4D Emerging Markets Infrastructure Fund

ARSN: 621 199 399

Monthly performance update

As at 30 June 2021

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Overview

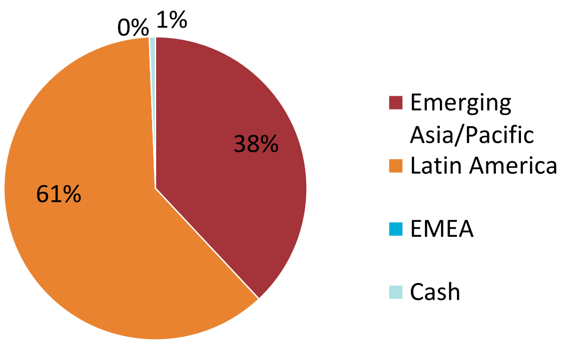
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

Performance

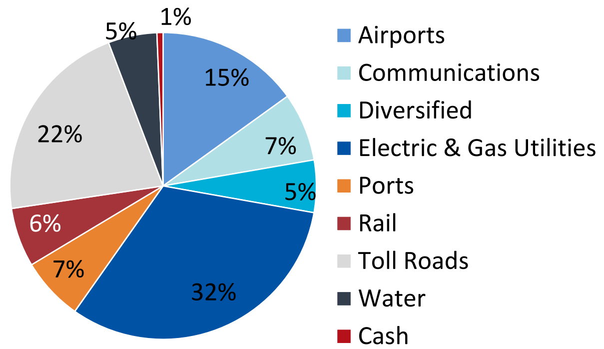
	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Emerging Markets Infrastructure Fund	0.76%	4.33%	3.11%	10.19%	-3.70%	5.89%	1.89%
Benchmark: OECD G20 Inflation Index + 8%	1.14 %	3.44%	6.18%	11.51%	11.44%	11.54%	11.35%
Over/under performance	**-0.38%**	**0.90%**	**-3.07%**	**-1.32%**	**-15.14%**	**-5.64%**	**-9.46%**

Performance figures are net of fees and expenses unless otherwise stated.
*Inception date is 16 August 2017

Regional Breakdown



Sector Breakdown



FUND DETAILS	
APIR Code	BFL7394AU ASUR
Investment Manager	4D Infrastructure
Portfolio Manager	Sarah Shaw
Benchmark	OECD G20 Inflation Index + 8%
Inception Date	16 August 2017
Reporting Currency	A$ Unhedged
Recommended Investment Period	Five years
Stock / Cash Limit	+7% / 10%
No. of Securities	30
Application/Redemption Price (AUD)[1]	1.0245/1.0183
Distribution Frequency	Annually
Management Fee[2]	1.15% p.a. (including GST)
Performance Fee[3]	10.25% p.a. (including GST)
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Ecorodovias	6.39
TAESA	5.75
CEMIG	5.72
Shenzhen International	5.51
CCR	5.41
GAP	4.81
China Merchants Holdings	4.61
OMA	4.57
Jasa Marga	4.56
Rumo	4.45
Top 10 Total	**51.81**

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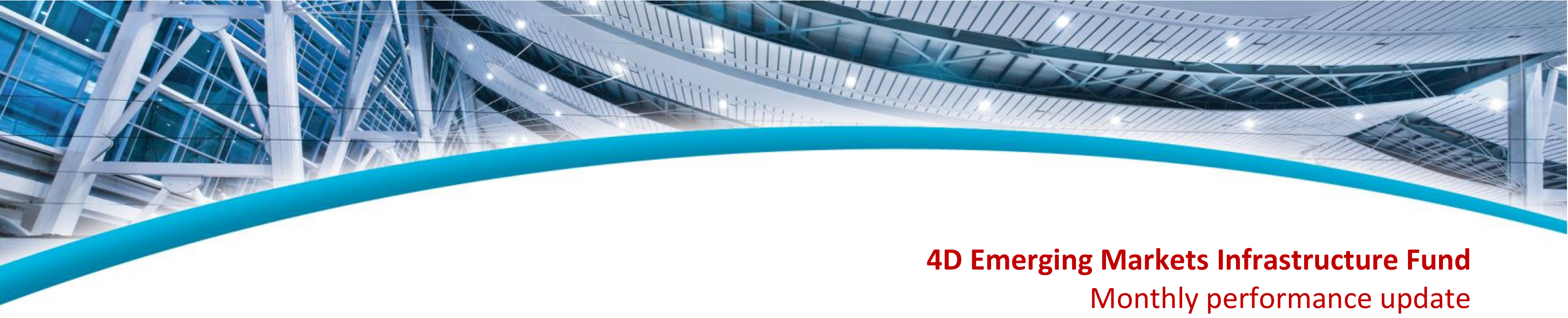
4D infrastructure



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Portfolio performance review

The 4D Emerging Market Infrastructure Fund was up a net 0.76% (AUD) in June, under-performing the benchmark return of 1.14% (by 0.38%). Currency contributed 468bps to the performance.

The strongest performer for June was Chinese waste to energy provider Canvest up 12.3% as it executes on its investment strategy which itself benefits from the PRCs 14th 5 year Plan.

The weakest performer in June was Chinese gas distributor China Gas Holdings down 18.1% after a gas explosion at one of its non-operated plants saw loss of life and increased scrutiny by the PRC. While a penalty is anticipated we don't expect operational issues to be a Group wide issue and the stock was oversold.

As we move through 2021 the world continues to battle waves of COVID-19 with the recent Delta strain slowing the re-opening of many economies. Vaccine rollout is key to allowing economies to move forward and as it progresses we expect to see strong demand recovery all around the world. The Northern Hemisphere is definitely leading the charge on the vaccine rollout and the emerging markets are lagging. However, we expect it will ramp up as the developed world's demand becomes less urgent. The long term structural infrastructure story within emerging markets is intact and we are capitalising on the raft of opportunities currently on offer. We also believe currency remains a tailwind.

Month in review

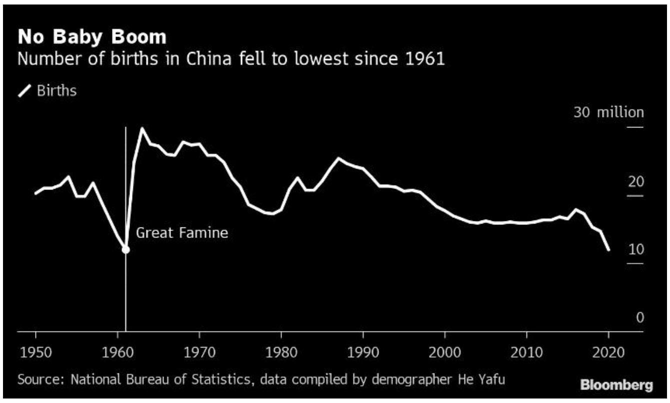
Markets were spooked mid-month by an apparent hawkish shift on inflation from the US Fed who responded to increasing inflation risks by pulling forward to 2023 their expected timing and pace of interest-rate increases, while also kicking off a discussion of when to taper asset purchases. Reserve Chair Jerome Powell has since said recent price increases seen in the economy are bigger than expected but reiterated that they will likely wane saying: '*a pretty substantial part or perhaps all of the overshoot in inflation comes from categories that are directly affected by the re-opening of the economy such as used cars and trucks.*'

Janet Yellen proved her mettle as a dealmaker when the Group of Seven (G7) rich nations secured a landmark deal that could help countries collect more taxes from big companies and enable foreign governments to impose levies on US tech giants. The agreement by the G7 finance ministers in London paves the way for levies on multinationals in countries where they make money, instead of just where they are headquartered. The deal to modernize the century-old international tax code has been hailed by Janet Yellen as a sign of the '*revival of multilateralism'*.

After weeks of negotiations there appears to be a US infrastructure deal. President Biden celebrated the initial US$579 billion agreement (potentially up to US$1.2 trillion over 8 years) with a bipartisan group of senators. The amount however is well below the original US$2.2 trillion proposal. If passed the bill would finance public transit, electric vehicle charging stations, bridge and road repair and broadband internet.

Credit Rating Agency Fitch says results of the US Fed's supervisory stress tests on banks, released in June, showed the resiliency of the 23 banks tested with capital remaining well above required minimums and in-line with expectations. Fitch expect increased capital distributions following similar results from the last 2 stress test rounds. Stress testing bank balance sheets was a policy developed during the GFC to try and provide market confidence that the US banking system was not facing imminent collapse. They have been used ever since and continue to be a key indicator the market keeps an eye-on – in good times and bad.

One of the key issues western democracies face over the coming 50 years is the demographics of ageing populations. Well it seems that China may be facing similar issues. As reported by Bloomberg, a census released in May 2021 showed the number of births in China in 2020 fell to the lowest in 6 decades even after President Xi Jinping ended the 1-child policy in 2015 and allowed each couple to have 2 children. Based on those numbers Bloomberg Economics project China's population would peak in 2025 - much earlier than expected. The Chinese Politburo has now loosened restrictions further, allowing 3 children per household and increasing the retirement age in the world's most populous country, where about a quarter of people will be 60 or older by 2030.



Countries facing similar problems in the past haven't fared well. Japan, which was poised to overtake the US economy in the 1980s, saw those aspirations evaporate thanks to a shrinking working-age population and rising debt levels.

1. All unit prices carry a distribution entitlement.
2. Management fee is 1.15% p.a. (including GST net of reduced input tax credits) of the Net Asset Value of the Fund.
3. 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.

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How to invest

The Fund is open to investors directly via the PDS (available at 4dinfra.com) or via the following platforms:

- Hub24 (IDPS)
- Mason Stevens
- Macquarie Wrap (IDPS).

Contact details

Call us on: 1800 895 388 (AU) or 0800 442 304 (NZ)
Email us at: client.experience@bennelongfunds.com
Mail us at: Level 26, 20 Bond Street Sydney NSW 2000
Visit our website at: 4dinfra.com

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