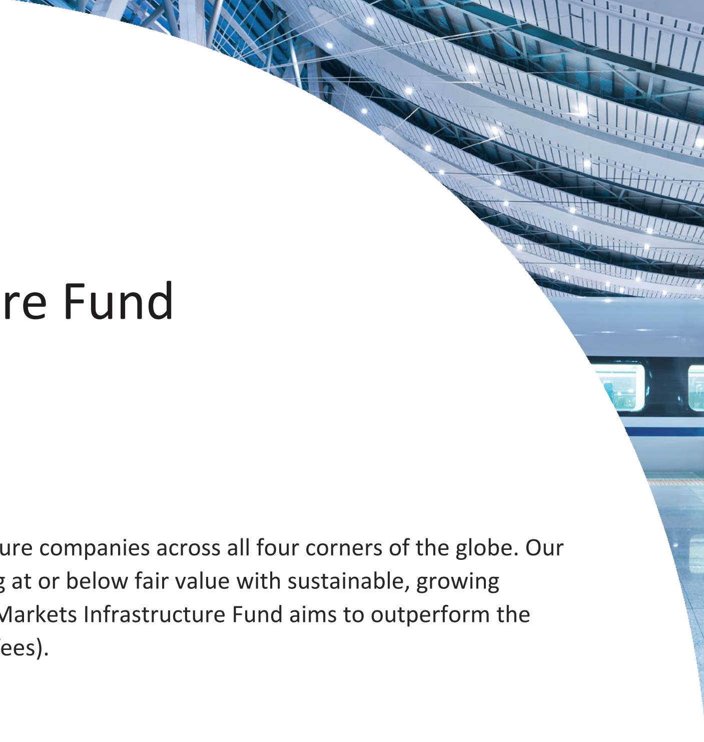


4D infrastructure

# 4D Emerging Markets Infrastructure Fund

## Performance report | 31 December 2021

### Overview

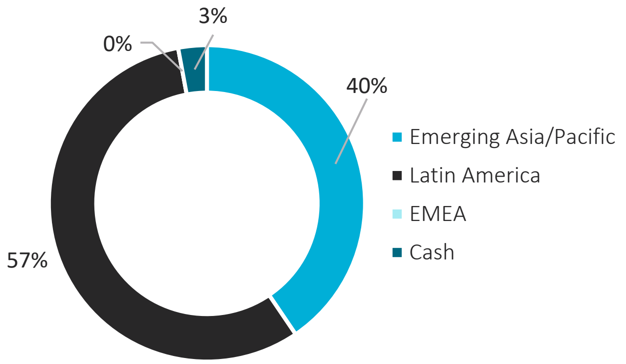
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing dividends. The 4D Emerging Markets Infrastructure Fund aims to outperform the OECD G20 Inflation Index + 8% p.a. over the medium to long term (before fees).

### Net client returns (after fees and expenses)

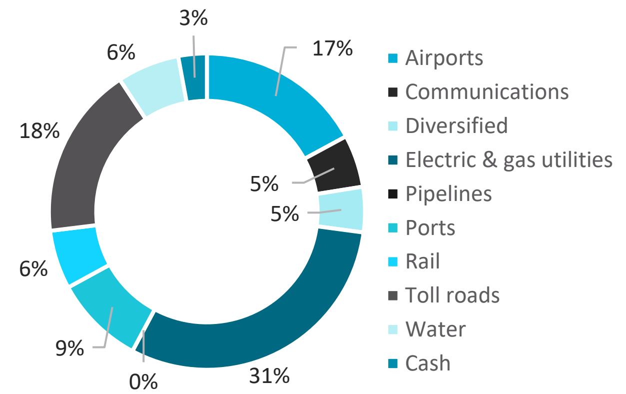
| | 1 mth | 3 mths | 6 mths | 1 year | 2 years p.a. | 3 years p.a. | Since inception[2] p.a. |
|---|---|---|---|---|---|---|---|
| Fund | 1.16% | -1.43% | -3.29% | -0.29% | -9.25% | 0.59% | 0.89% |
| Benchmark[1] | 1.04% | 3.10% | 6.57% | 13.16% | 11.90% | 11.69% | 11.59% |
| Value added | 0.12% | -4.54% | -9.86% | -13.45% | -21.15% | -11.10% | -10.70% |

'Value added' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

### Regional breakdown




### Sector breakdown




### Top 10 positions

| Stock | End weight % |
|---|---|
| GAP | 5.86 |
| China Merchants Port | 5.75 |
| Jasa Marga | 5.15 |
| CEMIG | 5.13 |
| Rumo | 4.93 |
| ASUR | 4.71 |
| CCR | 4.70 |
| Shenzhen International | 4.64 |
| OMA | 4.53 |
| Guangdong Investment | 4.51 |
| Total | 49.90 |

## Portfolio performance review

The 4D Emerging Market Infrastructure Fund was up a net 1.16% (AUD) in December, out-performing the benchmark return of 1.04% (by 0.12%). Currency was a net detractor in December to the order of 110bps.

The strongest performer for December was Chinese port operator China Merchants +18.1% for the month following news of strong tariff increases across key Chinese ports.

The weakest performer in December was Chinese tower operator, China Tower Corp down 13.1% following calls by the NDRC for a more prudent 5G rollout. We believe the sell off has been overdone.

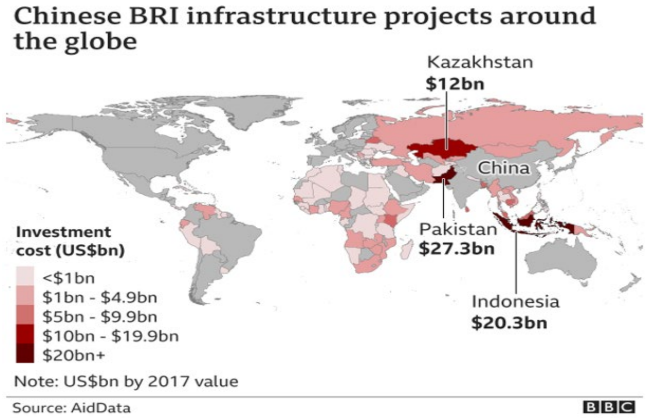
We continue to position for economic recovery. We believe Central Banks will act prudently and cautiously in adjusting monetary policy in response to inflation pressures. But just at the present uncertainty prevails and caution is warranted. In this regard infrastructure is an asset class that can do well in an inflationary environment and we believe it is a sensible portfolio allocation at the current stage of the economic cycle. Within infrastructure we are favouring user pays and real return utilities.

## Month in review

With 2022 with us it is interesting to consider what the year may bring in terms of economics and politics. Firstly, the world economy is set to surpass US$100 trillion for the first time in 2022, two years earlier than previously forecast, according to the Centre for Economics and Business Research *(CEBR)*. Global GDP will be lifted by the continued recovery from the pandemic, although if inflation persists it may present some challenges for policy makers. The forecast is in-line with estimates of the IMF, which also predicts global GDP measured in US$ and in current prices will pass US$100 trillion in 2022. In its annual World Economic League Table, the CEBR also predicted:

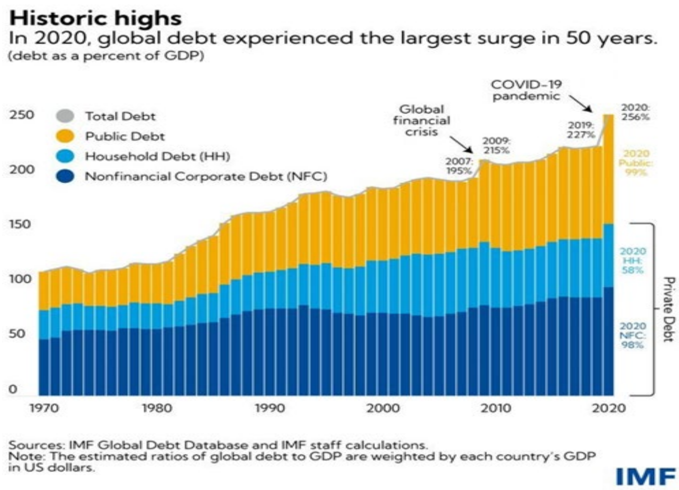
- China will overtake the US in 2030, two years later than forecast a year ago;
- India will regain sixth position from France next year and become third largest economy in 2031, a year later the previously predicted;
- The UK is on track to be 16% larger than France in 2036 despite Brexit and Germany will overtake the Japanese economy in 2033;
- Climate change will lower consumer spending by $2 trillion a year on average through 2036 as companies pass on the cost of decarbonizing investment.

The EU has revealed details of a €300bn (US$340bn) global investment plan, described as a '*true alternative*' to China's Belt and Road Initiative (*BRI*) reports the BBC. European Commission President Ursula von der Leyen said countries need *'trusted partners'* to design projects that were sustainable. The EU is looking at how it can leverage billions of euros, drawn from member states, financial institutions and the private sector. This will largely take the form of guarantees or loans, rather than grants. Mrs von der Leyen said the EU wanted to show that a different, democratic approach could deliver on projects that focused on tackling climate change as well as global health, security and sustainable development for developing countries. China's strategy has reached into Africa, Asia, the Indo-Pacific and the EU.




The Biden administration aims to sign what could prove a '*very powerful*' economic framework agreement with Asian nations in 2022. It will focus on areas including coordination on supply chains, export controls and standards for artificial intelligence, Commerce Secretary Gina Raimondo said. She said the aim is to engage not just developed nations such as Japan, Singapore, Australia and New Zealand but also emerging economies such as Malaysia, Vietnam and Thailand. Raimondo said that her trip to Asia in November 2021 was designed to *'assess appetite'* for economic dialog, under the condition that President Joe Biden's team isn't planning to take up traditional trade talks.

The 2021 update of the IMF's Global Debt Database documents *the* largest one-year debt surge post World War II. As countries were hit by the pandemic, global debt rose to US$226 trillion, or 256% of global GDP in 2020. Borrowing by governments accounted for slightly more than half of this increase, as global public debt jumped by 20%. The share of public debt in global debt reached new highs not seen in more than 50 years, reflecting a large cumulative increase since the GFC. Private debt rose by 10% in 2020, partly reflecting the support of central banks and government. The rise in debt varied significantly across countries.




Finally, US President Joe Biden faces a referendum on his performance with elections in November for the House and more than half of the seats in the Senate. His popularity has been on a downswing as he battles to get his overarching economic plans through Congress.

## Fund details

| Feature | Information |
|---|---|
| APIR code | BFL7394AU ASUR |
| Investment manager | 4D Infrastructure |
| Portfolio manager | Sarah Shaw |
| Reporting currency | A$ Unhedged |
| Recommended investment period | Five years |
| Stock / cash limit | +7% / 10% |
| No. of securities | 29 |
| Application/redemption price (AUD)[3] | 0.9744/.9686 |
| Distribution frequency | Annually |
| Management fee[4] | 1.15% p.a. (including GST) |
| Performance fee[5] | 10.25% p.a. (including GST) |
| Buy/sell spread | +/- 0.30% |
| Minimum investment (AUD) | 25,000 |

## How to invest

The Fund is open to investors directly via the PDS (available on our website), or the following platforms. Visit How to invest to find out more.

Platforms

Hub24 (IDPS)

Mason Stevens

Macquarie Wrap (IDPS)

## Get in touch

4Dinfra.com

1800 895 388 (AU) or 0800 442 304 (NZ)

client.experience@bennelongfunds.com

1 OECD G20 Inflation Index + 8%.

2 Inception date is 16 August 2017.

3 All unit prices carry a distribution entitlement.

4 Management fee is 1.15% p.a. (including GST net of reduced input tax credits) of the Net Asset Value of the Fund.

5 Performance fee is 10.25% (including GST net of reduced input tax credits) of any amount by which the investment return is greater than the return of the benchmark (OECD G20 inflation index + 8% per annum). All values are in Australian dollars.