

4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 31 October 2018

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).

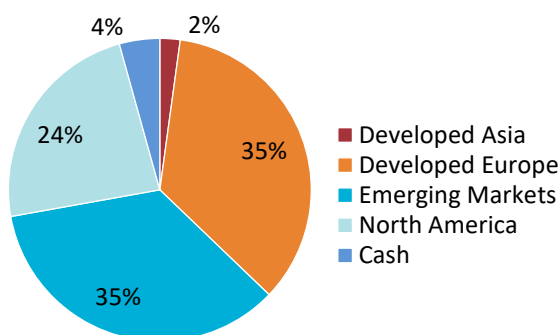
Performance

	1 month	3 month	6 month	1 year	2 years (pa)	Inception (pa)*
4D Global Infrastructure Fund	-0.97%	-1.50%	-0.38%	0.71%	10.54%	9.96%
Benchmark: OECD G7 Inflation Index + 5.5%	0.52%	1.89%	4.07%	8.05%	7.55%	7.42%
Over/under performance	-1.49%	-3.39%	-4.46%	-7.34%	2.99%	2.54%

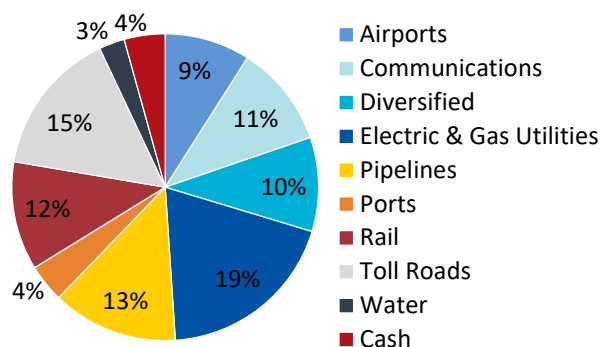
Performance figures are net of fees and expenses unless otherwise stated.

*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Getlink	4.99
Cellnex	4.81
Kinder Morgan	4.03
DP World	3.99
Cheniere Energy	3.99
Shenzhen International	3.93
Jasa Marga	3.73
Iberdrola	3.66
Ferrovial	3.61
Norfolk Southern	3.02
Top 10 Total	39.78

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	43
Application/Redemption Price (AUD) ¹	1.2535/1.2460
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 down a net 0.97% (AUD) in October, under-performing the benchmark return of 0.52% (by 1.49%) and the FTSE 50/50 Infrastructure Index, which was up 0.21% (AUD) in October.

The strongest portfolio performers for October were the Brazilian toll road operators CCR, which was up 34.7%, and Ecorodovias, up 32%, following a positive outcome in the Brazilian elections which saw investors find favour in Brazil again. These stocks had been considerably oversold over the past few months and we expect further re-rating as the market gains comfort with Bolsonaro.

The weakest performer in October was Mexican airport operator GAP, down 17.9% following AMLO's cancellation of the Mexican City airport after a farce referendum which raised concerns about his leadership and influence over the infrastructure sector.

Given the generally positive global macro environment, we remain overweight user pay assets which have a direct correlation to macro strength. However, ongoing geo-political concerns see us maintain core exposure to quality defensive utilities.

Market review

October was a very tough month for equity markets with red ink all over. In Developed Markets the S&P 500 was down 6.9%, and the broader MSCI World index -7.3%. Emerging markets didn't escape the rout with the MSCI EM index down 8.8%.

The main culprits for the carnage were a combination of geo-political factors and potentially rising interest rates. The US/China trade spat escalated during October with reports of further US tariffs being imposed. To put this in perspective, in 2017 the US imported ~US\$506b of goods from China, of which ~\$250b already had tariffs – so the threat of further tariffs relates to the ~\$256b balance. In contrast China only imported ~US\$110b of US goods in 2017. A meeting between Presidents Trump and Xi at the G20 summit in Buenos Aires at the end of November looms as an important reference point in the dispute.

Equity markets were also jittery about the prospect of higher US interest rates, with the Fed seemingly committed to further hikes. The market is worried the Fed misjudges the economy, with hiking too rapidly contributing to a slowdown. US 10-year bonds were relatively unperturbed by the outlook, closing at a yield of 3.14% up just 8bp across October, although they did touch 3.23% intra-month.

US Q3 GDP numbers came in slightly above expectations at 3.5% yoy v 3.3% forecast, with personal consumption beating expectations at a strong 4%.

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.

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 Global 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.

In Europe, Italy took centre stage following comments from the Economic Head of the League Party that Italy would be able to solve most of their problems if they had their own currency. Deputy PM Salvini was also quoted saying that the government wouldn't change the budget which was rejected by the EU.

Brexit continues to bubble away without any seeming progress on key issues such as the Irish border. However, it is having an impact in Britain with 8 of every 10 UK business reportedly having either cut or withheld investment because of Brexit fears.

In Brazil, far right candidate Jair Bolsonaro was elected President with 55% of the vote in a two-candidate run-off poll. The market liked the look of some of his policies during the election campaign and now awaits their implementation.

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)
Macquarie Wrap (IDPS, Super)	Powerwrap (IDPS)

Contact details

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