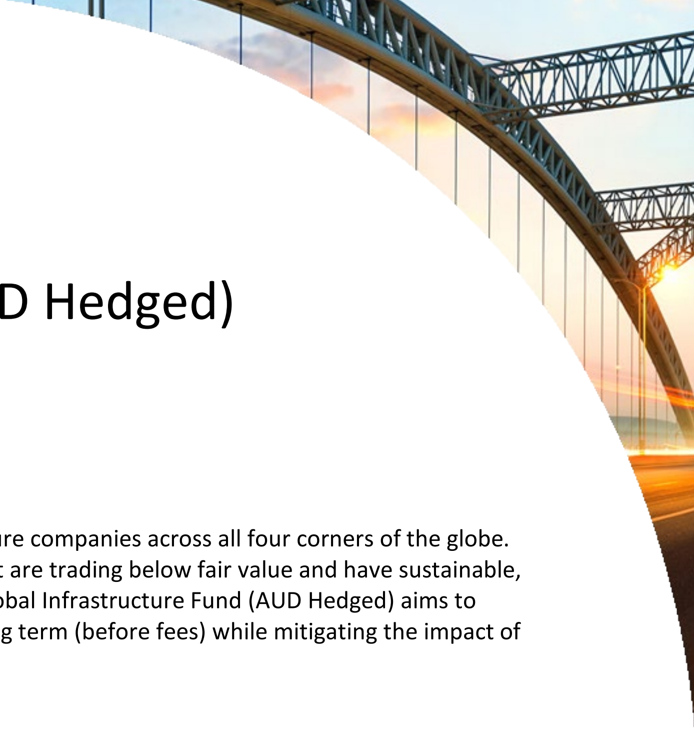


4D Global Infrastructure Fund (AUD Hedged)

Performance report | 30 September 2022

Overview

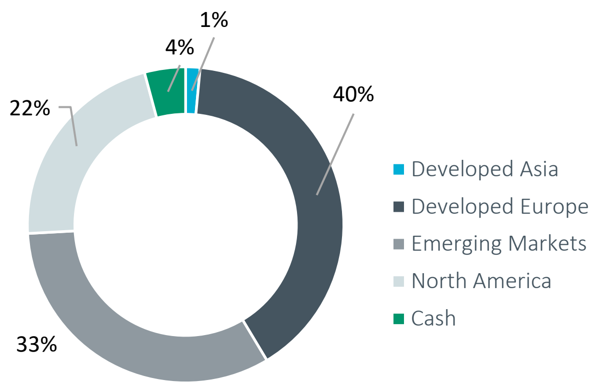
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable, 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	-11.30%	-	-	-	-	-	-
Benchmark[1]	1.43%	-	-	-	-	-	-
Value added	-12.73%	-	-	-	-	-	-

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

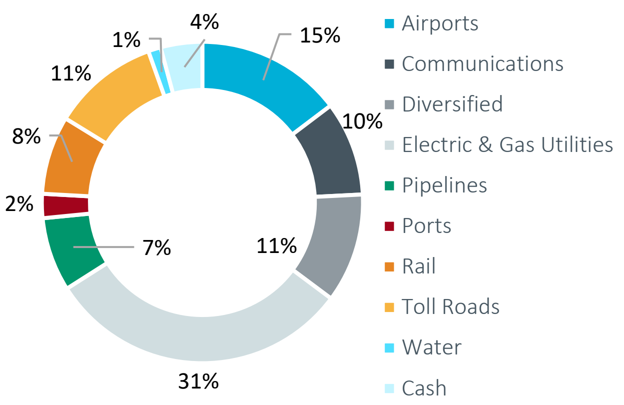
Regional breakdown



Top 10 positions

Stock	End weight %
Cellnex	6.29
Iberdrola	5.36
Shenzhen International	4.31
Jasa Marga	4.29
Sempra Energy	4.23
Getlink	3.99
Enel	3.92
Williams Co	3.92
Ferrovial	3.80
Vinci	3.58
Total	43.68

Sector breakdown



Portfolio performance review

The 4D Global Infrastructure Fund (Hedged) was down a net 11.30% (AUD) in September 2022, under-performing the benchmark's return of 1.43% (by 12.73%) and slightly under-performing the FTSE 50/50 Infrastructure hedged to AUD Index which was down 10.86% (AUD).

The best portfolio performer in September was Italian tower operator Inwit down 3.1% on news of ongoing restructure and a management reshuffle please the market

The weakest performer in September was Chinese gas distributor China Resources Gas down 18.2% as an ongoing COVID zero policy amongst rising cases as well as ongoing property market concerns see growth expectations under review.

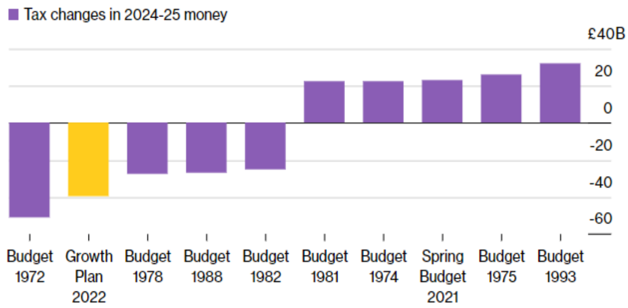
The market remains incredibly volatile on inflation/interest rate/growth concerns as central banks around the world raise rates in an effort to bring inflation back to target levels. The current volatility ignores the fact that listed infrastructure as an asset class can fundamentally do well in an inflationary 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 see the current weakness as a buying opportunity for the asset class.

Month in review

As expected, the US Federal Reserve issued its fifth interest rate hike of 2022, and it certainly won't be the last one, warned Chair Jerome Powell reports Bloomberg. The Open Market committee delivered a unanimous 75 basis point increase to cool stubbornly high inflation. Officials also updated their forecast, expecting the benchmark rate to rise to 4.4% by year end and 4.6% during 2023. The projections underscore the Fed's resolve to cool inflation despite the risk that surging borrowing costs could tip the US into recession. Powell warned of a housing correction and said predictions for a soft landing were less likely.

Just at a time when the Bank of England, like virtually every other major Central Bank, is hiking interest rates to slow the economy and stymy inflation Liz Truss's new British government delivered the most sweeping UK tax cuts since 1972, slashing levies on rich households and companies, although they did backflip on some of the changes in early October. Will the UK economy expand or contract?

Truss's tax cuts are the largest since Edward Heath was prime minister

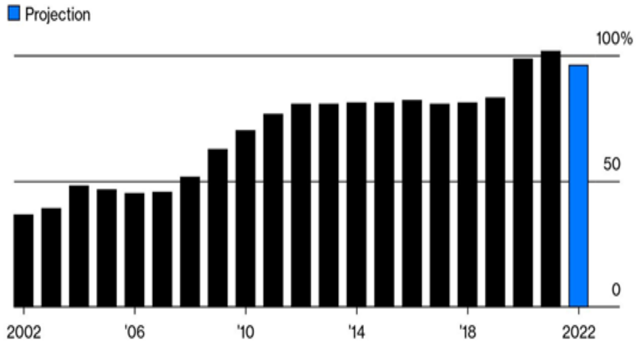


Source: Bloomberg analysis of OBR, Treasury data
Note: Figures show the five largest tax giveaways and the five largest tax-raisers since 1970

These tax cuts are at a time when Central banks must continue to raise interest rates to rein in inflation even as it becomes harder to predict whether the global economy will slide into recession next year according to the IMF's Managing Director Kristalina Georgieva. She said price stability was of paramount importance. Without it, global growth would slow and those with the lowest incomes would suffer the most. '*Inflation is a tax upon the poor*' she said. So what are the Brits thinking?

For all the attention that soaring inflation has gotten this year, one of its most surprising direct offshoots has gone largely unnoticed: US government debt is shrinking rapidly in the way that really matters - when measured against the inflated size of the economy (ie. Debt/GDP%) reports Bloomberg. This is often termed '*inflating away the debt*' and is a big positive for the government and taxpayers. It makes the debt more manageable and easier to pay back but it is bad for bond holders - the money they'll be repaid by the government will be worth a lot less than the money they put-up.

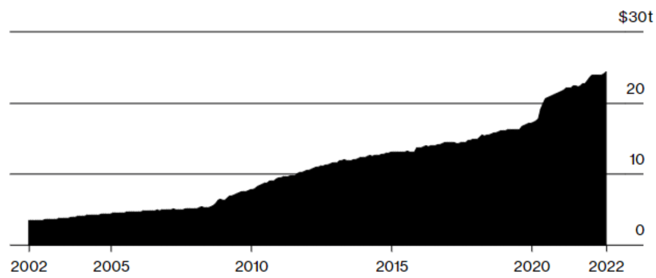
US Public Debt as a Share of GDP



Source: International Monetary Fund

However, politicians love to spend and there is no guarantee this trend will continue. As shown in the chart above, this year's drop in Debt/GDP% was preceded by two years of explosive growth in Debt/GDP – a product of all the huge pandemic spends from Presidents Trump and Biden.

US Public Debt



Source: US Treasury

Finally, Public debt/GDP% falling was an important factor in the post WWII global economic ascendancy of the US as its economic standing improved. US Debt to GDP reached a low of ~25% in 1974 under President Richard Nixon.

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]	0.8761/0.8727
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). Visit How to invest to find out more.

Platforms

CFS (FirstWrap)

Hub24 (Super, IDPS)

Macquarie Wrap (IDPS, Super)

Netwealth (Super Service, Wrap Service)

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.