4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 31 May 2017

Overview

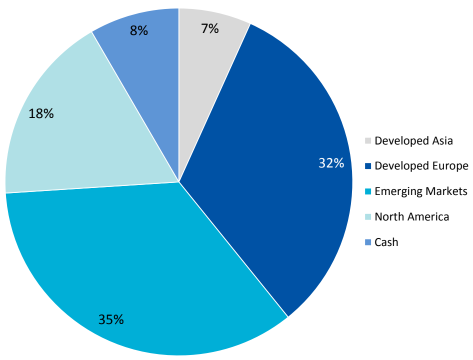
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

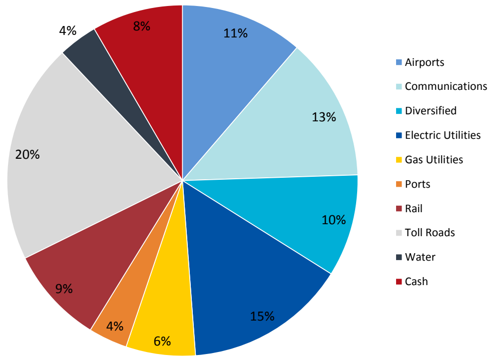
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	4.37%	14.41%	21.86%	11.53%	17.50%
Benchmark: OECD G7 Inflation Index + 5.5%	0.74%	2.01%	3.61%	7.74%	7.15%
Over/Under Performance	**3.63%**	**12.40%**	**18.25%**	**3.79%**	**10.35%**

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)	1.2170/ 1.2097
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	4.76
Jasa Marga	4.13
Cellnex Telecom	4.00
Cheniere Energy	3.92
Transurban Group	3.84
Ferrovial	3.79
Shenzhen International	3.68
Iberdrola	3.66
DP World	3.59
AENA	2.89
Top 10 Total	**38.27**

bennelong

4D infrastructure

Portfolio performance review

May 2017 was another strong month, with the 4D Global Infrastructure Fund up a net 4.37% in May (A$) out-performing our benchmark of 0.74% by 3.63%. The Fund also slightly beat the FTSE 50/50 Infrastructure Index which was up 4.05% (A$) in May.

European user pay assets, particularly the Spanish, continued to offer strong out-performance in May supporting our on-going overweight to the space.

Spanish listed tower operator Cellnex offered the best one month performance up 15.2% on the back of the potential take out of its majority shareholder Abertis by Atlantia. Atlantia has stated that they would not retain this stake if their takeover of the parent was successful which saw increased market speculation that Cellnex itself would be a target – towards the end of the month American Tower Corp expressed its interest as a buyer of this stake.

Some of our core emerging market positions also provided solid contributions in May with Indonesian toll road operator, Jasa Marga, up 13.1% and global port operator DPW up 12.5% as the global macro growth story continued to gain traction.

By contrast, our LatAm exposure suffered a hit in May with our Brazilian names impacted by corruption concerns surrounding the Temer Government and how this could de-rail Brazil's macro recovery story. However, the worst performer on a one month view was OHL Mexico down 10.4%. This again is due to corruption concerns and we expect noise will continue around this stock in the lead up to Mexican elections. We continue to see fundamental value in these assets and think the allegations are unwarranted although we would be pleased to see OHL exit the shareholding.

We remain overweight European user pays and emerging markets but have increased our presence in the USA at the expense of Australian names that hit valuation targets. We also believe the market may have gotten a little ahead of fundamentals so are holding cash in order to take advantage of any market correction.

Market review

Global equity markets were again quite strong in May 2017. The US DJ Industrials finished up 0.7%, the US S&P 500 +0.8%, the broader MSCI World finished +2.2% while the MSCI emerging markets index finished +2.8% in the black. The US bond market rallied with 10 year US treasuries finishing strongly with the yield of 2.2%.

Economic data in Europe was generally a bit firmer with strong PMIs, Japan also surprised with a solid 1Q17 GDP print, while in the US and China data was a bit softer.

In Europe equity markets took comfort from Emmanuel Macron's victory in the Presidential election in France. For now the tide of populism may have peaked in Europe. Mr Macron has started his term forming a government made up of politicians from both the centre-left and centre-right of French politics. Hopefully this will enable him to effectively govern after the French parliamentary elections in early June no matter which party secures victory.

While in Europe it appears President Trump's first visit to the continent has led to a mixed response. Germany's Angela Merkel was quoted as saying after his visit that: *"We are and remain close partners* (with the US) *…but we… Europeans really must take our destiny into our own hands'*. These comments suggest that Mr Trump's trip may not have been seen as universally successful, but they are consistent with his inward focussed policies.

While Mr Trump may be inwardly focussed, one global leader decisively externally focussed is Chinese Premier Xi Jinping. During the month he hosted the inaugural '*One Belt One Road'* forum in China. He was joined by 29 international leaders giving credence to President Xi's plans for a '*New Silk Road*' export pathway from China to Europe. While the policy is multi-faceted the key focus at present is the huge amount of infrastructure spending that China is going to facilitate in order to create the trade pathways. China is eager to sign-up more nations to the initiative which President Xi describes as "*the project of the century"*.

Unfortunately Brazil seems to take two steps forward then one back in its path to economic recovery. Just at a time when its economic data may have given a hint of a turn-around, and as some important economic reforms looked like they may get legislated, the voracious '*car-wash'* corruption scandal directly engulfed President Temer. He was reportedly caught on a wiretap endorsing ongoing bribes to a gaoled political colleague. Brazilian equities tanked on the news but have since staged a mild recovery towards month-end. However the position remains uncertain.

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

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: www.4dinfra.com

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

The Fund is managed by 4D Infrastructure, a Bennelong Funds Management boutique. Disclaimer: This information is issued by Bennelong Funds Management Limited (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) 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 31 May 2017. 4D Infrastructure Pty Ltd (ABN 26 604 979 259) is a Corporate Authorised Representative of Bennelong Funds Management Limited (BFML), ABN 39 111 214 085, Australian Financial Services Licence No. 296806