

First State Infrastructure Managers (International) Limited

Form ADV Part 2A
– The Brochure

A Guide to Our Services

Item 1: Cover Page

This brochure provides information about the qualifications and business practices of First State Infrastructure Managers (International) Limited. If you have any questions about the contents of this brochure, please contact us on +61 2 9303 6167 or (joe.flex@firstsentier.com.au). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about First State Infrastructure Managers (International) Limited is also available on the SEC's website www.adviserinfo.sec.gov.

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www.firstsentierinvestors.com.au

March 2020

First State Infrastructure Managers (International) Limited is registered as an investment adviser with the SEC. Please note, registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

There have been no material changes to our disclosures since our last filing (November 2019).

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Item 4: Advisory Business Overview

First State Infrastructure Managers (International) Limited (“**FSIMIL**”) is part of First Sentier Investors, a global asset management business. FSIMIL is ultimately 100% owned by Mitsubishi UFJ Financial Group, Inc. (**MUFG**).

First Sentier Investors is one of the largest investment managers in Australia with US\$160.1bn funds under management as at 31 December 2019 and 230 investment focussed employees located in offices in Sydney, New York, London, Edinburgh, Dublin, Paris, Singapore, Frankfurt, Tokyo and Hong Kong.

FSIMIL will offer investment advice primarily to institutions with respect to unlisted infrastructure assets focussing on utility, transport and energy assets. FSIMIL will principally target investments in mature, income-generating economic infrastructure where the application of specialist skills in investment origination, evaluation and active asset management can add value.

FSIMIL will act as the investment manager to investment vehicles with U.S. and non-U.S. institutional investors (“Private Funds”). FSIMIL does not anticipate registering such investment vehicles under the U.S. Investment Company Act of 1940 and their shares or interests, as applicable, will not be registered under the U.S. Securities Act of 1933. Accordingly, the Private Funds will not be publicly offered in the United States.

As of 31 December 2019, FSIMIL assets under management were as follows:

Discretionary:	US\$1,231,641,155
<u>Non-Discretionary:</u>	<u>Nil</u>
Total:	US\$1,231,641,155

Item 5: Fees and Compensation

Private Funds

For management of the Private Funds, FSIMIL will receive an investment advisory fee as a percentage of funds under management paid quarterly in arrears. FSIMIL will also be entitled to a performance fee on the terms described in the constituent documents of the fund and the private placement memorandum.

FSIMIL will pay out of the assets of the Private Fund (and accordingly, the investors will bear) all of the ordinary and extraordinary expenses, which include, but are not limited to:

- expenses associated with the holding of existing Investments, for example valuation fees;
- expenses associated with the acquisition or disposal of investments, for example due diligence costs;
- administrative costs, for example registry and custodial charges;
- costs incurred in obtaining financial accommodation for the Private Fund;
- interest charges on financial accommodation;
- costs incurred in connection with professional consultants or advisors (eg legal, tax, accounting, audit or valuation) whether or not members of MUFG ;
- communication and reporting expenses (including costs incurred to convene meetings, etc.); and

- other costs including bank fees and printing and postage costs.

Item 6: Performance Based Fees and Side-by-Side Management

Performance Fees

With respect to the Private Funds, FSIMIL, or its Affiliate, will share a proportion of the Private Fund's investment outperformance over an agreed hurdle rate.

Item 7: Types of Clients

FSIMIL provides investment advice to Private Funds. FSIMIL does not anticipate registering such investment vehicles under the U.S. Investment Company Act of 1940 and their shares or interests, as applicable, will not be registered under the U.S. Securities Act of 1933. Accordingly, the Private Funds will not be publicly offered in the United States.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

First Sentier Investors has a 20 year history of managing infrastructure investments in a variety of sectors and through all stages of an economic cycle and an asset lifecycle. Each investment opportunity will be analyzed with respect to key investment criteria, including:

- Portfolio suitability (sector, country, etc.);
- Country, legal and political risk;
- Industry/regulatory environment;
- Environmental and social and governance issues;
- Competitive position; and
- Expected return/risk.

Based on this preliminary investment review, a presentation will be made to the Investment Committee and a decision will be made on whether to progress the opportunity to the due diligence phase.

The objective of the due diligence phase is to undertake a detailed assessment of the investment opportunity in order to understand the overall risk and return profile of the investment and its suitability for the client and to develop a strategy to minimise execution risk and improve the probability of securing the investment on attractive terms. The due diligence process typically involves:

- Appointing appropriate due diligence advisors to undertake independent assessments of financial and operating information. A concerted effort is made to appoint advisors in a timely manner, so as to ensure the best possible advisory team can be retained for the transaction;
- Developing a detailed understanding of both the asset profile and investment profile;
- Meeting with existing management teams and current owners of the asset if possible;
- Identifying quantifiable and non-quantifiable risk factors and mitigants;
- Identifying growth potential and any other opportunities to optimise the asset profile and investment profile;
- Developing a financial model with long-term cash flow projections to support an investment case and stress test the investment profile.

The due diligence process involves developing a detailed understanding of the impact of multiple factors relating to the investment opportunity including macro factors (such as industry/sector specific variables, country and political risk, and general market condition) and micro factors (including strength of management team, competitive position within industry, cost and capital structures, and demand).

Investment Strategies

Our investment strategy is designed in order:

- to create a diversified infrastructure portfolio capable of generating attractive risk-adjusted returns over a long term horizon, and
- to leverage the deep skillset, 25+ years of investment experience and substantial resources of the Investment Team in order to procure and actively manage quality assets to enhance the Private Funds' investment performance.

The pillars of the investment strategy are:

- Long term investment horizon – a strategic focus on mature assets offering sustainable income generation in OECD countries
- Core and Core+ (value-added) infrastructure opportunities – the Private Funds aim to avoid style drift into peripheral infrastructure or emerging markets
- Mid-market deals, typically focusing on seeking high-value opportunities
- Active asset management – FSI seeks lead or co-lead positions which offer greater control and influence over asset management activities, supporting development and implementation of strategic goals, and championing responsible investment and the adoption of relevant United Nations' Sustainable Development Goals across all stages of the investment lifecycle.

The target sectors include (but are not limited to) gas, water and electricity networks, oil, gas and chemical storage facilities, airports, ports, rail, toll roads, transport services, renewables, and fixed telecommunications infrastructure.

The Private Funds seeks to invest in established and operating businesses, and seeks to manage exposure to material revenue, operating and construction risks.

Risk Factors

General investment risk

Direct investment in infrastructure is speculative and involves substantial risk, including the risk of loss of an investor's entire investment. The Private Funds are subject to those market risks common to investing in all types of financial instruments. In addition, infrastructure investments are subject to some of the following material risks.

Demand Risk and Usage Charges

The level of demand, usage or patronage for the service or commodity provided by an infrastructure Investment of the Fund may fall below expectations and adversely affect the performance of the Fund.

Regulatory, Political and Social risk

Investments may be made in assets that are subject to industry-specific regulation including price and environmental regulation. An underlying asset may breach the regulatory regime it is subject to. There is also the risk that changes to existing laws or the introduction of new legislation may adversely affect the value of investments.

In addition, the operations of Investments may rely on government permits, licences, concessions, leases or contracts.

With any Investment, there exists the risk of adverse political, legal and tax developments, including nationalisation, termination or non-payment of concessions, confiscation without fair compensation, windfall profit tax, or war. Furthermore, any restriction imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate currency.

Counterparty risk

Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to the Private Funds or their underlying investments. A party defaulting on its obligations could subject the Private Funds to substantial losses because the Private Funds will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts.

Operating Risk

The Private Funds are exposed to the operating risk of the underlying business of each Investment. Specialised skills are required to run an infrastructure business successfully. An inefficient or failed operation may adversely affect the profitability of the underlying business leading to a lower performance on the Private Funds' Investment.

The operations of infrastructure assets may be affected by macroeconomic and emerging environmental factors, such as the rate of inflation or changing climate conditions in the countries where those investments are located. There is a risk that such macroeconomic factors may adversely affect the income or expenses of Investments, thereby reducing performance from those Investments.

Construction risk

Construction risk is the risk that an Investment, an element of which is under construction, may not be completed within expected cost, within the agreed time frame or to the agreed specification, in each case leading to a lower return than expected.

Reputation and environmental risk

Reputation risk arises from the public's adverse perception of the performance of an asset. This may involve issues such as impacts on public health or safety, environmental damage or social justice, for example. The broader issue associated with reputation risk is that once a particular asset is tainted in the public eye, this brand damage may extend across the portfolio of assets within a Private Fund or separate account.

Liquidity risk

The investments of the Private Funds into unlisted infrastructure assets are highly illiquid and difficult to realise. There is no obligation to permit redemption of an Investor's interest in the Private Funds if requested, and the Private Funds may not have sufficient available cash to fund the redemption when requested. The Private Funds will be under no obligation to make such cash available through the sale of assets, borrowings or otherwise to provide liquidity for Investors.

Litigation risk

If any of the Fund's portfolio investments become involved in material or protracted litigation, the litigation expenses and the liability threatened or imposed could have a material adverse effect on the Fund.

Economic Conditions and Business risk

Changes in economic conditions, including, for example, interest rates, foreign exchange rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and changes in tax laws and regulations can affect substantially and adversely the business and prospects of the investments. None of these conditions are within the control of FSIMIL and no assurances can be given that FSIMIL will anticipate such developments.

The investments consist primarily of securities issued by entities which are privately owned. Operating results of such entities will be difficult to predict. Such Investments are subject to a high degree of business and financial risks that can result in substantial losses.

Force Majeure Risk

Force majeure is the term generally used to refer to an event beyond the control of any party, including acts of God, fires, floods, earthquakes, wars, strikes and acts of terrorism. Some force majeure risks are uninsurable and, if such events occur, they may have adverse effects on the Fund or the Investments.

Valuation and Reporting Risk

The information and valuation data provided by the independent valuer may not always be provided in a timely manner and may contain valuation errors. In such a case, adjustments may be made in good faith to account for relevant factors should the information from the independent valuer be delivered late or be obviously incomplete or inaccurate. As a result, such indicative NAV may not be accurate and may be revised on a subsequent valuation date.

There can be no assurance that the Investment values that factor into the calculation of the NAV from time to time will ultimately be realised and the NAV of the Private Fund may be adversely affected if the values of Investments that the Private Fund records are materially higher than the values that are ultimately realised upon disposal.

Item 9: Disciplinary information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our company or the integrity of our management. At the present time, FSIMIL does not have any material legal, financial or other disciplinary items to report.

Item 10: Other Financial Industry Activities and Affirmations

FSIMIL is a wholly owned subsidiary of MUTB. MUTB is one of Japan's leading asset managers and is a wholly owned subsidiary of MUFG, a global financial group. In some cases, FSIMIL may have business arrangements with related persons/companies or with their clients. In some cases, these business arrangements create potential conflicts of interest or the appearance of a conflict of interest between FSIMIL and a client. Recognized conflicts of interest are discussed in Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) of this Brochure.

Affiliated Broker Dealers

FSIMIL is associated with several broker dealers: MUFG Securities Americas Inc., Unionbank Investment Services, LLC, Mitsubishi UFJ Securities International plc, and MUFG Securities EMEA Plc.

As appropriate and in accordance with regulation and client agreements, FSIMIL will on an arm's length basis, utilize the services of the affiliated broker dealers. FSIMIL will execute client transactions only when consistent with its duty to place the interests of clients first and to seek best execution. To date, FSIMIL has not dealt in publicly traded securities and does not expect to utilize the above associated broker dealers in the foreseeable future.

Affiliated Investment Advisers

First State Investments (US) LLC ("FSI US") is an SEC registered investment adviser and is an associate of FSIMIL. FSI US was established in 2014 and is a wholly owned subsidiary of MUFG. FSI US provides discretionary management services to institutional clients and funds. Employees of FSI US provide U.S. marketing and solicitation services for the advisory services of FSIMIL.

First Sentier Investors (Australia) Infrastructure Managers Pty Ltd ("FSI AIMP") is an SEC registered investment adviser and is an associate of FSIMIL. FSI AIMP was established in 2002 and is a wholly owned subsidiary of MUTB. MUTB is one of Japan's leading asset managers and is a wholly owned subsidiary of MUFG, a global financial group. FSI AIMP provides investment advice to Private Funds. FSI AIMP serves as a sub-adviser for accounts or clients for which one or more First Sentier Investors affiliates serve as investment manager or investment adviser and FSI AIMP has appointed one or more First Sentier Investors affiliates as sub-adviser.

First Sentier Investors (Australia) RE Ltd ("FSI ARE") is an SEC registered investment adviser and is an associate of FSIMIL. FSI ARE was established in 1985 and is a wholly owned subsidiary of MUTB. MUTB is one of Japan's leading asset managers and is a wholly owned subsidiary of MUFG, a global financial group. FSI ARE provides discretionary management services to institutional clients and funds.

First Sentier Investors (Australia) Infrastructure Holdings Ltd (FSI AIH) is an associate of FSIMIL. FSI AIH was established in 1999 and is a wholly owned subsidiary of MUFG. FSI AIH is not registered with the SEC, relying on SEC guidance provided in the Unibanco letters. FSI AIH provides investment

advisory services to FSIMIL, including evaluating investments, making investment proposals, providing strategic advice on investments, and providing capital management advice. Further details of the individuals associated with FSI AIH providing relevant services to FSIMIL are included in the Form ADV Part 2B.

Item 11: Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

FSIMIL has adopted a Code of Ethics (“the Code”) that requires all supervised persons to:

- Act with integrity, competence and in an ethical and professional manner;
- Always act in the best interests of clients;
- Comply with applicable U.S. federal securities laws, as well as all other applicable laws, rules and regulations; and
- Promptly report violations of the Code of Ethics.

Definitions:

Supervised Person: is any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

Access Person: is a Supervised Person who has access to non-public information regarding clients’ purchase or sale of securities, is involved in making securities recommendations to clients or who has access to such recommendations that are non-public.

All Supervised Persons have received a copy of the Code and are required on an annual basis to confirm that they have read and understood the content.

The Code includes policies which will ensure the standards detailed above are adhered to and include:

Protection of Material Non-public Information

It is a crime in the U.S. and many other countries to transact in a company’s securities while in possession of material non-public information about the company. Supervised Persons are responsible for safeguarding non-public information relating to securities recommendations, fund and client holdings. As such, Supervised Persons should not trade based on FSIMIL’s confidential and proprietary investment information. Other types of information (e.g., marketing plans, employment issues, client identities, etc.) may also be confidential and should not be shared with individuals outside FSIMIL (except those retained to provide services for FSIMIL).

Personal Securities Trading

The Code of Ethics governs personal trading by all Supervised Persons and members of their household. Supervised Persons are permitted to maintain personal securities accounts provided that such accounts are disclosed to FSIMIL and that any personal trading is consistent with applicable law and the Code of Ethics.

In summary, pre-approval is required for all transactions in listed securities and all positions must be held for 60 days. Portfolio managers and research analysts cannot invest in any security that is or may be held by a Private Fund or other portfolio for which he or she has responsibility.

Gifts and Gratuities

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships; not to gain unfair advantage with clients or vendors. No gift or entertainment should ever be offered, given, provided or accepted by any FSIMIL Supervised Person unless it: (i) is unsolicited, (ii) is not a cash gift, (iii) is consistent with customary business practices, (iv) is not excessive in value, (v) cannot be construed as a bribe or payoff and is given or accepted without obligation, and (vi) does not violate applicable laws or regulations.

Conflicts of Interest

In the discharge of its fiduciary duties FSIMIL has in place policies and procedures to manage actual or perceived conflicts of interest. In summary this involves:

- Putting in place controls to ensure the impact of the actual or potential conflict is reduced to an acceptable level; and/or
- Disclosing all material facts concerning any actual or potential conflict that may arise; or
- If an actual or potential conflict cannot be effectively managed by either disclosure or control then the situation must be avoided.

Outside business interests and affiliations

FSIMIL's fiduciary duties to clients dictate that FSIMIL and its Supervised Persons devote their professional attention to client interests above their own and those of other organisations.

You may request a copy of our Code of Ethics by writing to the Chief Compliance Officer, First State Infrastructure Managers (International) Limited, Level 5, Tower 3, International Towers, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia.

Item 12: Brokerage Practices

Typically, FSIMIL transactions do not involve the use of a financial intermediary such as a broker-dealer because they are made on a negotiated basis.

Investment allocation for unlisted securities

FSIMIL seeks to allocate investments in a manner that is consistent with its duty to: (1) treat all clients fairly and equitably over time; and (2) not to systematically advantage or disadvantage any single client or group of clients.

FSIMIL and its affiliates have adopted an allocation protocol, which governs the way in which investment opportunities are allocated between Private Funds and separate mandates.

Although allocating orders among FSIMIL clients creates potential conflicts of interest because FSIMIL could receive greater fees or overall compensation from some clients than received from other clients, allocation decisions will not be made based on such greater fees or compensation.

Item 13: Review of Accounts

FSIMIL regularly reviews client accounts. The frequency of that review is determined by the requirements of the client and the nature of the mandate and includes periodic reviews of performance, investment activity and outlook. Normally these reviews would be carried out by the named portfolio managers, other qualified members of the investment team, together with the relationship manager, or in some cases, by the relationship manager directly. The named portfolio manager or senior member of the investment team and the primary relationship manager will normally discuss with the client on at least an annual basis.

Periodic written data, including valuations and transaction information, will be provided on a quarterly (or as otherwise agreed) basis and may be supplied to the client or the client's custodian for accounting or reconciliation purposes. In addition, clients will receive quarterly reports, either following a standard template, or tailored to suit the individual client or mandate requirements.

FSIMIL regularly reviews performance, counterparty risk and associated issues, breaches of investment guidelines and any general dealing or operational factors which affect the Private Funds.

In the event of a major market dislocation, or similar event, client accounts would be reviewed and appropriate action and communication undertaken promptly.

Item 14: Client Referral and Other Compensation

FSIMIL does not enter into agreements with third parties for the referral of new clients in the US.

FSIMIL does not receive any economic benefit from anyone who is not a client for providing investment advice.

Item 15: Custody

FSIMIL generally does not maintain custody of the assets of our clients with separately managed accounts or for Private Funds, however, self-custody is performed in limited circumstances. Instructions to facilitate portfolio management trading, payment of fees and any related issues are generally instructed through the client's or Private Fund's custodian.

All clients should receive account statements directly from the banks, trustees, or other qualified custodians with whom they have accounts. FSIMIL strongly urges all clients to compare the reports they receive from FSIMIL to the statements they receive from their broker-dealers, banks, trustees or custodians. Any issues or discrepancies should be communicated to FSIMIL promptly for investigation.

Item 16: Investment Discretion

We have authority to manage the Private Funds in accordance with the relevant offering documentation and management agreements which sets out the investment objectives and any limits which may be imposed on them.

Item 17: Voting Rights

Voting rights in infrastructure assets are managed through equity holders' agreements applying to the securities held in special purpose vehicles established to hold the relevant infrastructure assets.

The investment adviser will, to the extent of its delegated authority under the relevant IMA or governing document of the Private Fund, exercise the client's voting rights under the relevant equity holder's agreement.

Item 18: Financial Information

FSIMIL does not require prepayment of any advisory fees. Presently, FSIMIL has no financial commitments or obligations that would interfere with its obligations to its clients. FSIMIL has never filed for bankruptcy protection.