

# 4D Global Infrastructure Fund

ARSN: 610 092 503

## Monthly performance update

As at 30 September 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).

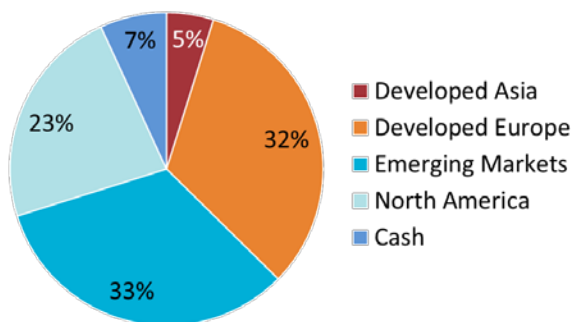
### Performance

	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	0.40%	2.17%	9.25%	14.45%	14.35%
Benchmark: OECD G7 Inflation Index + 5.5%	0.48%	1.74%	3.81%	7.00%	7.16%
<b>Over/under performance</b>	<b>-0.09%</b>	<b>0.43%</b>	<b>5.44%</b>	<b>7.46%</b>	<b>7.19%</b>

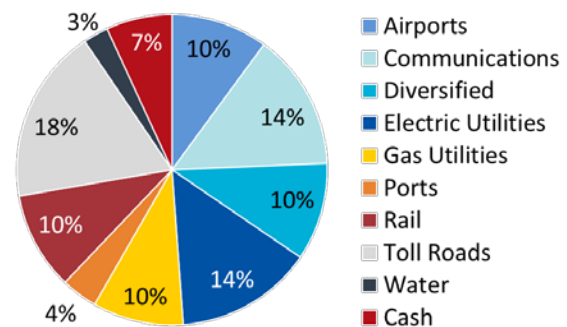
Performance figures are net of fees and expenses unless otherwise stated.

\*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	40
Application/Redemption Price (AUD)*	1.2234/1.2161
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

\*All unit prices carry a distribution entitlement.

### Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Cellnex Telecom	5.00
Groupe Eurotunnel	4.77
Shenzhen International	4.02
Cheniere Energy	3.99
Transurban Group	3.90
Jasa Marga	3.84
DP World	3.79
Iberdrola	3.77
Ferrovial	3.70
Atlantia	3.33
<b>Top 10 Total</b>	<b>40.11</b>

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#### Portfolio performance review

The 4D Global Infrastructure Fund was up a net 0.40% (AUD) in September, modestly under our benchmark of 0.48%. However, the Fund outperformed the FTSE 50/50 Infrastructure Index, which was down 0.62% for the month.

The strongest performer for the month was Brazilian rail operator Rumo, up 15.1% with the market reacting well to an announced capital raise which will be used to further reduce debt levels. Also strong for the month were Canadian pipeline operator Pembina, up 11.2%, and US gas transporter Cheniere, up 9%, with both stocks rebounding off a weak August.

The weakest performer in September was again UK satellite operator Inmarsat, down 8.1%, as the market becomes increasingly concerned about the near-term outlook in the maritime sector and the impact it will have on numbers.

The biggest fundamental disappointment in September was the departure of Spanish airport operator AENA's CEO, pushing the stock down 4.5%. While operationally we believe AENA offers real value, we are increasingly concerned about management's inability to execute on either M&A or capital allocation policies due to government ownership and control.

Despite increased political volatility we remain buyers of the global economic growth story, so continue overweight in user pays and underweight regulated utilities. Having kept a relatively high cash balance throughout the Northern Hemisphere summer, we are now starting to allocate this to high quality, fundamentally attractive stocks that have lagged over the past few months.

#### Market review

Global equity markets were generally positive in September. The US S&P 500 finished up 1.93% and the broader MSCI World index finished up 2.28%, while the MSCI Emerging Markets index was down 0.55%. Closer to home the ASX200 finished down 58bp. The US bond market reversed a recent rally to finish with 10-year yields at 2.33%pa—up 21bp over the month. Is inflation brewing?

In commodities, WTI Oil was up 7% to \$51.56 a barrel in September. Iron ore and coking coal gave up some of their recent gains, finishing down 7% and 6% respectively. Copper also gave up some ground, down 2.5%. Given these conflicting signals the AUD didn't know where to turn, finishing down 1% at 78.5c.

In politics, September had a bit of everything including H-bombs, hurricanes and elections, all of which kept global equity markets on edge but optimistic that worst-case scenarios remain unlikely.

China's enforcement of UN sanctions against North Korea potentially suggests it has lost policy influence over its recalcitrant neighbour. North Korea is a major source of raw materials for China and has been a longstanding ally. NK's position as a land buffer between the west (ie. South Korea) and China is also very relevant. Both Russia and China have long feared invasion by the west—a

hard-learned lesson from Germany's invasion of Russia in WWII—so land buffers always offer strategic value (think Crimea for Russia). China's sanctions are therefore very significant, and certainly justify Mr Trump's loud applause.

Global economic data remained solid. The US ISM manufacturing index for August rose to a stronger than expected 58.8 (previous: 56.3), the highest since April 2011. Similarly, late in the month the 'official' Chinese manufacturing PMI for September rose to a stronger than expected 52.4 (previous: 51.7), the highest since April 2012. The Eurozone flash PMI for September rose to an extremely strong 58.2 (previous: 57.4). Elevated equity markets were looking for exactly this type of positive, reassuring data.

The only central banks to earn their keep via policy action this month were in Canada (rates up 0.25%) and Brazil (rates down 1%). A plethora of other CBs left rates on hold, including the RBA, RBNZ, US Fed, BOE, ECB, Banco de Mexico and the Bank of Thailand. The Fed did indicate an October start date for project 'balance sheet unwind', which may well be the most significant global policy action over the next few years. Watch this space closely.

Mr Trump unveiled his tax reform plan, which the market liked and hopes, in some form, will see the light of a legislative day. Elections in NZ and Germany saw incumbent governments returned but with reduced majorities—hence tricky coalitions are needed. The rise of the far right in Germany suggested electoral populism was not yet exhausted on the continent.

#### 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](http://4dinfra.com)), or the Macquarie Wrap platform.

#### Contact details

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

#### Notes:

1. Net performance is net of all fees (incl. management & performance)
2. All values are in Australian dollars.

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