

4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 31 December 2017

Overview

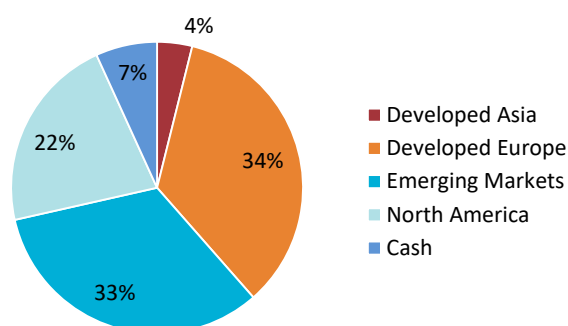
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

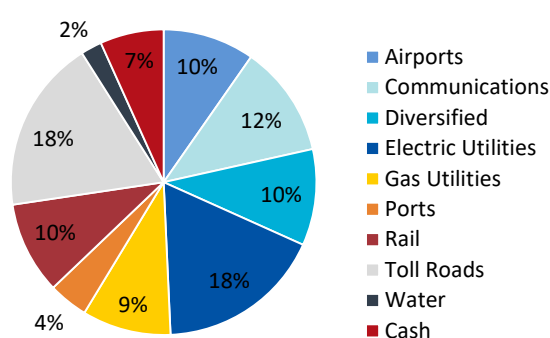
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	-1.56%	4.12%	6.37%	22.03%	14.76%
Benchmark: OECD G7 Inflation Index + 5.5%	0.78%	1.94%	3.71%	7.46%	7.26%
Over/under performance	-2.34%	2.17%	2.66%	14.58%	7.50%

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 %
Cellnex	4.99
Getlink	4.80
DP World	4.15
Shenzhen International	4.05
Cheniere Energy	4.01
Transurban Group	3.99
Jasa Marga Indonesia Highway Group	3.79
Iberdrola	3.74
Ferrovial	3.73
Atlanta	3.27
Top 10 Total	40.54

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	39
Application/Redemption Price (AUD)*	1.2718/1.2642
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.



4D Global Infrastructure Fund Monthly performance update As at 31 December 2017

Portfolio performance review

The 4D Global Infrastructure Fund was down a net 1.56% (AUD) in December, under-performing the benchmark return of 0.78% by 2.34% but well ahead of the FTSE 50/50 Infrastructure Index which was down 4.16% for the month.

The AUD was up 3.2% for the month, which was responsible for much of the fund's December under-performance.

The strongest portfolio performer for the month was US LNG transporter Cheniere Energy, up 12.2% for the month. This was driven by a jump in spot commodity pricing, which supports Cheniere's underlying contracts and growth potential.

The weakest performer in December was US integrated utility Sempra Energy, down 10.4%. This was partly due to Sempra holding assets in California, with utilities in the state hit hard again from weather-driven wildfires and resulting liability concerns. However, the US utility sector itself was off (compounding under-performance) post the US Fed hike early in the month and Trump's tax reforms, which saw the market shift to risk.

Despite increased political volatility we remain buyers of the global economic growth story, so move into 2018 overweight in user pays, emerging markets and underweight regulated utilities. We also remain buyers of high quality, fundamentally attractive stocks that have lagged over the past few months.

Market review

Global equities finished 2017 strongly. In December the US S&P 500 finished up 1%, while the broader MSCI World index was +1.4% and the MSCI Emerging Markets index +3.4%. In Australia the ASX 200 finished 1.6% higher, while the A\$ was up 3.2% on the back of commodity price rises (iron ore and copper both +5%) and a weaker US\$. US bonds were flat, with 10-year yields at 2.41% p.a.

Global economic data was again strong in December. China's manufacturing PMI remained in expansion territory, Eurozone manufacturing data showed continued global momentum, and unemployment in Japan and Germany hit cycle lows.

Emerging from something of a hibernation, Central Banks – including the US Fed, China's PBOC and CBs in Mexico and Turkey – hiked rates modestly. Significantly, both the US Fed and ECB revised up their respective GDP growth forecasts to 2019. Clearly, CBs generally expect the current 'goldilocks' macro environment of synchronised growth and negligible inflation to continue. What impact the global CB experiment of negative interest rates has had may start to become clearer soon. In Denmark, which has the longest history of negative rates at 5+ years, there is a view emerging that some borrowers are too used to negative rates being the norm and have become 'blind to their debt levels'. This concern may ultimately prove to be a global problem.

President Trump delivered a nice Christmas present when one of his flagship policies – US tax reform – became law. This will certainly provide further stimulus to the US economy, making it more globally competitive.

The EU and the UK reported some Brexit progress, with a preliminary exit deal agreed encompassing: (1) softish Irish borders; (2) Britain paying a ~£50b exit fee; and (3) an 8-year amnesty for EU residents living in the UK at the time of the UK's exit, during which they will be governed by EU law. The UK hopes now to move onto trade negotiations, starting with the Canada/EU FTA.

In Spain, separatist parties won a majority of seats in December's Catalan regional elections, causing some market volatility. Germany remains without a governing majority, parliament still in caretaker mode after the September elections as Angela Merkel seeks to form a majority after the failure of the earlier 'Jamaica' coalition proposal. In EMs, equity markets were unimpressed as Brazilian President Temer deferred a Congressional vote on much-needed pension reforms to February 2018, given he lacked the requisite numbers. Speaking of elections, Chilean conservative leader Sebastian Pinera won the presidential run-off election, while in Austria the conservative People's Party, led by 31-year-old Sebastian Kurz, cut a deal to govern with the far-right Freedom Party – making Mr Kurz Europe's youngest leader.

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

Note: Net performance is net of all fees (including management and performance), and 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.