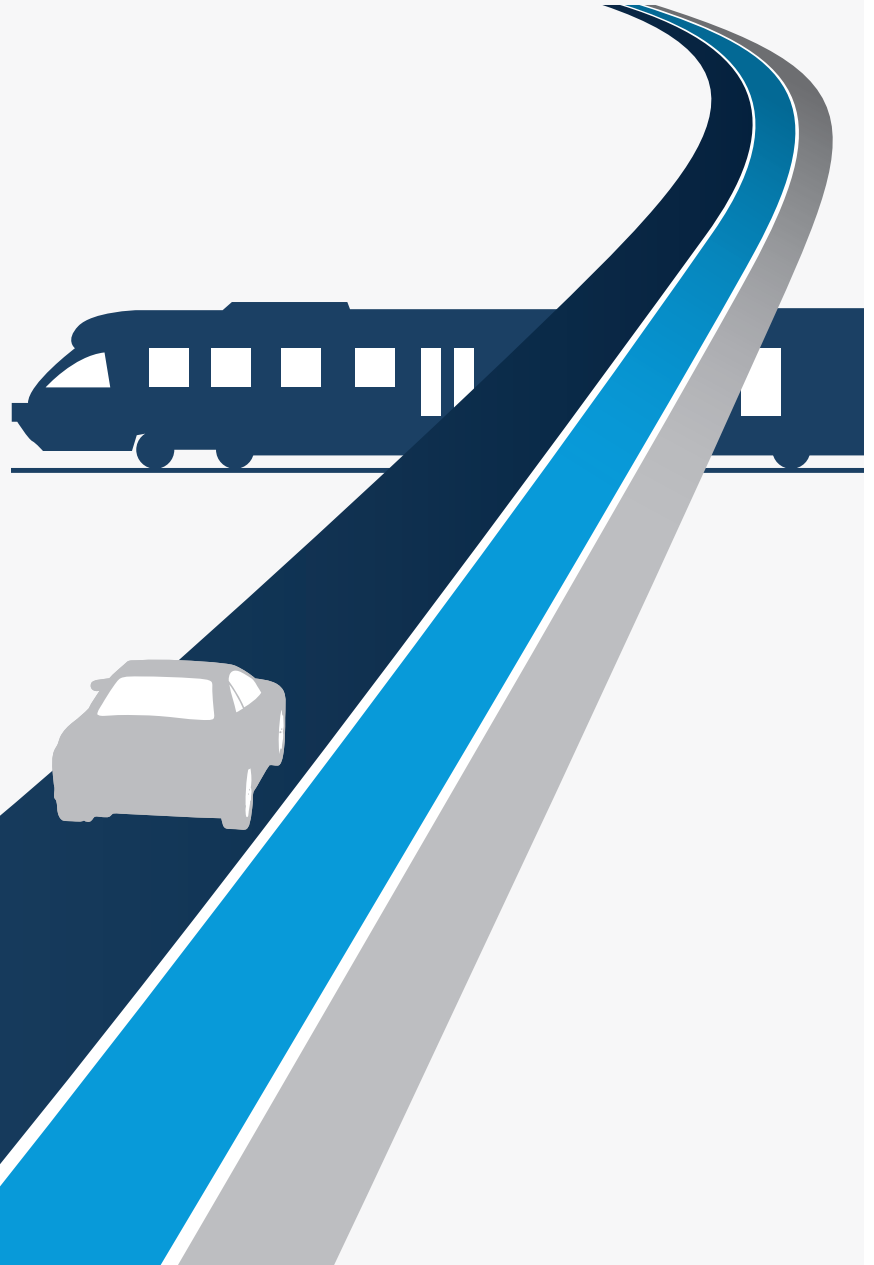


# Invest in assets the world relies on.

## First State Global Listed Infrastructure Fund.

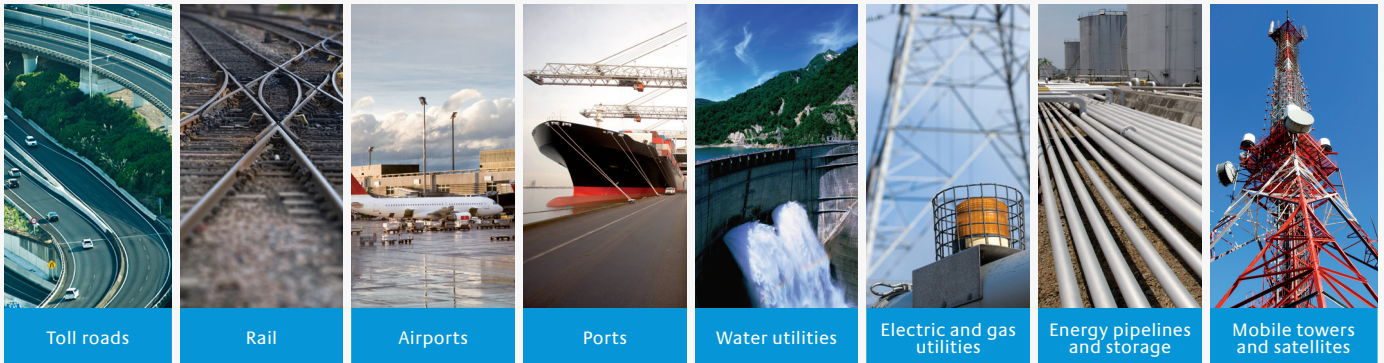
Worldwide, billions of people rely on infrastructure to live and do business. The airports we travel through, toll roads we drive on and the water we drink are essential and valuable assets to any economy.

The First State Global Listed Infrastructure Fund provides an opportunity to invest in assets which can offer a combination of steady capital growth and inflation-protected income.



## What is infrastructure?

Under the broad asset class of infrastructure sit several sub-sectors which exhibit slightly different characteristics. The main areas of infrastructure we invest in are:



## Why invest in infrastructure?

Infrastructure is considered to be a unique investment class, appealing to a broad range of investors, due to a number of attractive characteristics.

Key attractions of the asset class include:

- Structural growth which is less dependent on the economic cycle
- Stable cash flows from assets providing essential services
- Attractive yield with an inflation hedge
- Lower correlation with other asset classes
- Long-life assets to match long-dated pension liabilities

Cash flow and income generated by infrastructure assets are relatively stable, even during volatile market conditions. This proved to be the case during 2009 as defensive business models of the listed infrastructure sector performed well despite the turmoil of the global recession. Robust cash flows ensured that the vast majority of dividends paid to shareholders of listed infrastructure companies were maintained and in some cases increased.

## The outlook for infrastructure

The global infrastructure investment market has developed significantly over the past decade. There has been a substantial increase in private sector ownership as governments continue to privatise assets to speed development and reduce debt.

Looking ahead the market has a strong growth outlook driven by a broad range of factors including globalisation of trade, energy efficiency and 'catch up' investment following decades of underinvestment by governments. The Organisation for Economic Co-operation and Development (OECD) estimates that over US\$50 trillion will need to be spent by 2030 to meet the world's infrastructure needs.<sup>1</sup> Furthermore, the privatisation of assets will continue as governments act to reduce the burgeoning debts and transfer risk to the private sector.

## How to invest in infrastructure: unlisted or listed?

Investors can gain exposure to infrastructure assets through unlisted or listed funds. Unlisted funds invest directly in a portfolio of infrastructure assets whereas listed funds invest in the shares/units of publicly listed companies that own or operate infrastructure assets.

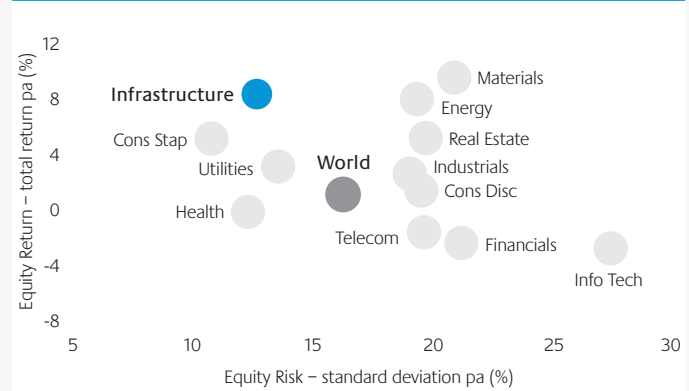
The sheer size of investment needed to purchase assets means that unlisted funds have traditionally only been available to large institutional investors.

Global listed infrastructure funds, on the other hand, typically offer a portfolio of 30 to 60 infrastructure companies. They provide investors with high liquidity, easy access and diverse exposure to the global infrastructure market. Having a globally diversified portfolio will mitigate political, regulatory, social, geographical and economic risks.

## Risk profile

The global listed infrastructure sector has a lower risk profile than the broader global equity market and investors can expect to achieve superior long-term risk adjusted returns by allocating part of the their global equity allocation to global listed infrastructure.

### Global Listed Infrastructure Relative Risk & Return



UBS Global Infrastructure & Utilities 50-50 Total Return Index AUD Hedged  
MSCI Daily TR Gross World Local

Source: Bloomberg, CFSGAM

Monthly data for 10 years to Dec 2010

<sup>1</sup> Infrastructure to 2030, OECD (2007).

## Fund Profile and Objective

The First State Global Listed Infrastructure Fund aims to deliver steady capital growth and inflation-protected income. The Fund invests in a diversified portfolio of listed infrastructure related securities from around the globe, and aims to outperform the UBS Global Infrastructure & Utilities 50/50 Index over a rolling 3 year period.

## Our investment style

The Fund employs an active, bottom-up selection process that aims to exploit market inefficiencies.

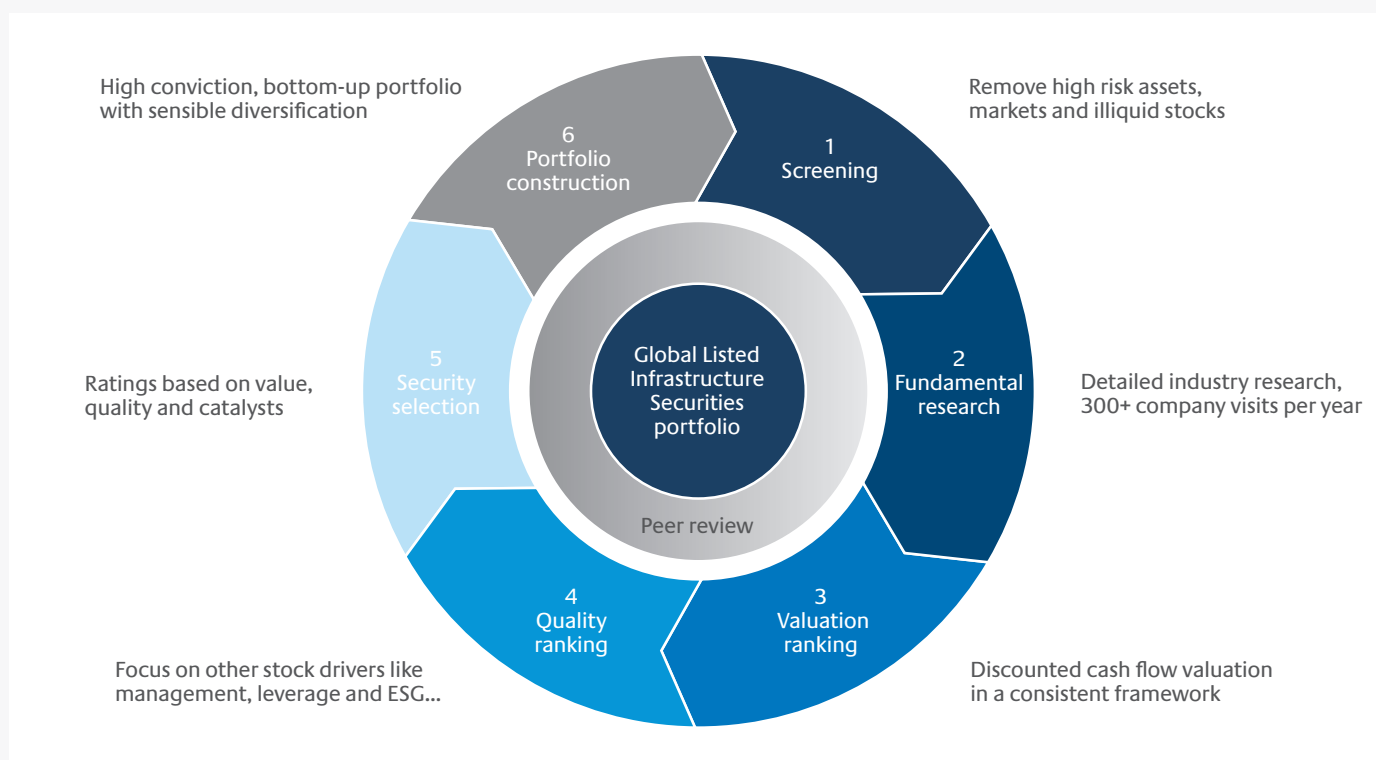
We target stocks where the market underestimates the level and quality of sustainable free cash flows. Through this, we seek to earn excess returns by employing a rigorous stock selection process – leading to high conviction stock positions – with strict portfolio management risk controls.

### What we value ...

<b>High barriers to entry</b>	monopoly assets providing essential services
<b>Pricing power</b>	inflation hedged income and timely pass-through of uncontrollable costs
<b>Predictable cash flows</b>	underpinned by transparent regulation or contracts
<b>Sustainable growth</b>	organic growth which is less dependent on the economic cycle
<b>Management quality</b>	sound strategy, good execution, positive alignment
<b>Financial strength</b>	balance sheet flexibility and capital discipline
<b>ESG culture</b>	responsible approach to the environment, respect for stakeholders

## Investment process

The Fund follows a six step investment process.



### Key data

Lead Fund Manager	Peter Meany
Launch date	8 October 2007
Benchmark	UBS Global Infrastructure & Utilities 50/50 Index
IMA Sector	Specialist
No. of holdings	Average 40 – minimum 20, no maximum
Minimum investment	Class A Shares – £1,000 Class B Shares – £500,000
Charges	Initial – 4.0% Annual – 1.5%

## Investment Team

Infrastructure is an emerging investment sector requiring specific experience and specialist skills. First State's team is led by Peter Meany who has 12 years experience in infrastructure and utilities sectors. Peter's deputy is Andrew Greenup, who has a broader equities background. Our team manage the fund from Australia and Hong Kong and have on average over 10 years experience in investment markets.

Australia is one of the most developed private infrastructure markets in the world. The Listed Infrastructure Team's experience includes close analysis of companies that have set best practice on everything from airport retail development to electronic toll collection, from mezzanine debt structures to tax efficient holding companies. As a result the investment team are in a strong position to assess the strategic direction and earnings potential of infrastructure companies.

The team can also draw on the resources of First State's broader investment team including specialists in Asia, global resources, property and direct infrastructure investment.

Peter has over 12 years experience in the infrastructure and utilities sectors. Prior to joining First State, Peter worked at Credit Suisse Equities (Australia), where he was responsible for research coverage in these sectors. Prior to Credit Suisse, Peter was an analyst at Macquarie Equities when the infrastructure sector was in its infancy.

Peter holds a Bachelor of Economics (Finance) from Macquarie University.



**Peter Meany**  
Head of Global Listed  
Infrastructure Securities

**Peter Meany**  
Head of Global Listed Infrastructure Securities

**Andrew Greenup**  
Portfolio Manager

**Rebecca Sherlock**  
Senior Analyst

**Jin Xu**  
Senior Analyst

**Edmund Leung**  
Analyst

**Rahul Anand**  
Analyst

Andrew joined the Global Listed Infrastructure team in April 2007. Prior to joining First State Andrew worked at Allianz Global Investors as a senior analyst in Australian equities. In addition to his fund management experience Andrew worked at Credit Suisse First Boston as a Vice President in equities research.

Andrew has a Bachelor of Business (First Class Honours) from QUT and was awarded the University Medal.



**Andrew Greenup**  
Portfolio Manager

### For further information

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This information does not constitute investment advice and should not be used as the basis of any investment decision, nor should it be treated as a recommendation for any investment.

The First State Global Listed Infrastructure Fund is a specialist fund which should form part of a diversified portfolio and should be considered a long-term investment. This fund invests in emerging markets, single sector and smaller companies which may be volatile and carry the specific risks.

The First State Global Listed Infrastructure Fund is a sub-fund of the First State Investments ICVC, an Open-ended Investment Company with variable capital. A copy of the Prospectus is available on request. Issued by First State Investments (UK) Limited. Authorised and regulated by the Financial Services Authority. Entered on the FSA Register, reference number 143359, and a member of the IMA. Registered No. 2294743 England and Wales. Registered office 3rd Floor, 30 Cannon Street, London, EC4M 6YQ.

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