4D infrastructure

4D Emerging Markets Infrastructure Fund

Performance report | 31 March 2022

Overview

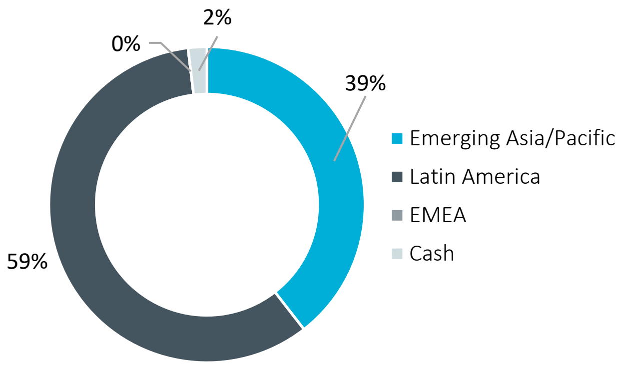
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing 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)

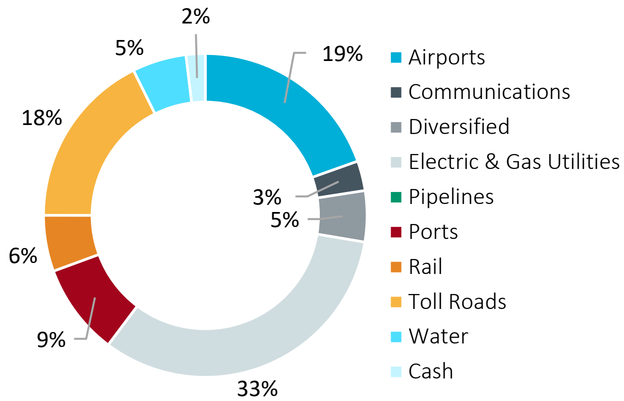
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception[2] p.a.
Fund	6.54%	9.40%	7.83%	10.37%	8.43%	1.67%	2.82%
Benchmark[1]	1.22%	4.18%	7.41%	14.85%	12.61%	12.43%	11.92%
Value added	+5.32%	+5.22%	+0.42%	-4.47%	-4.17%	-10.76%	-9.10%

'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	6.15
CEMIG	5.42
OMA	5.11
Shenzhen International	5.10
CCR	5.06
ASUR	5.00
Jasa Marga	4.94
TAESA	4.87
China Merchants Port	4.82
Rumo	4.69
Total	51.18

Portfolio performance review

The 4D Emerging Market Infrastructure Fund was up a net 6.54% (AUD) in March, out-performing the benchmark return of 1.22% (by 5.32%). Currency was pretty neutral in March contributing just 7bps to overall performance.

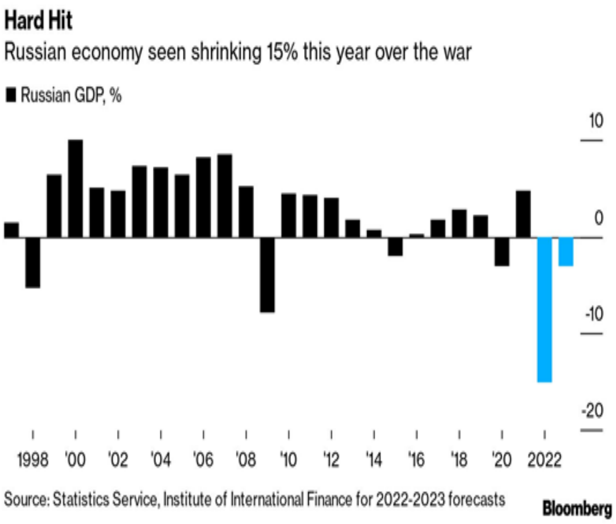
The strongest performer for March was Brazilian utility CEMIG up 20% after very strong Q4 results which included an announcement of attractive shareholder returns.

The weakest performer in March was Chinese environmental play Beijing Enterprise Water Group down 21.8% after weaker than expected Q4 results which saw the absolute dividend cut. However, the miss does not justify the share price reaction and it is now in oversold territory.

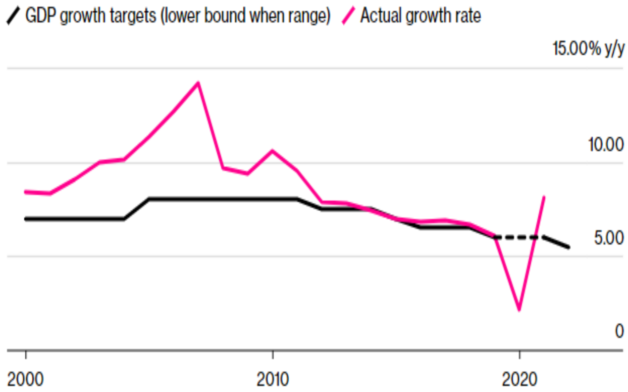
We continue to believe Central Banks will act prudently and cautiously in adjusting monetary policy in response to inflation pressures. But regardless we believe infrastructure is an asset class that can do well in an inflationary environment, and we believe it is a sensible portfolio allocation at the current stage of the economic cycle and in light of geo-political tensions. Within infrastructure we continue to favour user pays and real return utilities.

Month in review

The Russia/Ukraine war continued to dominate equity markets in March with inflation and global growth also prominent in discussions. Russia's economy is set to erase 15 years of economic gains thanks to sanctions and a mass corporate exodus according to the IIF.

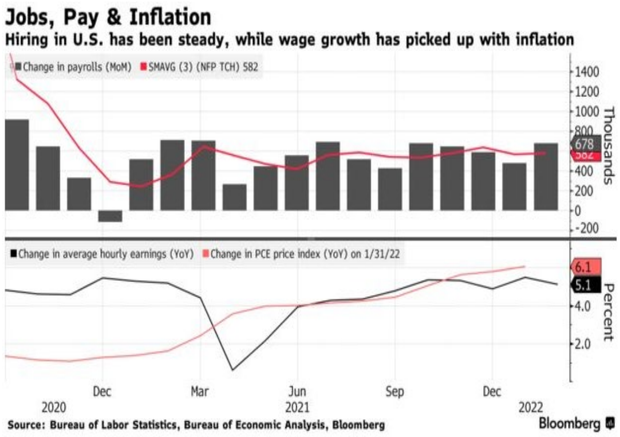


Meanwhile China has set an ambitious economic growth target for 2022. That's the takeaway from the annual session of the National People's Congress. It's the biggest political event before the Party's Congress later this year, when President Xi Jinping is widely expected to extend his term as leader. The government's goal for GDP to expand 'about 5.5%' is well above economists' forecasts. The relatively high target is a reflection of political objectives ahead of the Party Congress, with officials making clear that bold measures are needed to stabilize the economy.



Sources: Government Work Reports; National Economic and Social Development Reports; National Bureau of Statistics
GDP Growth Targets: 2000, 2002-2004 - around 7%; 2001 - 7%; 2005-2011 - around 8%; 2012 - 7.5% 2013-2014 - around 7.5%; 2015 - around 7%; 2016 - 6.5%-7%; 2017-2018 - Around 6.5% 2019 - 6%-6.5%; 2020 no target; 2021 Above 6%

In the US the economic picture looks solid. New jobless claims fell to their lowest point since 1969 as demand for labor far exceeds supply. Applications decreased by 28,000 to 187,000 in the week ended March 19 as continuing claims for state benefits dropped to 1.35 million in the week ended March 12. This is adding to inflationary pressures. The Federal Reserve lifted rates by 25 bps as expected and signalled 6 additional moves this year, launching a campaign to tackle surging inflation even as risks to growth mount from the war in Ukraine. Officials pledged to start shrinking their US$8.9 trillion balance sheet at a 'coming meeting.'



Finally, we have long argued the importance of the growing global middle class. Reflecting both a COVID recovery and expanding middle class Indians are holidaying lavishly now, spending more on 5-star hotels and booking business-class seats as the country emerges from the pandemic according to India's second-biggest online travel agency. 'People are living their lives and splurging on travel' Prashant Pitti, a co-founder of EaseMyTrip said in an interview with Bloomberg. 'It's a shift which is happening for good, for long-term.' India, the world's fastest-growing major aviation market before the pandemic, expects local traffic to exceed pre-pandemic levels of 415,000 daily fliers within a year. Indian airlines are also adding capacity to capture the revival in demand as international flights resumed. To prepare for the travel rebound, India may have to add as many as 120 planes every year, Indian Civil Aviation Minister Jyotiraditya Scindia said. This is all good for infra investment!

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]	1.0638/1.0596
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.