

# 4D Emerging Markets Infrastructure Fund

ARSN: 621 199 399

## Monthly performance update

As at 31 May 2021

### 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).

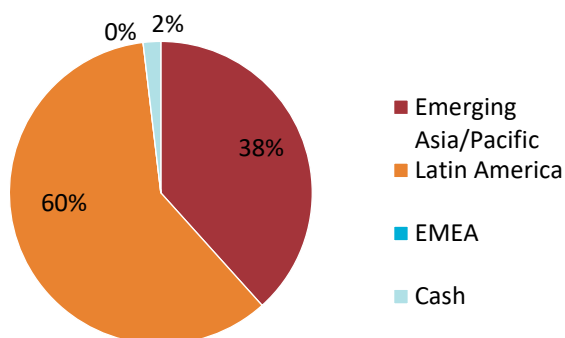
### Performance

	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Emerging Markets Infrastructure Fund	4.43%	11.04%	4.86%	8.17%	-2.87%	5.25%	1.72%
Benchmark: OECD G20 Inflation Index + 8%	1.18 %	3.24%	5.93%	10.76%	11.42%	11.39%	11.27%
<b>Over/under performance</b>	<b>3.25%</b>	<b>7.80%</b>	<b>-1.07%</b>	<b>-2.60%</b>	<b>-14.29%</b>	<b>-6.14%</b>	<b>-9.55%</b>

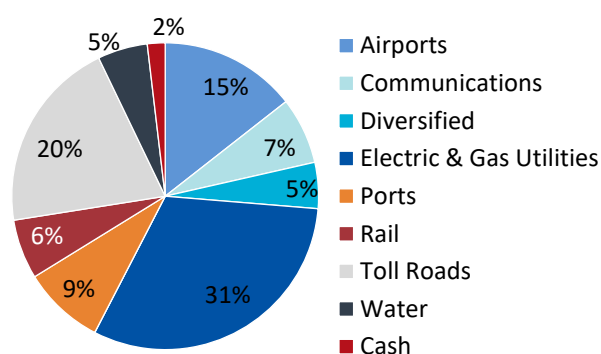
Performance figures are net of fees and expenses unless otherwise stated.

\*Inception date is 16 August 2017

### Regional Breakdown



### Sector Breakdown



### Top 10 Positions

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) <sup>1</sup>	1.1066/1.0106
Distribution Frequency	Annually
Management Fee <sup>2</sup>	1.15% p.a. (including GST)
Performance Fee <sup>3</sup>	10.25% p.a. (including GST)
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
CEMIG	6.10
TAESA	5.74
CCR	5.27
China Merchants Port Holdings	5.12
Ecorodovias	5.10
Jasa Marga	5.01
Shenzhen International Holdings	4.86
GAP	4.67
Rumo	4.58
OMA	4.37
<b>Top 10 Total</b>	<b>50.83</b>



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#### Portfolio performance review

The 4D Emerging Market Infrastructure Fund was up a net 4.43% (AUD) in May, out-performing the benchmark return of 1.18% (by 3.25%). Currency contributed 129bps to the performance.

The strongest performer for May was Brazilian port operator Santos Brasil up 27.2% after reporting very strong Q1 results and impressive volume momentum as Brazilian trade rebounds.

The weakest performer in May was Chinese airport operators Beijing Capital International Airport down 7.3% as a result of some weaker than anticipated passenger numbers.

As we move through 2021 and vaccines rollout accelerates around the world, we expect to see signs of a recovery as stimulus flows through economies and pent up consumer demand post a very difficult 2020 further buoys the recovery. The structural infrastructure story within emerging markets is intact and we are capitalising on the raft of opportunities currently on offer. We also believe currency now offers a tailwind to future performance.

#### Month in review

The current economic outlook has been supported by government spending sustaining consumption which, in-turn, has gained additional momentum as economies re-open. Morgan Stanley believe that we are moving to the middle of the current economic cycle. Global GDP has already exceeded pre-COVID levels creating an economic backdrop conducive for investment.

Slowly, but persistently, new President Biden is unpicking the legacy of Donald Trump's 'America First' foreign policy. Although he is still far from restoring US global leadership a much hoped for more 'normal' presidency is emerging. A deal appears close for the US to return to Iran's nuclear agreement. Mr Biden has also returned the US to the Paris climate accord while global leaders are likely to embrace him with relief at the G7 and NATO summits in June. It is too early to know whether Mr Biden can cajole Russia into a less adversarial relationship or be any more successful in persuading North Korea to abandon its nuclear weapons. Overarching all is the superpower contest with China.

The US has proposed that countries agree to a 15% global minimum corporate tax rate in international negotiations aimed at ending competition to lure companies through cheap rates. The offer moves the US position closer to the 12.5% rate that had been discussed at the OECD. Lower-tax countries such as Ireland had been skeptical of the US' proposed 21% rate, and UK officials also worry that the rate is too high for the long-term.

President Biden also issued his first full US\$6 trillion budget proposal, detailing ambitions to dramatically expand the size of the government. New spending would be paired with significant tax

increases on corporations and the wealthy which are predicted to bring in US\$3.6 trillion over a decade. But Congress controls the purse strings, and with Republicans almost uniformly opposed to Biden's budget priorities and tax proposals, he and Congressional Democrats face a tough road to passage.

President Biden has made bolstering US infrastructure a top priority. The importance of this initiative, and the vulnerability of key supply lines, was illustrated by the recent cyberattack on the nation's biggest fuel pipeline system. The pipeline has since returned to service.

But infrastructure projects can involve substantial lead time. Both the scope of the problem and the importance of infrastructure investment in the US is highlighted by Amtrak's US\$11.6 billion Gateway rail project - a proposed passenger-rail tunnel between New York and New Jersey. It received long-delayed environmental clearance in May and involves construction of a two-direction tunnel under the Hudson River, plus the shutdown, rehabilitation and reopening of the 110-year-old existing passage. Construction of the new tunnel was expected to take 7 years, followed by 3 years of work on the existing one. The approval is crucial to start the next phase of work and securing US\$ billions of Federal infrastructure for what is considered one of the most vital US infrastructure needs. The existing tunnel can't handle growing capacity and needs to be shut for major repairs. It is key to the Northeast Corridor, the US's busiest passenger-rail route, serving a region from Boston to Washington that contributes 20% of US GDP.

Livewire reports that Warren Buffett and Bill Gates are large investors in freight railways, utilities, renewable energy, waste management, natural gas pipelines and airports. As we consistently highlight these infrastructure assets have the enviable defensive characteristics of high barriers to entry, predictable earnings, structural growth and solid cashflows.

#### How to invest

The Fund is open to investors directly via the PDS (available at [4dinfra.com](http://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](mailto:client.experience@bennelongfunds.com)

Mail us at: Level 26, 20 Bond Street Sydney NSW 2000

Visit our website at: [4dinfra.com](http://4dinfra.com)

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.

The Fund is managed by 4D Infrastructure, a Bennelong Funds Management boutique. This information is issued by Bennelong Funds Management Ltd (ABN 39 111 214 085, AFSL 296806) (BFML) in relation to the 4D Emerging Markets Infrastructure Fund. The information provided is general information only. It does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any fund of which BFML is the Trustee or Responsible Entity (Bennelong Fund). This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the relevant Information Memorandum (IM) and or Product Disclosure Statement (PDS) which is available on the BFML website, [bennelongfunds.com](http://bennelongfunds.com), or by phoning 1800 895 388 (AU) or 0800 442 304 (NZ). BFML may receive management and or performance fees from the Bennelong Funds, details of which are also set out in the current IM and or PDS. BFML and the Bennelong Funds, their affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that any Bennelong Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any Bennelong Fund. Past fund performance is not indicative of future performance. Information is current as at the date of this report. 4D Infrastructure Pty Ltd (ABN 26 604 979 259) is a Corporate Authorised Representative of BFML.