

# 4D Emerging Markets Infrastructure Fund

ARSN: 621 199 399

## Monthly performance update

As at 31 December 2019

### 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).

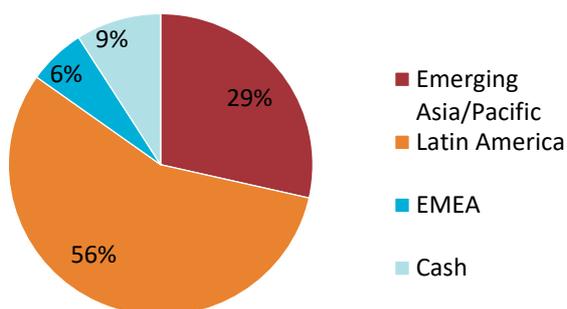
### Performance

	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Emerging Markets Infrastructure Fund	4.12%	5.13%	8.91%	23.63%	12.45%		10.32%
Benchmark: OECD G7 Inflation Index + 8%	0.99%	2.73%	5.69%	11.28%	11.50%		11.32%
<b>Over/under performance</b>	<b>3.14%</b>	<b>2.40%</b>	<b>3.22%</b>	<b>12.35%</b>	<b>0.95%</b>		<b>-1.01%</b>

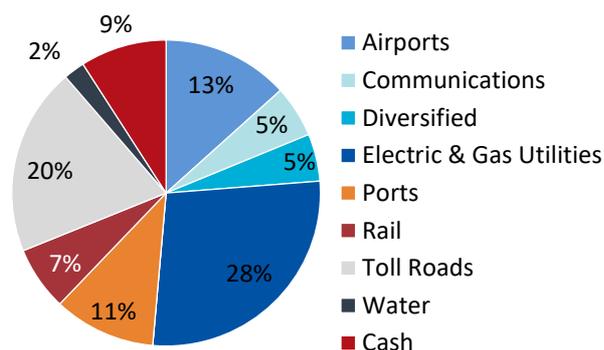
Performance figures are net of fees and expenses unless otherwise stated.

\*Inception date is 16 August 2017

### Regional Breakdown



### Sector Breakdown



### Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
DP World	6.09
TAESA	5.22
Shenzhen International	5.00
GAP	4.93
Jasa Marga	4.93
Ecorodovias	4.88
Rumo	4.83
CCR	4.78
AES Tiete	4.28
Telesites	4.00
<b>Top 10 Total</b>	<b>48.94</b>

FUND DETAILS	
APIR Code	BFL7394AU
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	33
Application/Redemption Price (AUD) <sup>1</sup>	1.2224/1.2151
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



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#### Portfolio performance review

The 4D Emerging Market Infrastructure Fund was up a net 4.12% (AUD) in December, out-performing the benchmark return of 0.99% (by 3.14%). The A\$ was up strongly in December ending the year at 70.2c against the USD.

The strongest portfolio performer for the month of December was Brazilian renewable player AES Tiete up 28.1%. The company is successfully executing on its diversification strategy – however there was no real news in December to warrant the significant jump except to say that it has lagged (unwarranted) for much of the year. For the 2019 year the strongest performer was Brazilian port operator Santos Brasil up 93.6% on the back of early signs of a Brazilian economic recovery coupled with market share gains in their core operations.

The weakest performer in December was Malaysian Airports down 5.2% on increased regulatory uncertainty. For 2019, our weakest performer was global port operator DPWorld down 21% as trade wars and political conflict (global and regional) weighed on the stock. It is offering very attractive value at these levels.

2019 was a strong year for the infrastructure sector and emerging markets. We head into 2020, with a macro backdrop of slower growth and lower interest rates but no imminent recession which supports further EM out-performance. Our biggest concern remains ongoing geo-political issues compounded by 2020 being a US election year with Trump looking to cement his position.

#### Market review

Equity markets continued their strong end to the year with EMs up 19% for the year.

This strong performance was despite some omnipresent macro issues: US/China Trade wars, Brexit, a simmering Middle East and ongoing civil unrest in jurisdictions such as HK, Chile and Spain. The global economy was also in slowdown mode during 2019 such that the IMF is forecasting global growth at just 3% for the year – the lowest since the GFC.

So how could equities be so strong in the face of such seemingly pervasive headwinds? Well firstly, global interest rates continued to fall during the year. This time last year market ‘experts’ were confidently predicting up to 4 US Fed Fund rate hikes in 2019. We actually got multiple cuts. Unquestionably lower interest rates make equities look relatively attractive against bonds and in particular supported infrastructure and an emerging market recovery.

We think the strength of equities was a result of more than just lower interest rates. We have consistently held the view that it was

in both the US and China’s interest to strike a deal on trade - with at least a preliminary deal now agreed. So, in essence, despite some occasional short-term volatility, we believe equity markets may always have been looking through these negative macro issues in 2019, expecting a degree of common sense would prevail, and the issues would be progressed or resolved. This now looks to be the case.

2019 was also a big year for democracy and elections and it is interesting to look at how some of the bigger cards fell. In the more Conservative/Right corner we had election victories in: Australia, India, Indonesia, Switzerland, Thailand and the UK. In the more Socialist/Left corner we had: Argentina, Canada, Portugal and Spain. That’s an eclectic mix of countries and Right and Left agendas which will keep equity markets engaged in 2020. Most elections exhibited a degree of populism, although a number of populist agendas were soundly defeated (eg. UK Labour).

EM’s also had a positive year with the successful passage of the long debated pension reforms in Brazil a real highlight. Hopefully this will be an important step in realising some of Brazil’s enormous potential.

We remain positive about the market outlook for 2020. With some of the big macro issues having progressed we should see a lift in market confidence and global economic activity – all good for equities. While 2019 saw an economic slowdown there are tentative signs this decline may be bottoming so hopefully an acceleration of economic growth will emerge.

#### Outlook

We have a very positive outlook for emerging market listed infrastructure (EMLI) over the medium term. There are a number of powerful macro forces at play, which we believe will continue to support the sector. For example, the world’s population is expected to grow by 53% by the end of this century, which will be accompanied by an emerging middle class, especially in Asia. These forces will compel new, improved and expanded infrastructure around the world

#### How to invest

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

#### Contact details

Call us on: 1800 895 388 (AU) or 0800 442 304 (NZ)

Email us at: [client.services@bennelongfunds.com](mailto:client.services@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.