4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 31 August 2018

Overview

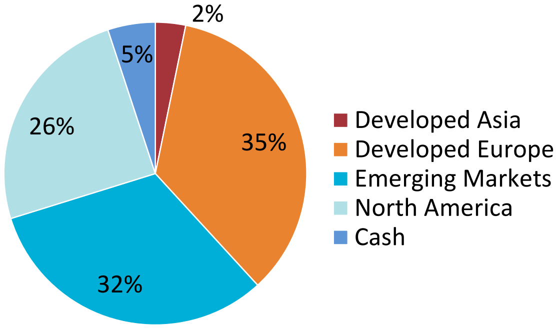
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

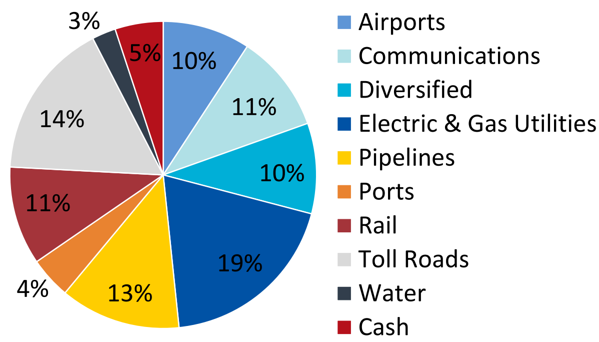
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	-0.73%	3.38%	4.32%	5.47%	11.01%
Benchmark: OECD G7 Inflation Index + 5.5%	0.91%	2.26%	4.38%	7.97%	7.52%
Over/under performance	**-1.65%**	**1.11%**	**-0.06%**	**-2.49%**	**3.49%**

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	39
Application/Redemption Price (AUD)[1]	1.2659/1.2584
Distribution Frequency	Quarterly
Management Fee[2]	0.95% p.a. (including GST)
Performance Fee[3]	10.25% p.a. (including GST)
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Cellnex Telecom	5.01
Getlink	4.96
Cheniere Energy	4.51
DP World	4.30
Norfolk Southern Corp	4.19
Shenzhen International	4.10
Kinder Morgan	3.91
Jasa Marga	4.09
Iberdrola	3.96
Ferrovial	3.92
Top 10 Total	**43.14**

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4D infrastructure

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Portfolio performance review

The 4D Global Infrastructure Fund was down a net 0.73% (AUD) in August, under-performing the benchmark return of 0.91% (by 1.65%), and the FTSE 50/50 Infrastructure Index, which was up 1.61% (AUD) in August.

The strongest portfolio performer for August was Mexican Airport operator GAP, up 10.5% for the month. GAP is highly correlated to Mexican macro and Mexico's trade links to the USA. The stock was up post the Mexican elections and also received a boost from the US/Mexico Agreement on trade late in the month.

The weakest performer in August was Italian toll road operator, Atlantia down 27.9% post the tragic collapse of the Atlantia operated bridge in Genoa, with significant loss of life. Despite Atlantia's continued assertions that it had been maintaining the structure in line with the concession's technical standards, increasing noise from political factions around the termination of the Italian road concession framework significantly pressured the stock. We do not see nationalisation of the road networks without compensation as a likely scenario, and believe the stock has been oversold on the noise. However, we do recognise that the stock will remain under pressure until the market has some resolution on the concession issue, which could take time. As such, while we retain a position, we are sitting on the sidelines at the moment (not increasing).

Given the generally positive global macro environment, we remain overweight user pay assets which have a direct correlation to macro strength. However, ongoing geo-political concerns, plus near-term elections, sees us maintain core exposure to quality defensive utility assets.

Market review

Developed market equities were generally strong in August with the S&P 500 +3% and the broader MSCI World index up 1.3%. Emerging markets were weak with the MSCI EM index down 2.9% with this weakness driven by US$ strength, and trade war concerns.

US July economic activity indicators were a little softer with the manufacturing ISM retracing more than expected. Non-farm payrolls also disappointed rising 157k in July v +193k expected.

Chinese economic data also softened. Early in the month, China's Caixin manufacturing PMI retraced slightly to 50.8 in July (previous: 51), while CPI ticked up to 2.1% yoy (previous: +1.9%).

Activity indicators in Europe also weakened slightly with the flash Eurozone manufacturing PMI for August falling to 54.6 (previous: 55.1), while the rise in the composite PMI to 54.4 was less than expected. July CPI held at 2.1% yoy as expected.

The US Trump administration continues to shake up the geo-political environment, especially on trade issues. On 10 August, Mr Trump doubled tariffs on Turkish steel and aluminium, which triggered a selloff in the Turkish Lira that saw it drop to a record low on 13 August, before staging a modest recovery. The trade spat with China continued through the month. But the news was not all bad with the US and and Mexico reaching an agreement on what a bilateral trade agreement would be like. Perhaps Mr Trump is a deal-doer after all?

Not to be outdone in creating political chaos, Australia saw a leadership spill with Scott Morrison sworn in as Australia's 30th PM, although six of those have come in the past decade. Political populism is clearly a global phenomenon and will likely be an impediment to good policy for the foreseeable future.

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 following platforms.

Platforms	
Hub24 (IDPS, Super)	Netwealth (Super Service, Wrap Service, IDPS)
Macquarie Wrap (IDPS, Super)	Powerwrap (IDPS)

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

1. All unit prices carry a distribution entitlement.
2. Management fee is 0.95% p.a. (including GST net of reduced input tax credits) of the Net Asset Value of the Fund.
3. Performance fee is 10.25% (including GST net of reduced input tax credits) of any amount by which the investment return is greater than the return of the benchmark (OECD G7 inflation index + 5.5% per annum).

All values are in Australian dollars.