

4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 31 January 2019

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).

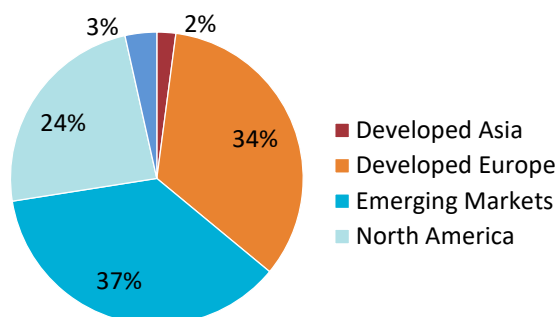
Performance

| | 1 month | 3 month | 6 month | 1 year | 2 years (pa) | Inception (pa)* |
|---|--------------|--------------|--------------|--------------|--------------|-----------------|
| 4D Global Infrastructure Fund | 7.52% | 7.91% | 6.29% | 8.96% | 16.34% | 11.95% |
| Benchmark: OECD G7 Inflation Index + 5.5% | 0.62% | 1.79% | 3.71% | 7.86% | 7.56% | 7.41% |
| Over/under performance | 6.90% | 6.12% | 2.58% | 1.10% | 8.78% | 4.54% |

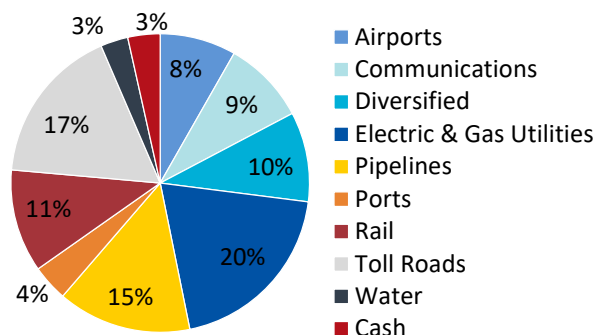
Performance figures are net of fees and expenses unless otherwise stated.

*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



Top 10 Positions

| IN ORDER OF PORTFOLIO WEIGHT | END WEIGHT % |
|------------------------------|--------------|
| Getlink | 4.96 |
| Cellnex | 4.46 |
| Jasa Marga | 4.22 |
| Cheniere Energy | 4.12 |
| DP World | 3.92 |
| Iberdrola | 3.92 |
| Ferrovial | 3.79 |
| Kinder Morgan | 3.73 |
| Shenzhen International | 3.62 |
| Aena | 3.23 |
| Top 10 Total | 39.97 |

| 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 | 1.3464/1.3383 |
| 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 |



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Portfolio performance review

The 4D Global Infrastructure Fund was up a net 7.52% (AUD) in January, out-performing the benchmark return of 0.62% (by 6.90%) and the FTSE 50/50 Infrastructure Index, which was up 4.1% (AUD) in January. This was despite a sizeable A\$ headwind which was up 3.18% versus the US\$ in January.

The portfolio benefited from overall market upside, with the out-performance relative to the market being driven by strong performance from Brazil as well as the US midstream sub-sector.

The strongest portfolio performer for January was Brazilian toll road operator CCR up 32.9%. This was driven by general positive sentiment towards Brazil's new government as well as sector specific news regarding concession extensions.

The weakest performer in January was China Resources Gas Group down 1.4% for the month, driven by concerns of a slowing Chinese economy and what this will mean for gas demand. We remain confident in the long-term domestic demand story.

Despite a slowing global macro environment, it remains in positive territory and supportive of our overweight to user pay assets which have a direct correlation to macro. However, we remain cautious of ongoing geo-political issues and have positioned accordingly.

Market review

Equity markets started 2019 in a far more positive fashion than they ended 2018, with much of the December 2018 market losses reversed. Both the S&P 500 and the broader MSCI World were up almost 8%, while EMs were also pretty chirpy up 8.7%. The US 10-year bond rallied modestly closing at a yield of 2.63% p.a., down 5bp over the month.

There were no new major, macro events that could explain the equity market rally with the usual suspects – US/China trade wars, potentially slowing global growth, the ongoing US government shutdown, Brexit and French protests – all bubbling away in January, remaining in play with no major signs of resolutions being reached.

As expected the US Federal Reserve left rates on hold, but recent rhetoric looks decidedly more dovish, suggesting the Fed's former position of 3-4 hikes in 2019 has found its way to the WPB. Numerous high-profile economists, the popular media and even President Trump had been vocal in their criticism of the 3-4 hike scenario, given a host of data suggesting a global economic slowdown was garnering speed. The term '*Fed Put*' may now re-enter the vernacular – this refers to a Fed that eases monetary policy as asset prices come under pressure.

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.

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.

US December activity indicators remained at solid levels, although there was some weakening. The manufacturing ISM retraced more than expected to 54.1 (consensus(c): 57.5, previous(p): 58.8), while the composite non-manufacturing ISM also missed, falling to 57.6 (c: 58.5, p: 60.4). The unemployment rate rose to 3.9% (c: 3.7%, p: 3.7%). Average hourly earnings unexpectedly ticked up to 3.2% y/y (c: 3%, p: 3.2%). December core CPI rose 0.2% m/m as expected (p: +0.2%), holding the y/y at 2.2% as expected. Some US data releases were delayed by the US government shutdown.

Chinese data softened in December. The CPI retraced more than expected to 1.9% y/y (c: 2.1%, p: 2.2%), while Q4 GDP slowed to a post-GFC low of 6.4% y/y as expected (p: 6.5% y/y). European data continues to soften – the flash Eurozone manufacturing PMI for January missed, with a fall to 50.5 (c: 51.4, p: 51.4), while the composite PMI also fell to 50.7 (c: 51.4, p: 51.4). December CPI slowed more to 1.6% y/y as expected (p: 1.9%).

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

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