4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 30 September 2018

Overview

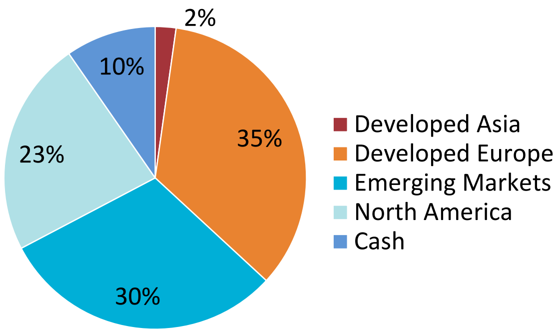
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

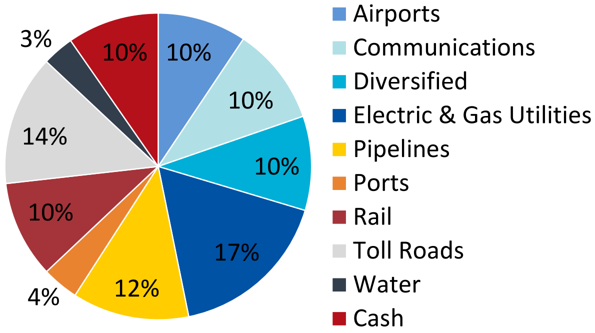
	1 month	3 month	6 month	1 year	2 years (pa)	Inception (pa)*
4D Global Infrastructure Fund	0.20%	0.83%	3.64%	5.27%	9.76%	10.72%
Benchmark: OECD G7 Inflation Index + 5.5%	0.55%	2.09%	4.27%	7.93%	7.46%	7.46%
Over/under performance	**-0.35%**	**-1.26%**	**-0.63%**	**-2.66%**	**2.30%**	**3.27%**

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]	1.2658/1.2582
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	4.98
Getlink	4.97
Cheniere Energy	4.22
Shenzhen International	4.07
Jasa Marga	4.03
Kinder Morgan	3.88
DP World	3.85
Iberdrola	3.52
Ferrovial	3.38
Norfolk Southern	3.18
Top 10 Total	**40.09**

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4D infrastructure

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Portfolio performance review

The 4D Global Infrastructure Fund was up a net 0.20% (AUD) in September, under-performing the benchmark return of 0.55% (by 0.35%) but out-performing the FTSE 50/50 Infrastructure Index, which was down 0.45% (AUD) in September.

The strongest portfolio performer for September was Brazilian Rail operator Rumo, up 9.1% on the back of the ANTT recommendation for the early renewal of one of its concessions. While there are still a couple of hurdles to jump, this is definitely a positive step in the process and as this renewal is not yet valued the stock reacted well.

The weakest performer in September was global port operator DP World, down 11.6% on the back of increasing global trade tensions. We continue to believe that despite the ongoing posturing between China and USA, the trade talks will ultimately resolve (much like NAFTA) and despite a softening in the global macro outlook, it does remain positive across the board and supportive of global port volumes. We remain fundamental buyers of DP World.

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 utilities.

Market review

Developed market equities were positive in September, with the S&P 500 +0.4% and the broader MSCI World index up 0.6%. Emerging markets were soft, with the MSCI EM index down 0.8%.

As expected, the US Fed hiked the cash rate from 2% to 2.25% with a further hike in December (and maybe two more in 2019) expected. Chairman Jerome Powell provided a positive economic commentary, which triggered a jump in US 10-year bond yields to 3%+. US August economic activity indicators remained robust: the manufacturing ISM unexpectedly bounced to 61.3 (57.6 expected), while the composite non-manufacturing ISM also rose more than expected to 58.5 (56.8 expected). The unemployment rate held at 3.9% (3.8% expected). The August core price index (PCE) rose 0.1% as expected, seeing the yoy at 2.2%.

China's Caixin manufacturing PMI fell to 50.6 in August (50.7 expected), while CPI bounced to 2.3% yoy (2.1% expected). IP rose to 6.1% yoy as expected. European data continued to soften from robust levels: flash Eurozone manufacturing PMI for September missed, with a larger than expected fall to 53.3 September (54.5 expected), and CPI rose to 2.1% yoy as expected.

The US/China trade war continued through September, as both countries imposed additional tariffs. Global equity market sentiment ebbed and flowed around the trade 'news' of the day. Significantly, the US reached a new trade agreement with Mexico and Canada. 'NAFTA' is now replaced by 'USMCA' (the United States-Mexico-Canada Agreement). The changes are largely cosmetic, but Mr Trump will seek to claim 'victory'. This may be the underlying China strategy: pursue some 'wins' but get a deal done.

Brexit continues to bubble away, causing considerable heartache for the UK with Theresa May's 'Chequers' solution finding a lot of opposition. The likelihood of a 'no-deal' Brexit seems to increase by the day, the implications of which are unclear.

In Australia, a much-improved budgetary position has been rewarded by S&P changing their outlook from Negative to Stable. This is positive, hopefully encouraging our politicians to maintain fiscal discipline.

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.