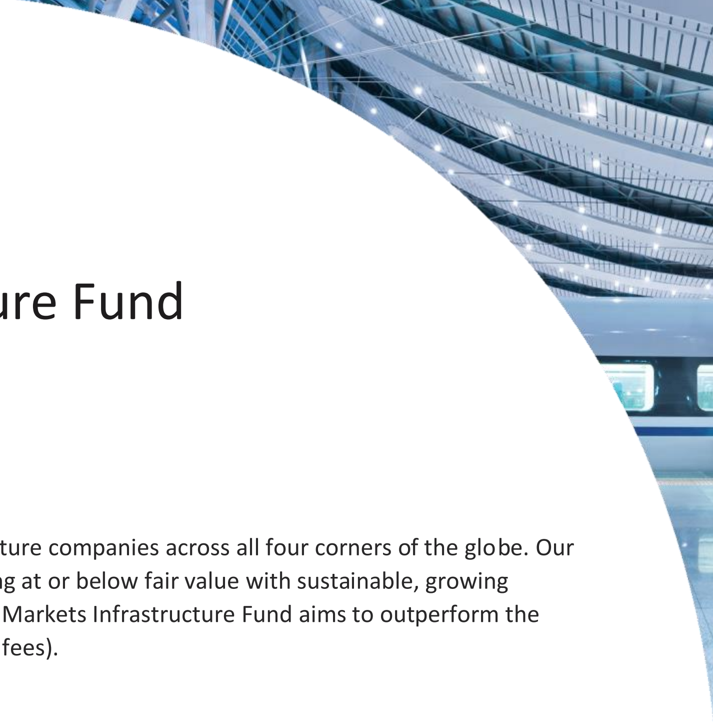


4D Emerging Markets Infrastructure Fund

Performance report | 31 October 2021

Overview

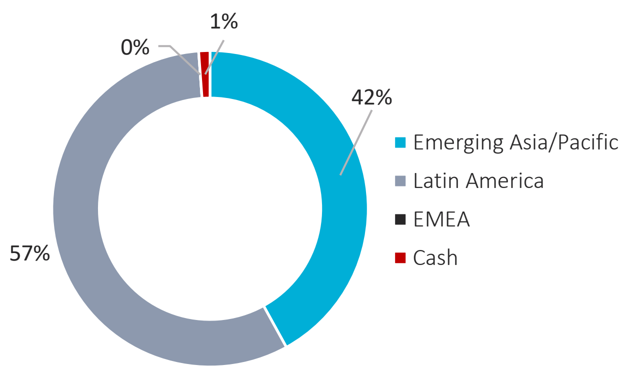
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing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

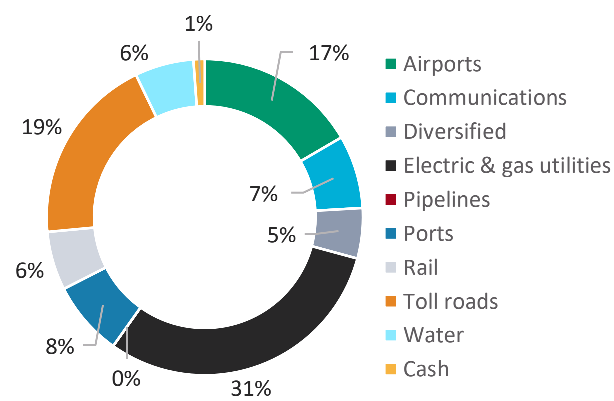
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception[2] p.a.
Fund	-6.15%	-6.96%	-3.10%	10.25%	-9.66%	-0.31%	-0.24%
Benchmark[1]	1.11%	3.35%	6.94%	13.12%	11.84%	11.73%	11.56%
Value added	-7.26%	-10.31%	-10.05%	-2.87%	-21.50%	-12.04%	-11.80%

'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 %
Jasa Marga	5.95
GAP	5.62
Shenzhen International	5.15
China Merchants Port Holdings	5.04
Yuexiu Transport	4.78
CEMIG	4.76
Telesites	4.64
TAESA	4.61
ASUR	4.52
OMA	4.40
Total	49.47

Portfolio performance review

The 4D Emerging Market Infrastructure Fund was down a net 6.15% (AUD) in October, under-performing the benchmark return of 1.11% (by 7.26%). Currency accounted for 474bps of the under performance.

The strongest performer for October was Mexican airport operator Grupo ASUR +10.8% as passenger traffic rebounds to pre COVID levels and the outlook remains robust

The weakest performer in October was Brazilian port operator Santos Brasil down 35.6%. The stock was completely oversold on near term fiscal concerns and we used it as a buying opportunity.

We continue to see a significant disconnect between the fundamental earnings profiles of the emerging market infrastructure names and the market prices. Many have earnings tracking ahead of 2019 levels and they are a natural hedge to any near term inflationary concerns. We continue to see a real buying opportunity in the space on very attractive current valuations as well as exposure to strong long term thematics.

Month in review

In its October 2021 World Economic Outlook, the IMF forecast the global economy will grow by 5.9% in 2021 and 4.9% in 2022, slightly down on their last 2022 forecasts. This is consistent with 4D's view of ongoing global recovery.

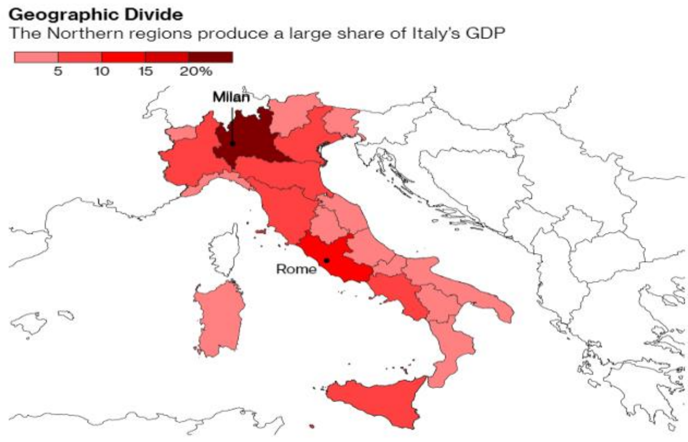
The IMF continues to see Asia as the leading driver of the recovery although headwinds from the resurgent pandemic have dimmed the outlook somewhat. The IMF expects the Asia-Pacific economy to rebound from last year's contraction with 6.5% growth in 2021, led by China and India**.** Asia's 2022 forecast was raised to 4.9%.

An increasingly resilient recovery is taking hold in Europe, buttressed by gradual increases in vaccination rates and mobility. The IMF's Regional Economic Outlook for Europe now forecasts 5.2% growth for advanced economies and 6% for emerging economies in 2021. Strongly accommodative macroeconomic policies and COVID-19 support schemes have paved the way for the recovery

The IMF is also in the '*transitory*' inflation camp (as is 4D) believing recent price pressures for the most part reflect unusual pandemic-related developments and transitory supply-demand mismatches. Inflation is expected to return to its pre-pandemic ranges in most countries in 2022 once these disturbances work their way through prices, though uncertainty remains high.

Speaking of '*transitory issues*' and '*supply chain disruptions*' in practice, and reflecting that all companies, big and small, can be impacted, Bloomberg report that Apple is likely to slash its projected iPhone 13 production targets for 2021 by as many as 10 million units over prolonged chip shortages. Similarly, due to shortages, the cost of shipping in containers has gotten so expensive that Coca-Cola is switching its cargoes from container ships to vessels normally used for commodities like coal and iron ore to help keep the soda flowing. Should these '*transitory*' issues prevail central banks may need to take pre-emptive action.

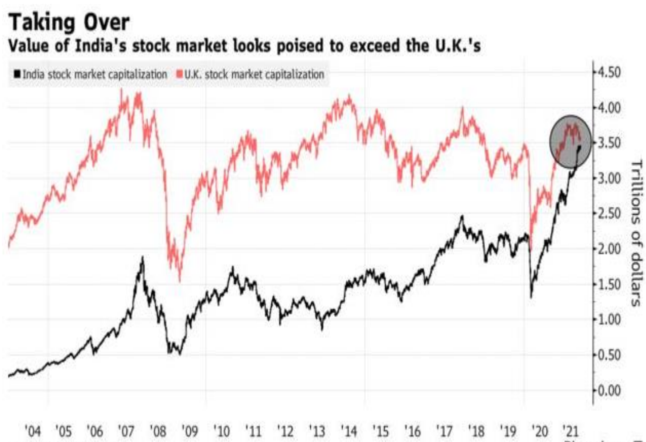
Italian PM Mario Draghi is trying the near impossible: to reboot Italy's ailing economy after decades of stagnation according to Bloomberg. To do so he'll have to overcome bureaucratic and political hurdles that stymied many of his predecessors. While Mr Draghi has nearly 200 billion euros (US$232 billion) of EU recovery fund cash to kick start his plans if he really wants to jump start the Italian economy, he has to tackle the country's sluggish south western regions. The government is putting 40% of EU recovery funds into infrastructure, health, education, green and digital projects in the area. At 4D we have consistently been cautious on Italy as an investment destination so these types of reforms would be a very welcome positive.



Source: Istat, 2019 data

Going nuclear. China is planning to build at least 150 new nuclear reactors in the next 15 years, more than the rest of the world has built in the past 35 according to Bloomberg. The effort could cost as much as US$440 billion. As early as 2025 China will surpass the US as the world's largest generator of nuclear power.

Finally, India's equity market is on the cusp of overtaking that of the UK in value to join the world's top-five club. The likely feat comes as record-low interest rates and a retail-investing boom propel stocks to record highs. India's market capitalization has surged 37% this year to US$3.46 trillion, according to an index compiled by Bloomberg. That's closing in on the UK, which has seen an increase of about 9% to US$3.59 trillion, though the number is much larger if secondary listings and depositary receipts are included. India's share-market capitalization is expected to rise to US$5 trillion by 2024 according to Goldman Sachs.



Source: Bloomberg

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]	0.9279/0.9223
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.