

4D Emerging Markets Infrastructure Fund

ARSN: 621 199 399

Monthly performance update

As at 31 July 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).

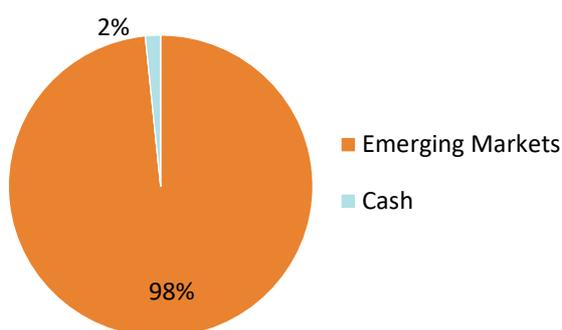
Performance

	1 month	3 months	6 months	1 year	2 years (pa)	Inception (pa)*
4D Emerging Markets Infrastructure Fund	3.67	7.91	8.60	27.30		9.86
Benchmark: OECD G20 Inflation Index + 8%	1.19	3.42	5.48	12.02		11.41
Over/under performance	2.48	4.49	3.12	15.28		-1.15

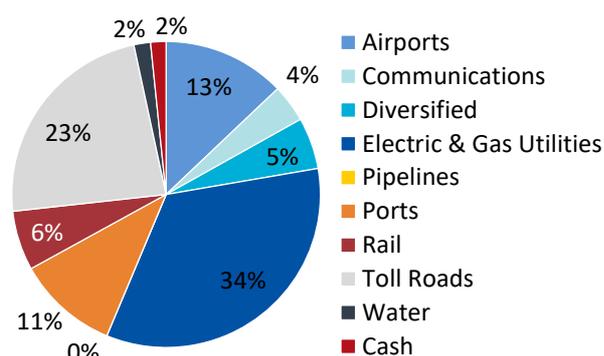
Performance figures are net of fees and expenses unless otherwise stated.

*Inception date is 16 August 2017

Regional Breakdown



Sector Breakdown



Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
DP World	5.61
CCR	5.60
Jasa Marga	5.30
TAESA	5.14
Shenzhen International	5.09
Ecorodovias	4.94
CEMIG	4.73
Rumo	4.49
AES Tiete	4.41
CTEEP	4.11
Top 10 Total	49.40

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	34
Application/Redemption Price (AUD) ¹	1.1635/1.1566
Distribution Frequency	Annually
Management Fee ²	1.15% p.a. (including GST)
Performance Fee ³	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 3.67% (AUD) in July, outperforming the benchmark return of 1.19% (by 2.48%).

The strongest portfolio performer for July was Brazilian Port operator, Santos Brasil up 21.1% in July. Santos continues to report stronger than anticipated volumes suggesting the macro is recovering, albeit slowly. However, Santos was also supported this month by moves in Brazil by President Bolsonaro in terms of reform which saw all the Brazilian infrastructure names up.

The weakest portfolio performer in July was Mexican toll road operator PINFRA down 9.5% on weaker than expected Q2 results and concerns of a slowing Mexican economy under President AMLO.

Despite a slowing global macro environment, the emerging market remain very solid and is driving our overweight to user pay assets in the region. We also believe the Fed easing rates is supportive of emerging markets fundamentals. While we see ongoing geo-political risk globally, a number of the emerging markets are comparing favorably relative to their developed peers. Our biggest concern remains the ongoing China/US trade war which we are monitoring closely from both a developed and emerging market standpoint. Interestingly, markets such as Brazil and Mexico could be winners of strained trade relationships between China and the USA.

Market review

Global equity markets had a solid July. The S&P 500 was up 1.4% while the broader MSCI World index was up 0.5%. EMs were down 1.15%. US bonds were largely flat with 10-year US Treasury bond yields finishing at 2.01%.

Geo-political issues again dominated. Markets initially breathed a sigh of relief on trade tensions after Mr Trump and President Xi agreed to restart trade negotiations. However, any apparent goodwill was short lived with President Trump shortly afterwards calling out China and Europe as 'currency manipulators'.

In the Straits of Hormuz two British flagged oil tankers were 'seized' by Iran while the US shot down an Iranian drone. These issues are all set against a backdrop of continued US sanctions on Iran. Two British warships were sent to operate in the region, protecting shipping, in addition to the already-permanent presence of the US 5th Fleet. Reportedly some oil tankers have even begun turning off their transponders when traversing the strait, which handles around 1/3 of global seaborne petroleum traffic, in order to make them harder to find and potentially intercept.

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, 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.

Hong Kong suffered through another month of protests against the extradition bill originally proposed earlier this year, and despite the suspension of the bill in June. Reports also emerged that Chinese troops were massing on the border with Hong Kong. Needless to say any form of 'hot' engagement, either in the Middle East or HK, would be a negative for equities

The big news in EM's in July was the successful lower house passage of the pension reform bills in Brazil. The market is closely watching progress on this initiative as it is seen as an important sign-post on the progress of the Bolsonaro administration. While the bill still needs to pass further parliamentary votes its impact could be significant. The reforms are forecast to save the government close to 900 billion reais (US\$240b) over 10 years and would represent an important step in unlocking Brazil's huge potential.

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. There has been a huge underinvestment in infrastructure around the world over the past 30 years. As governments seek to redress this problem, public sector fiscal and debt constraints will limit their ability to respond, meaning there will be an ever-increasing need for private sector capital as part of the funding solution. In addition, 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. EMLI's very attractive investment attributes will make it an important part of the financing solution to the world's infrastructure needs and, we believe, see it continue to grow and prosper over the longer term.

How to invest

The Fund is open to investors directly via the PDS (available at 4dinfra.com).

Contact details

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