

# 4D Global Infrastructure Fund

ARSN: 610 092 503

## Monthly performance update

As at 28 February 2018

### Overview

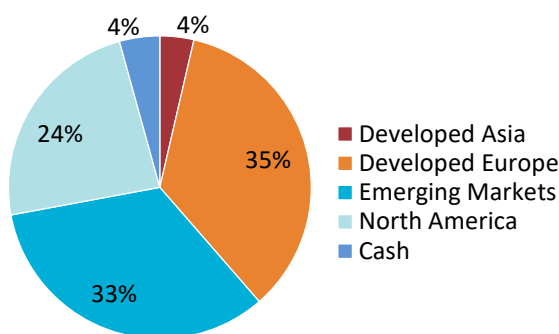
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

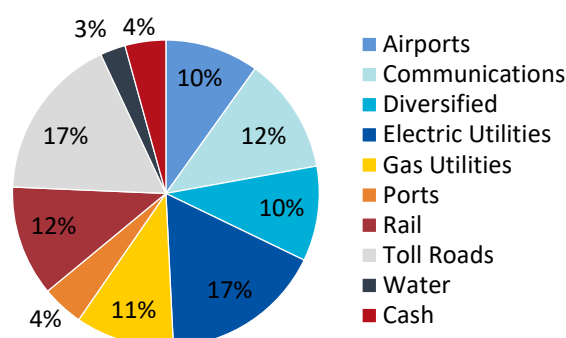
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	-2.46%	-4.78%	1.10%	16.53%	11.59%
Benchmark: OECD G7 Inflation Index + 5.5%	0.55%	1.77%	3.44%	7.47%	7.18%
<b>Over/under performance</b>	<b>-3.01%</b>	<b>-6.55%</b>	<b>-2.33%</b>	<b>9.06%</b>	<b>4.41%</b>

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	5.24
Getlink	5.03
Cheniere	4.47
DP World	4.39
Kinder Morgan	3.99
Shenzhen International	3.91
Jasa Marga Indonesia Highway Group	3.85
Ferrovial	3.63
Transurban	3.62
Iberdrola	3.57
<b>Top 10 Total</b>	<b>41.71</b>

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)*	1.2292/1.2219
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.



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#### Portfolio performance review

The 4D Global Infrastructure Fund was down a net 2.46% (AUD) in February, under-performing the benchmark return of 0.51% by 3.01% as well as the the FTSE 50/50 Infrastructure Index which was down 1.64% for the month.

February was a difficult month for infrastructure, with the sector caught up in the general market sell-off compounded by a negative bond proxy trade as yields ticked up. As a result, the majority of our stocks were down in February.

The strongest portfolio performer was Sempra, a US-regulated utility, up 3.3%. Sempra is California-based and, as with its regional peers, had been suffering from headwinds related to potential wildfire liability. Towards the end of the month there was positive commentary from the Californian Assembly of Utilities and Energy, recognising there was a structural problem with reverse condemnation. Sempra also reported solid FY results, offering fundamental earnings support.

The weakest performer in February was Brazilian toll road operator CCR, falling 20% after it was named in the Car Wash scandal as part of a plea bargain for disgraced financial operator Adir Assad. CCR was very quick to defend its operations and implement steps to prove its innocence. We note the amounts in question are small and the allegations peripheral. While this has yet to be resolved, on balance we believe in CCR's corporate governance and think the stock was oversold and is very cheap at these levels.

We remain buyers of the global economic growth story, tempered by increasing geo-political concerns as elections loom.

#### Market review

February was a crazy month in global equity markets. The US S&P 500 finished down 3.9%, while the broader MSCI World index was -4.1% and the MSCI Emerging Markets index -4.7%. In Australia the ASX 200 finished down a much more respectable 0.36%. The A\$ was 3.6% weaker in February, potentially reflecting a narrowing of the A\$/US\$ interest rate differential as US rates head north.

While these moves are not pretty, they mask much greater intra-month volatility with the S&P 500 down in excess of 8% early in the month. Fear of an inflation break-out in the US was the main culprit for the equity market carnage. This saw 10-year US bond yields approach 3% intra-month, before settling at 2.86% at month-end.

Global economic data remained firm in February, with confirmation of tighter labour markets and emerging signs of a modest pick-up in wages and inflation. China's Caixin manufacturing PMI held at an expansionary 51.5, but the January trade surplus was weaker than expected as imports surged. The strength was attributed to the timing of the Lunar New Year and higher commodity prices. The official China manufacturing PMI missed expectations, dropping to a still expansionary 50.3.

US economic data ended the month a touch on the softer side after a very strong few months – probably a reflection of increasingly heady

expectations becoming hard to meet rather than a sign of any real underlying weakness.

Expectations for the further removal of global monetary policy accommodation continue, fuelled by a hawkish shift from the BoE early in the month and upbeat inaugural testimony from new US Federal Reserve Chairman Jeremy Powell at the end of the month. Mr Powell looks to be more outspoken in his views than his predecessor. Another US Fed hike is almost fully priced-in for March, and expectations are rising for potentially four rate hikes in 2018 (up from three currently).

US President Trump announced his long-awaited plan to rebuild America's infrastructure. Significantly, it explicitly targets the private sector for the majority of funds. Mr Trump's plan (announced on 12 February) is to provide US\$200 billion in Federal funding over 10 years. It is intended to attract a huge amount of additional money from US states, localities and private investors, and the goal is to generate a total pot of US\$1.5 trillion to upgrade the country's highways, airports and railroads. However, key to securing federal money for a project will be sponsors first acquiring non-government funding. At least 50% of the formula for choosing infrastructure projects for federal money will be based on how successful the project has been in raising non-federal money.

#### 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 following platforms.

##### Platforms

Hub24 (IDPS)	Netwealth (IDPS)
Macquarie Wrap (IDPS, Super, Accumulator)	Powerwrap (IDPS)

#### 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)

Visit our website at: [4dinfra.com](http://4dinfra.com)

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](http://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.