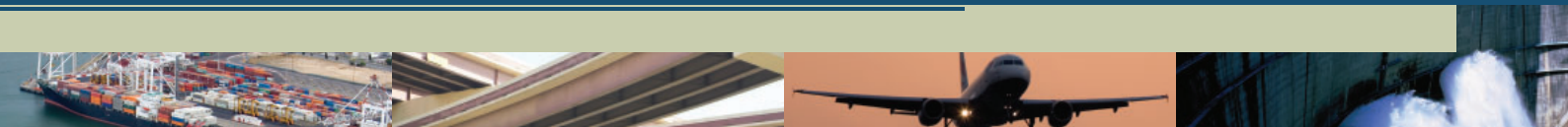


# First State Global Listed Infrastructure Fund

*Invest in assets the world relies on.*

*Around the world, every day, billions of people rely on infrastructure to live and do business. From airports we travel through, to motorways we drive on, to the water we drink – infrastructure assets are the backbone of any growing or thriving economy.*

*The First State Global Listed Infrastructure Fund provides an opportunity to invest in assets which can offer a solid combination of steady growth and stable income.*



**For more information**  
Visit: [www.firststateinvestments.com](http://www.firststateinvestments.com)  
Call: 0800 587 4141

**First State**  
Investments

*Expert teams  
A specialist approach*

## 1. What is infrastructure?

The infrastructure sector covers a wide range of asset types including:

- **Transport** – airports, toll roads, tunnels, ports and bridges
- **Utilities** – water, gas and electricity, pipelines, telecoms
- **PFI/PPP** – hospitals, schools and education, prisons
- **Other** – storage, renewables and waste

## 2. Why invest in infrastructure?

Infrastructure is considered to be a unique investment class, appealing to a broad range of investors, with the following attractive features:

- Opportunities for growth and income
- Potential to generate an attractive yield
- Resilient long-term asset class
- Predictable cash flows due to monopolistic nature
- Low correlation with other asset classes
- Inflation hedged

Cash flow and income generated by infrastructure assets are relatively stable. Whatever happens with world stock markets and economies, the demand for water or electricity remains the same, during boom or bust. Similarly, the nature of infrastructure services and the high barriers to entry mean infrastructure businesses tend to have a monopoly over supply.

Infrastructure assets are also seen as a hedge to inflation. Regulated assets such as electricity companies or toll roads, for example, typically have their revenue increases linked to inflation.

## 3. The outlook for infrastructure

The future looks bright for infrastructure, with the growing market for private investment creating strong demand and good investment opportunities.

### Decades of underinvestment

Governments have been underinvesting in essential infrastructure for decades. Many assets built in the 1950s and 60s are coming to the end of their expected lives while population growth and global development mean demand continues to grow. As an example, motorways built in the 1960s weren't made to cope with the amount of cars on the road today and need major investment to cope with 21st century traffic. Similarly, old and leaky Victorian water mains need replacing as they struggle to cope with the already large and increasing populations.

### Growing need for private investment

The Organisation for Economic Co-operation and Development (OECD) estimates that developed countries will need to spend over USD70 trillion just to maintain the current level of infrastructure productivity. But ageing populations and rising costs mean that a greater share of public funds will need to be spent on health and welfare. With governments under great pressure not to raise taxes, their priorities will lie with funding these areas rather than on infrastructure. This is where private sector investment comes in.

### Private sector appetite

There is currently a large appetite amongst the private sector for infrastructure investment and assets. Within the past year there has been high profile investment from corporate investors for airports, water companies, plus others. With more investors realising the potential of infrastructure, prices being paid are likely to increase.

### Market developing at rapid pace

The European market in particular is developing at a rapid pace. It is anticipated that the larger European infrastructure investment markets will take fewer years to reach maturity than Australia's 12 plus years. For example, new toll roads in Europe are increasingly using the public/private partnership model. The UK and France are the only European countries to have privatised their water sectors, so it is likely that other countries will follow. Gas and electricity investment opportunities are likely to become more frequent.



**4 billion**  
airline passengers rely on infrastructure

Source: World Airport Traffic Report 2006, Airports Council International.

## 4. Benefits of listed securities

There are two main ways to invest in infrastructure – listed or unlisted funds.

Unlisted funds look to invest directly in infrastructure assets and adopt a hands on approach, becoming involved in business strategy. This level of involvement typically means that unlisted funds only manage a small number of assets. The sheer size of investment needed to purchase assets means that unlisted funds have traditionally only been available to large institutional investors.

Listed funds on the other hand typically offer a portfolio of 30 to 60 infrastructure companies diversified by sector and country. Listed infrastructure securities offer a number of advantages, including:

- **Diversification:** a portfolio of 30 to 60 securities should reduce exposure to event risk, such as a terrorist attack on an airport, regulatory risks, or political risks, such as a change in legislation.
- **Liquidity:** with the size of the infrastructure market standing at over USD1,100 billion\*, listed infrastructure securities give the freedom to move in and out of positions.
- **Transparency:** listed funds tend to be more scrutinised by regulators, governments, unions and the media and so tend to be very conscious of environmental, social and governance issues.

\* Source: Bloomberg.

## 5. First State Global Listed Infrastructure Fund

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 will aim to outperform the S&P Global Infrastructure Index over a rolling 3 year period.

### Investment Style

- Active, bottom-up stock selection process
- Market underestimates the level and quality of sustainable free cash flows
- High conviction stock positions integrated with portfolio management risk controls
- Preference for securities that control assets with monopoly characteristics

## 6. The First State Global Listed Infrastructure Team

The First State Global Listed Infrastructure Fund will be managed by Peter Meany and Andrew Greenup.

Australia has one of the most developed private infrastructure markets in the world.

For over 10 years, Peter Meany, the Portfolio Manager, has closely analysed 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 we are in a strong position to assess the strategic direction and earnings potential of infrastructure companies.

### Key Data

<b>Lead Fund Manager</b>	Peter Meany
<b>Open for Investment</b>	21 September 2007*
<b>Launch Date</b>	8 October 2007
<b>Benchmark</b>	S&P Global Infrastructure Fund
<b>IMA Sector</b>	IMA Specialist Sector
<b>Number of Holdings</b>	Average 40 holdings – minimum 20, no maximum
<b>Minimum Investment</b>	Class A Shares – £1,000, Class B Shares – £500,000
<b>Charges</b>	Initial 4.0% Annual 1.5%

\* The initial offer period for the First State Global Listed Infrastructure Fund will start at 9am on 21 September 2007 and close at 5pm on 5 October 2007 or such other period as the ACD may determine and notify to the FSA. During this period the initial price of a Share will be 100p (exclusive of any initial charge).

trillion  
cubic metres of water rely on infrastructure

Source: OECD Factbook 2007: Economic, Environmental and Social Statistics.



**billion**  
tonnes of seaborne cargo rely on infrastructure

Source: Fearnleys Review 1999, Oslo 2000 (extrapolated).



## Contact

### Advisers and third parties

Please contact your usual First State representative or contact our brokerline on 0800 587 4141. If calling from outside the UK, please call +44 131 525 8870. Alternatively please email us at [enquiries@firststate.co.uk](mailto:enquiries@firststate.co.uk)

### Private investors

We recommend you seek financial advice before investing in this fund. For a copy of the simplified prospectus please contact our client services team on 0800 587 4141 or email [enquiries@firststate.co.uk](mailto:enquiries@firststate.co.uk)

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### Important information

This fund should be considered a long-term investment. The value of your investment may go down as well as up and we cannot guarantee that you will get back the amount you originally invested. The First State Global Listed Infrastructure Fund invests in emerging markets which may be prone to above average volatility and carry more risk. The fund is denominated in £ sterling. You should be aware that any currency movements could affect the value of your investment.

Telephone calls may be recorded for your security. 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 and a member of IMA. Registered No. 2294743 England and Wales. Registered office 3rd Floor, 30 Cannon Street, London, EC4M 6YQ. Entered on the FSA Register, registration number 143359.