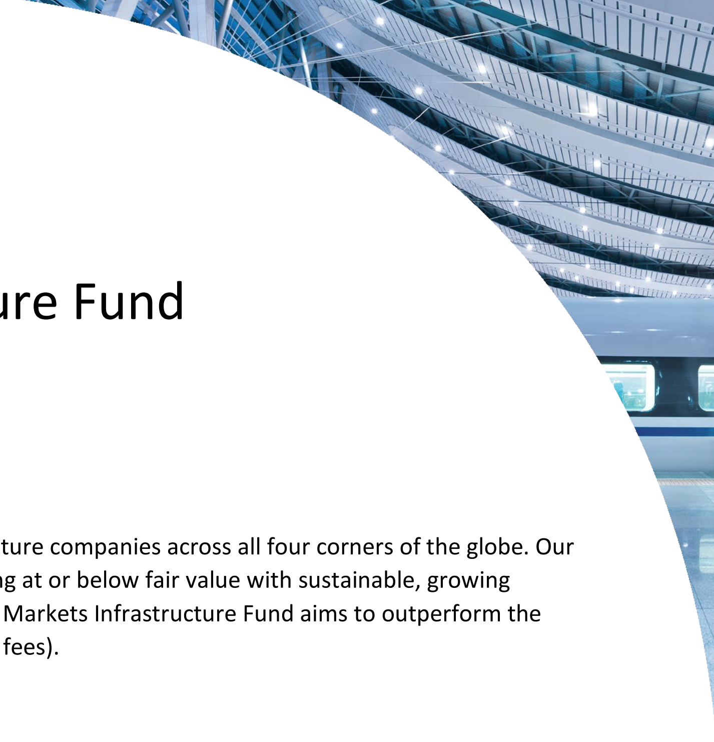


4D Emerging Markets Infrastructure Fund

Performance report | 31 October 2023

Overview

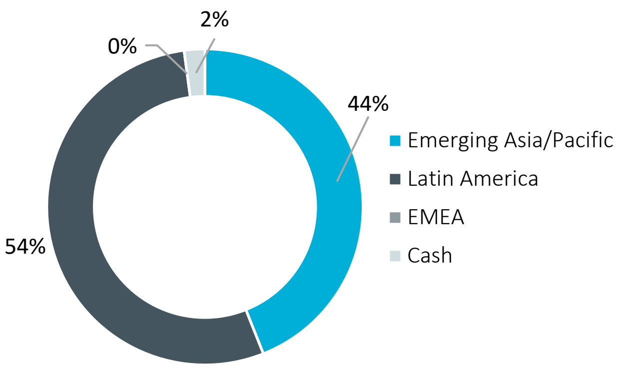
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing 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 month	3 months	1 year	3 years p.a.	5 years p.a.	Since inception[2] p.a.
Fund	-5.34%	-11.19%	6.76%	10.99%	4.20%	3.36%
Benchmark[1]	1.39%	3.40%	14.23%	15.15%	13.49%	13.02%
Value added	-6.73%	-14.59%	-7.47%	-4.16%	-9.29%	-9.66%

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

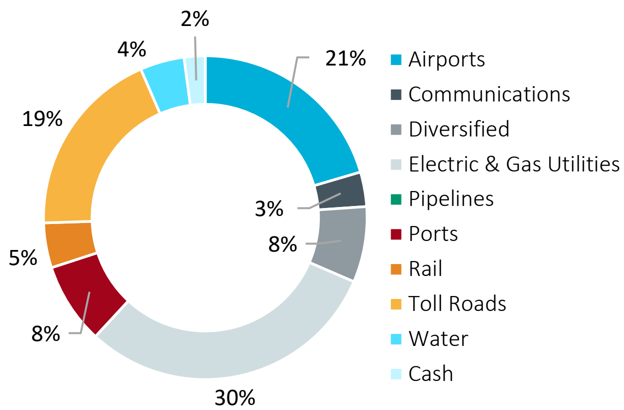
Regional breakdown



Top 10 positions

Stock	End weight %
GAP	5.11
Jasa Marga	5.07
OMA	5.04
CCR	5.01
Ecorodovias	4.95
CEMIG	4.94
ASUR	4.65
ENN Energy	4.55
Rumo	4.49
CPFL Energia	4.41
Total	**48.25**

Sector breakdown



Portfolio performance review

The 4D Emerging Market Infrastructure Fund was down a net 5.34% (AUD) in October, under-performing the benchmark return of 1.39% (by 6.73%). Currency contributed 83bps to performance in October.

The strongest performer for October was Chinese diversified play Shenzhen International up 6.6%, re-rating from an oversold position.

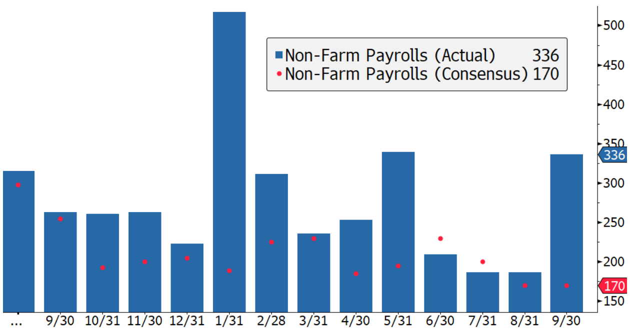
The weakest performers in October were the Mexican Airport operators after proposed unexpected changes to regulation shocked the operators and the market. After 2 weeks of intense negotiations the regulator and airport operators agreed new parameters which while not valuation neutral are marginal, and the stocks look oversold albeit recognising increased concerns on political posturing.

Markets remain volatile on the outlook for inflation, interest rates and economic growth. Most developed market Central Banks are getting close to peak policy rates, with a view to hold rates higher for longer, in an effort to get core inflation back to within target bands over a sustained period. The current share price volatility ignores the fact that listed infrastructure, as an asset class, can fundamentally do well in this environment, with explicit or implicit inflation hedges and long-term predictable earnings profiles underpinned by contract or regulation. Infrastructure is also positioned well should Central Banks overshoot and we face near term recessionary pressure. We believe it is a sensible portfolio allocation at all stages of the economic cycle. We also believe the current pricing is a buying opportunity for the asset class.

Month in review

October continued to be a month where market sentiment once again centred on the "higher for longer" outlook for long-term yields. US ten-year yields rose 35bps in the month to 4.93%, peaking at 5% intramonth (levels not seen since 2007) and taking the 6 month rise to 151bps. MSCI World fell 3.22% (Local), it's third month of declines.

US Non-Farm Payrolls



(Source: Bloomberg)

A driver of the continued march higher in long term yields was strong US data, persistent core inflation (0.3% m/m) and increased planned Treasury bond issuance in 2024. Overall, activity data surprised to the upside in the US. Third quarter GDP +4.9% annualised, accelerating from 2.1% in 2Q, driven by a resilient US consumer. The labour market remains strong, supporting the consumer, with strong job payrolls (double expectations) amidst softening wage growth. Retail sales were also double expectations at 0.7% MoM in September.

Offsetting these positive US prints was the continued tightening in financial conditions (lowest since November 2022) which is doing part of the Fed's job, as well as 30 year mortgage rates hitting multi decade highs at 8% and consumer credit card balances on the rise with defaults also ticking up. Concerns are also mounting over the heightened budget deficit (~8.5% of GDP from 4% of GDP in mid-2022) which is adding to concerns over Treasury issuance and demand next year, particularly from foreign investors.

In Europe, the European Central Bank (ECB) held rates steady, breaking 10 consecutive rises leading into the meeting. The local growth outlook is weak (GDP contracted 0.1% in Q3) with a lower demand picture and energy prices bringing inflation down to 2.9% in October from 4.3% in September (Eurostat). Forward looking Purchasing Manufacturer Indices (PMI) remained contractionary in October, with private sector output declining at the steepest rate in over a decade (ex-Covid). UK data mostly disappointed, with weak retail sales and consumer sentiment readings while services inflation remains high, with private sector pay 8.1% YoY in September.

Eurozone PMI vs GDP

(Source: S&P Global Market Intelligence, Oct 24 Flash PMI)

In China, activity data reinforced the signs of stabilisation carried over from the prior month. GDP for 3Q surprised to the upside (4.9% YoY) as did retail sales (4 month high of 5.5% YoY in September) and industrial production (4.5% YoY in September), however manufacturing the PMI in October was weaker than expected. There was new fiscal support in China, with the government widening its fiscal deficit ratio from 3% of GDP to 3.8%, releasing RMB 1trn to support infrastructure investment and its 5% 2024 growth target.

October saw the Golden Week holiday in China, with tourist numbers and revenue up on 2019 (+4.1% and 1.5% respectively).

In commodities, so far, the escalation of the Middle East conflict hasn't led to a sustained rise in the oil price, ending the month down 10.7% and taking some strain off the consumer at the bowser). The spillover to other risk assets has so far been limited to the safe haven gold (+7% in October).

Fund details

Feature	Information
APIR code	BFL7394AU
Investment manager	4D Infrastructure
Portfolio manager	Sarah Shaw
Reporting currency	A$ Unhedged
Recommended investment period	Five years
Cash limit	10%
No. of securities	28
Application/redemption price (AUD)[3]	1.0385/1.0343
Distribution frequency	Annually
Management fees and costs[4]	1.20% p.a. (including GST)
Performance fee[5]	10.25% p.a. (including GST)
Buy/sell spread	+/- 0.20%
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 fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) PDS.

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.