4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 28 February 2017

Overview

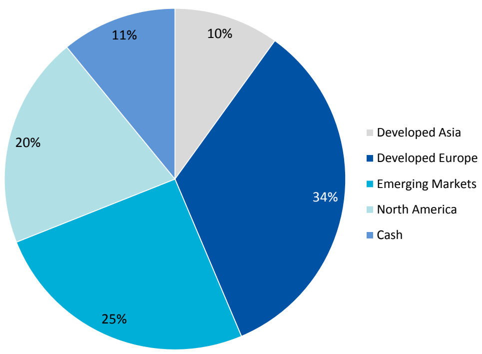
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, 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

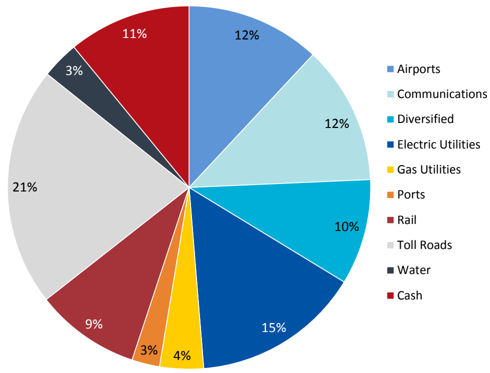
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	3.97%	6.51%	-3.7%	n/a	6.63%
Benchmark: OECD G7 Inflation Index + 5.5%	0.34%	1.56%	3.15%	n/a	6.74%
Over/Under Performance	**3.63%**	**4.95%**	**-6.84%**	**n/a**	**-0.11%**

Performance figures are net of fees and expenses unless otherwise stated.
*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



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)	1.0637 / 1.0573
Distribution Frequency	Quarterly
Base Management Fee	0.93% p.a. + net effect of GST
Performance Fee	10% p.a. + net effect of GST
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Groupe Eurotunnel	4.94
Cellnex Telecom	4.09
Jasa Marga	4.08
Shenzhen Intl	4.00
Transurban Group	3.95
Cheniere Energy	3.90
Iberdrola	3.78
Ferrovial	3.76
Aena	3.02
American Water Works	2.51
Top 10 Total	**38.05**

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Portfolio performance review

February 2017 was a strong month for the 4D Global Infrastructure Fund recording a net gain of 3.97% for the month, out-performing our benchmark of 0.34% by 3.63%. The Fund also outperformed the FTSE Infrastructure Index which was up 2.48% (A$) for the month by 1.49%.

The strongest performer in February was UK based satellite operator Inmarsat up 17% for the month. The stock had been oversold in January following a number of broker downgrades and this re-rating was simply a recovery of some lost value. We believe in the fundamental value of this stock and had used the weakness to top up our core position.

We also saw strong performance from our Brazilian names leveraged to the rapidly declining Brazilian Selic rate – this included Brazilian toll road operators CCR and Ecorodovias, rail operator Rumo and utility operators who can capitalise on lower interest rates to expand their portfolios.

The weakest performer for February was Mexican tower operator Telesites, down 5.5% on the back of slightly weaker than expected FY numbers reported in the last week of February.

We remain overweight user pays, Europe and Emerging Markets at the expense of the USA and utilities.

Market review

Global equity markets had a nice time of it in February. The US Dow Jones Industrials finished up 4.8%, the US S&P 500 was up 3.7%, the broader MSCI World finished +2.8% while the MSCI emerging markets index was +3% in the black. The US bond market was also in a positive frame of mind with yields on 10 year US treasuries dropping 6bp to 2.39% by month-end.

Generally US economic data releases during the month were positive, while various survey data suggested growth momentum from 2016 has continued through into Q117. However, the key driver for the ongoing equity rally was still the *'Donald factor'* with markets continuing to expect a significant fiscal stimulus.

In Europe, apprehension regarding a looming batch of critical elections kept markets on edge. Populist movements remain popular across Europe and upcoming elections in the Netherlands (March 15), France (April 23 and May 7) and Germany (September 24) will test the strength of the union. Probably the most critical are the elections in France where far right candidate Marine Le Pen continues to lead in the polls, although under France's two-round, run-off voting process she is not expected to claim the Presidency. However, markets remain sceptical of polling results given the recent Brexit and Trump experiences, neither of which was predicted in opinion polls.

While on Brexit, the UK economy continues to defy the doomsayers. Q416 GDP growth was revised-up to 0.7% QoQ and inflation picked-up from 1.6% to 1.8% in January – far from the recession many, including Her Majesty's Treasury, expected. In China there were few developments of note during February. Data remained consistent with growth stabilising at just under 7% - in-line with expectations that growth would be held steady in a year containing the 19th National Congress of the Communist Party of China.

Locally, Q416 GDP growth surprised on the upside rising +1.1%qoq to be +2.4% higher over the year. Growth was broad-based across all major expenditure components, states, and 15 of 20 industries. The A$/US$ was up about 1% during the month. Sadly, the performance of Australia's politicians has not matched that of the economy. Populism and self-interest prevails with not even a hint of consensus on vital economic reforms such as budget repair. The prospect of a sovereign credit rating downgrade will likely re-surface before the year's end.

In commodities, Oil remained in a relatively tight range near $53/bbl. The first report from the OPEC/non-OPEC monitoring committee reported 86% compliance with the agreed-to oil production cuts. Spot Iron Ore prices rose again, with expectations of ongoing infrastructure spending contributing to that strength.

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 that 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.

Contact details

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Notes:

1. Gross performance is the absolute performance of the fund before any fees (incl. management & performance)
2. Net performance is net of all fees (incl. management & performance)
3. All values in AUD