

4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 28 February 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 Global Infrastructure Fund ('the Fund') aims to outperform the OECD G7 Inflation Index + 5.5% p.a. over the medium to long term (before fees).

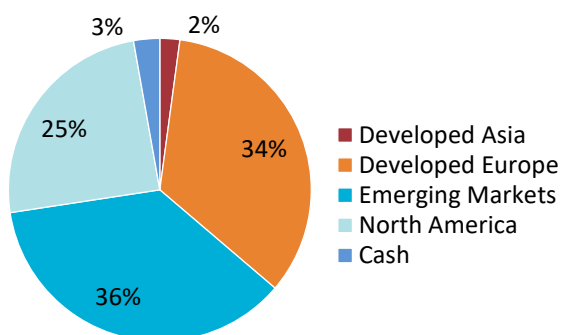
Performance

	1 month	3 month	6 month	1 year	2 years (pa)	Inception (pa)*
4D Global Infrastructure Fund	2.78%	12.21%	10.06%	14.81%	15.67%	12.66%
Benchmark: OECD G7 Inflation Index + 5.5%	0.22%	1.36%	3.10%	7.51%	7.49%	7.29%
Over/under performance	2.56%	10.85%	6.95%	7.30%	8.18%	5.37%

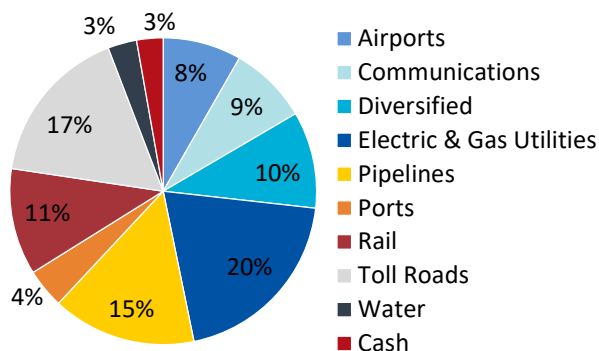
Performance figures are net of fees and expenses unless otherwise stated.

*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Getlink	4.96
DP World	4.16
Jasa Marga	4.12
Cellnex Telecom	4.07
Iberdrola	4.04
Cheniere Energy	4.02
Kinder Morgan	3.93
Ferrovial	3.87
Shenzhen International	3.84
Aena	3.32
Top 10 Total	40.32

FUND DETAILS	
APIR Code	BFL0019AU
Investment Manager	4D Infrastructure
Portfolio Manager	Sarah Shaw
Benchmark	OECD G7 Inflation Index + 5.5%
Inception Date	7 March 2016
Reporting Currency	A\$ Unhedged
Recommended Investment Period	Five years
Stock / Cash Limit	+7% / 10%
No. of Securities	42
Application/Redemption Price (AUD) ¹	1.3837/1.3755
Distribution Frequency	Quarterly
Management Fee ²	0.95% 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 Global Infrastructure Fund was up a net 2.78% (AUD) in February, out-performing the benchmark return of 0.22% (by 2.56%) but under performing the FTSE 50/50 Infrastructure Index, which was up 4.89% (AUD) in February. The A\$ provided a bit of a tail wind in February, down 2.46% for the month.

The strongest portfolio performer for February was Chinese gas distributor China Resources Gas Group, up 11.1%. This was due to news flow on provincial connection fee policy (in Hunan) which was relatively muted and suggested the distributors would not be significantly disadvantaged as new policy was implemented.

The weakest performer in February was global port operator DP World, down 10.1%. We believe this is due to increasing investor concern of a slowing global economy. However, we believe the recent sell off has been over done and is not supported by their solid diversified earnings base.

Despite a slowing global macro environment, it remains in positive territory and supportive of our overweight to user pay assets which have a direct correlation to macro. However, we remain cautious of ongoing geo-political issues and have positioned accordingly.

Market review

February was a positive month for equity markets, with both the S&P 500 and the broader MSCI World up ~3%. EMs were also a touch stronger, up 0.2%. The 10-year US bond was sold off a little, finishing at a yield of 2.72% p.a, up 9bp in February.

The prevailing major macro events remained in play in February. The US/China trade war continued. Data suggest that this dispute is crimping global trade and slowing global growth – both are bad news for equity markets because this ultimately translates into lower corporate earnings. Negotiations continue.

A Brexit solution remained out of reach. The UK's opposition Labour party's position on Brexit appeared to fragment somewhat in February. Mid-month, seven MPs chose to jump ship and leave the party in protest against the leadership of Jeremy Corbyn. March is a critical month for Brexit, with the exit date of the 29th closing fast. Needless to say, all this confusion and uncertainty is doing nothing for the UK's economic prospects, or its equity markets.

In Brazil, new President Bolsonaro's pension reforms were introduced into Congress. This will be an important test of Mr Bolsonaro's political capital and popularity as these reforms are much needed but somewhat controversial – potentially involving savings of R\$1.16tn over 10 years.

In Australia we had dovish commentary emerge from the RBA, not inconsistent with what we have been seeing from other Central

Banks such as the US Fed and ECB. While not significantly different to the consensus view of slowing global growth, it was more dovish than what we had seen previously from the RBA. The market was a little surprised, sending the A\$ into a bit of a spin.

China's Dalian Port Group banned Australian coal imports from 1 February until year-end on the pretext of 'inspecting and testing coal imports for safety and quality'. While this ban would only impact a relatively small portion of Australia's coal exports the potential political message, in terms of China flexing its economic power, should not be underestimated.

US January economic activity indicators remained at solid levels while they moderated in Europe and China.

Outlook

We have a very positive outlook for global listed infrastructure (GLI) 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. GLI'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), or the following platforms.

Platforms	
Hub24 (IDPS, Super)	Netwealth (Super Service, Wrap Service, IDPS)
Mason Stevens	Powerwrap (IDPS)
Macquarie Wrap (IDPS, Super)	Praemium

Contact details

Call us on: 1800 895 388 (AU) or 0800 442 304 (NZ)
Email us at: client.services@bennelongfunds.com
Mail us at: Level 26, 20 Bond Street Sydney NSW 2000
Visit our website at: 4dinfra.com

1. All unit prices carry a distribution entitlement.
 2. Management fee is 0.95% 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 G7 inflation index + 5.5% per annum).
- All values are in Australian dollars.

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