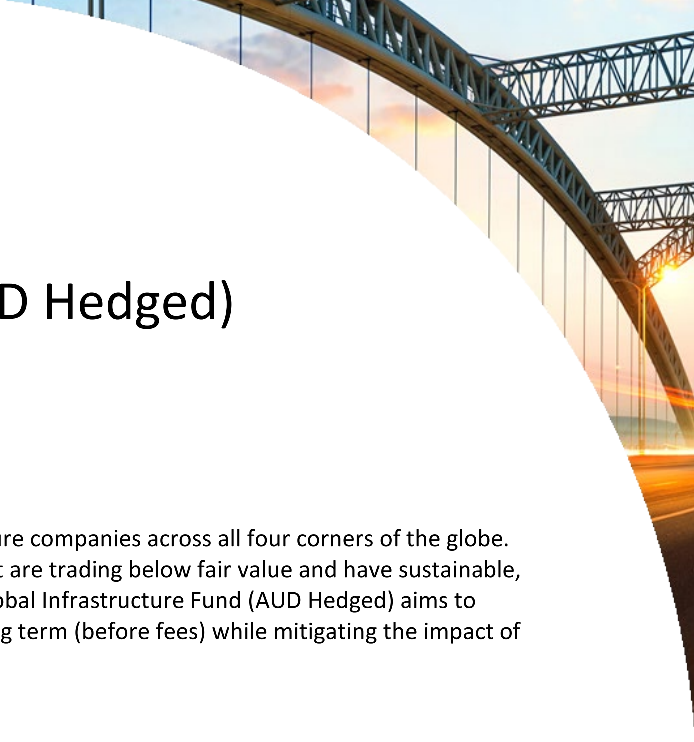


4D Global Infrastructure Fund (AUD Hedged)

Performance report | 31 August 2022

Overview

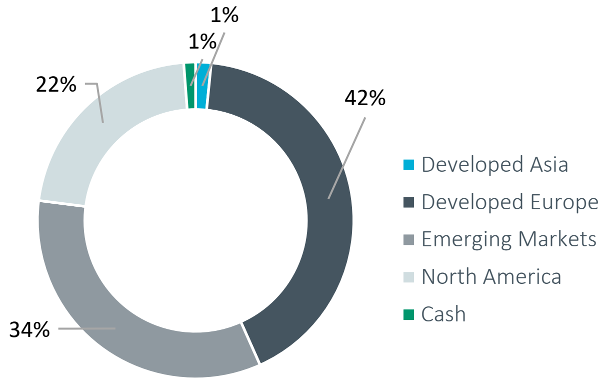
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable, growing dividends. The 4D Global Infrastructure Fund (AUD Hedged) aims to outperform the OECD G7 Inflation Index + 5.5% p.a. over the medium to long term (before fees) while mitigating the impact of currency by hedging foreign currency exposure.

Net client returns (after fees and expenses)

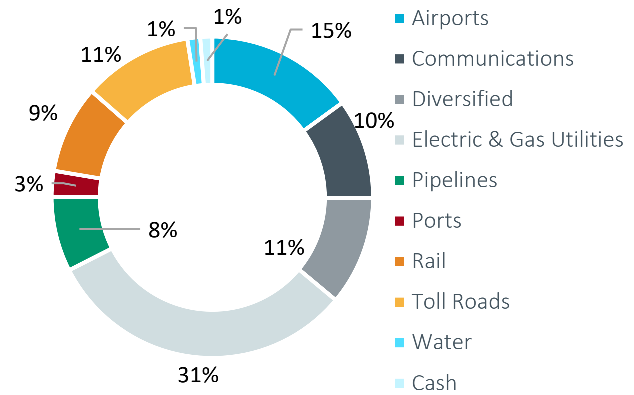
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception[2] p.a.
Fund	-1.41%	-	-	-	-	-	-
Benchmark[1]	1.35%	-	-	-	-	-	-
Value added	-2.77%	-	-	-	-	-	-

'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 %
Cellnex	6.59
Iberdrola	5.40
Shenzhen International	4.08
Getlink	4.05
Jasa Marga	3.91
Williams Co	3.90
Sempra Energy	3.90
Enel	3.75
Fraport	3.52
Ferrovial	3.49
Total	42.60

Portfolio performance review

The 4D Global Infrastructure Fund (AUD Hedged) was down a net 1.41% (AUD) in August 2022, under-performing the benchmark's return of 1.35% (by 2.77%) and under-performing the FTSE 50/50 Infrastructure hedged to AUD Index which was down 0.95% (AUD).

The best portfolio performer in August was Brazilian rail operator Rumo up 15.2% as forecasts were upgraded post a strong Q2 and improved FY outlook.

The weakest performer in August was Italian multi utility ACEA down 15.2% on concerns over energy prices and Italian political instability.

The market remains incredibly volatile on inflation/interest rate/growth concerns as central banks around the world raise rates in an effort to bring inflation back to target levels. The current volatility ignores the fact that listed infrastructure as an asset class can fundamentally do well in an inflationary environment, with explicit or implicit hedges and long-term predictable earnings profiles underpinned by contract or regulation. We believe it is a sensible portfolio allocation at the current stage of the economic cycle and we believe the current weakness is a buying opportunity for the asset class.

Month in review

US employers added a healthy number of jobs in August as a steady stream of people returning to the workforce suggests some easing in a tight labor market. The employment gain still points to a big appetite for labor amid high inflation and rising interest rates, and repeated pay raises continue to fuel consumer spending. But the jump in workforce participation could lead to the further cooling of wage growth, which would in turn help slow inflation. That's welcome news for the Fed as it debates its next rate call.

The sheer size of this US Act warrants mention. President Biden signed what Democrats have named the *'Inflation Reduction Act*,' a US$437 billion behemoth of healthcare, energy and climate initiatives. Though having already managed a massive pandemic rescue package, an infrastructure bill aimed at remaking America's infrastructure and an incentive program to turbocharge critical chipmakers, Mr Biden's new bill is arguably an even bigger deal: it's the most significant US climate legislation ever, targeting four billion tons of emissions with tax breaks for electric vehicles as well as solar and wind said Bloomberg. The sweeping legislation is also expected to reduce the deficit by raising taxes on corporations while enabling Medicare to negotiate lower drug prices.

China's central bank called on major financial institutions to take the lead in keeping credit growth stable with the nation's economy at a critical moment reports Bloomberg. Financial institutions, especially major state-owned banks, should increase loan issuance to the real economy, the People's Bank of China *(PBOC)* said. They should also improve the credit support for small- and micro-enterprises, green development, scientific and technological innovation and other fields, according to the statement. Latest data shows that China's credit growth slowed in July, weighed down by a property market slump and weak consumer and business demand. The PBOC also asked banks to meet the reasonable financing needs of real estate, in its latest efforts to help break a property market downturn. China is planning to offer 200 billion yuan (~US$29.3 billion) in special loans to ensure stalled housing projects are delivered to buyers.

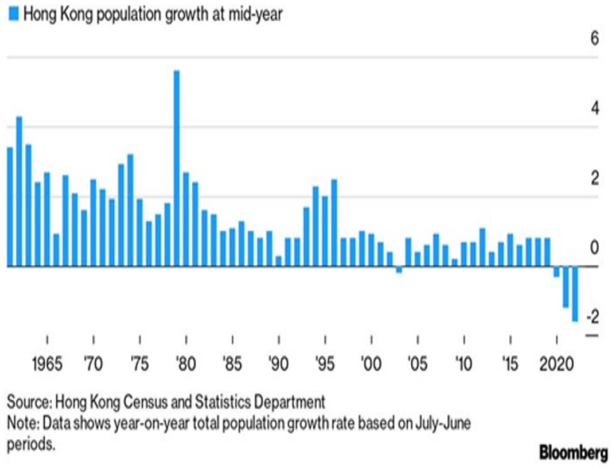
China is also pumping trillions of yuan into infrastructure investment. Beijing is making 6.8 trillion yuan (~US$1 trillion) of government funds available for construction projects, according to Bloomberg calculations. Total spending could be even higher once bank lending and corporate funds are added. In the near term, infrastructure investment could give a boost to employment. Over the longer-term, the stimulus helps China's ambition of becoming a more urbanized, high-income economy that's better able to compete with the US in high-tech areas like semiconductors. We have consistently argued that public sector spending on infrastructure is positive for the private sector as it builds a pool of possible future privatisation candidates while also boosting the economy.

Europe needs power - and cheaper power – fast. Power prices soared to record levels in the UK, France, Germany, Italy and the Nordic region, heaping further pressure on governments to shield households from devastating bills and rising inflation. The latest jump comes as wind power is forecast at extremely low levels throughout the region. Germany may even have to turn to nuclear power to plug its energy gap as it struggles to replace all of its imports of Russian natural gas for the northern winter, Chancellor Olaf Scholz and Economy Minister Robert Habeck said. With Europe gripped by its worst energy crisis for decades, politicians are looking at all alternatives including atomic power, a technology Berlin had decided to exit permanently by the end of the year.

Finally, Hong Kong's population fell by a record as people flee strict Covid rules that have hobbled the city as most other regions move on. The national security law may have also been a contributing factor. The city saw a decline of 121,500 residents in the year ended June 30, 2022, leaving the population at about 7.29 million. That means the population fell 1.6%, marking the third straight year of declines and the biggest drop in at least six decades.

Sudden Decline

Hong Kong's population fell by the most since at least 1961



Source: Hong Kong Census and Statistics Department
Note: Data shows year-on-year total population growth rate based on July-June periods.

Fund details

Feature	Information
APIR code	BFL3306AU
Investment manager	4D Infrastructure
Portfolio manager	Sarah Shaw
Reporting currency	A$ Hedged
Recommended investment period	Five years
Stock / cash limit	+7% / 10%
No. of securities	37
Application/redemption price (AUD)[3]	0.9879/0.9839
Distribution frequency	Quarterly
Management fee[4]	0.95% 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

CFS (FirstWrap)

Netwealth (Wrap)

Get in touch

4Dinfra.com

1800 895 388 (AU) or 0800 442 304 (NZ)

client.experience@bennelongfunds.com

1 OECD G7 Inflation Index + 5.5%.

2 Inception date is 1 August 2022.

3 All unit prices carry a distribution entitlement.

4 Management fee is 0.95% 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 G7 inflation index + 5.5% per annum). All values are in Australian dollars.