4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 31 October 2017

Overview

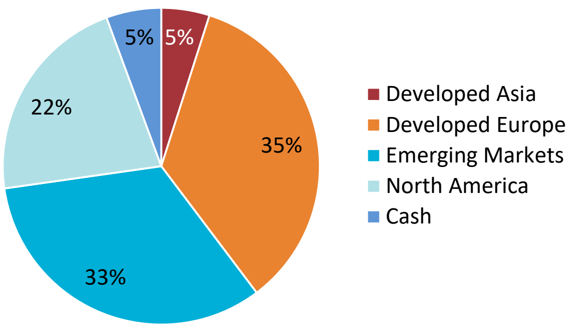
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

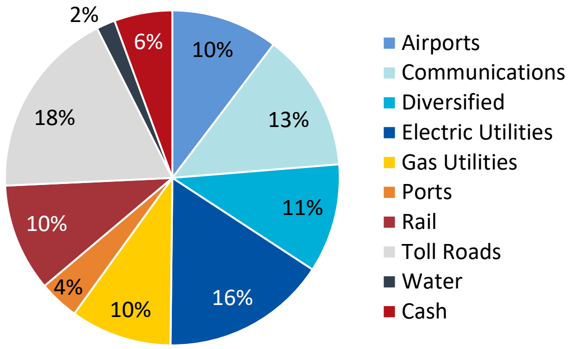
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	3.51%	6.65%	9.26%	21.32%	15.96%
Benchmark: OECD G7 Inflation Index + 5.5%	0.41%	1.41%	3.52%	7.05%	7.04%
Over/under performance	**3.10%**	**5.24%**	**5.74%**	**14.26%**	**8.92%**

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)*	1.2643/1.2568
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 %
Groupe Eurotunnel	5.08
Cellnex	4.90
Cheniere Energy	4.18
Transurban Group	4.05
Shenzhen International	3.92
Ferrovial	3.90
DP World	3.88
Iberdrola	3.87
Jasa Marga	3.82
Atlantia	3.08
Top 10 Total	**40.67**

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Portfolio performance review

The 4D Global Infrastructure Fund was up a net 3.51% (AUD) in October, significantly outperforming our benchmark of 0.41%. However, we were 0.25% below the FTSE 50/50 Infrastructure Index which was up 3.76% for the month.

The strongest portfolio performer for the month was Indonesian toll road operator Jasa Marga, up 16.1%. This move was not driven by any significant news flow; rather, we believe Jasa Marga was due a re-rating, offering investors strong fundamentals and a very attractive growth profile in a country that is investing heavily in the infrastructure network.

The weakest performer in October was Brazilian contracted generator AES Tiete, down 9.2% on concerns over very poor national hydrology in September. Tiete remains a solid operator with a strong balance sheet and attractive yield, and we remain holders.

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

Market review

On the back of generally strong economic data, global equity markets pushed higher in October. The US S&P 500 finished up 2.2%, the broader MSCI World index finished up 1.9% and the MSCI Emerging Markets index was up 3.5%. Closer to home the ASX200 finished 4% higher. The US bond market weakened again, with 10-year yields up 5bp over the month to finish at 2.38% pa.

In commodities, agreed OPEC production caps appeared to hold, sending WTI Oil up 4% to $54.68 a barrel. After a strong run, iron ore and coking coal were weak, down 14% and 7% respectively, while copper strengthened 5%. The A$ weakened against most major currencies, finishing at 76.6c versus the US$, down 2.2%.

Global economic data remained solid. The US ISM manufacturing index for September rose to the highest level since May 2004, while the ISM non-manufacturing index rose to the highest level since August 2005. The first estimate for real US GDP growth for Q3 came in at a better-than-expected 3% qoq annualised. Similarly, the Eurozone's flash manufacturing PMI for October rose to the highest level since February 2011, while Q3 real GDP growth for the region was 2.5% yoy – the strongest since Q1 2011. Chinese activity surveys weakened, but 'hard' eco data (Q3 GDP) strengthened.

With this solid economic backdrop Central Bankers generally sat on their hands admiring their policy work during the month, with CBs including the RBA, RBNZ, US, BOE, ECB, Japan, Canada, India and Norway leaving rates on hold. Brazil cut rates by 75bp to 7.5%, while Russia cut rates by 25bp.

Markets were generally happy with PM Abe's election victory in Japan, but edgy about developments in Catalonia in Spain.

Without doubt the major global event of the month, and probably the year, was the 19th National Congress of the Communist Party of China. While largely a staged event, two critical outcomes emerged. First was the increased empowerment of President Xi Jinping. As well as being formally named in the Chinese Party Constitution (a very rare event), no obvious successor to him was identified at the Conference, suggesting he may rule beyond the next five years. Secondly, in contrast to his liberalist speech five years ago, President Xi re-affirmed the party's direct control over virtually every aspect of Chinese life. After a long period of economic growth, increased sophistication of the economy and growing individual prosperity, there is an enhanced belief in China that Xi's model of '*Socialism with Chinese Characteristics'* is superior to the democracies of the west. They probably have a good case when you consider that while China was articulating a long-term road map to drive even greater wealth, prosperity and global domination, the US was in political chaos; and NZ replaced a very well performed, stable government with a hastily cobbled together coalition of the Labour left, the Greens and a small center right group. In Australia, forget coherent governance – we were trying to determine if existing sitting Members were even eligible to be elected based on their muddied citizenship. The inexorable rise of Chinese global influence and power looks set to continue.

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 Macquarie Wrap platform.

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

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