4D Global Infrastructure Fund

ARSN: 610 092 503 mFund: 4DI01

Monthly performance update

As at 31 December 2019

Overview

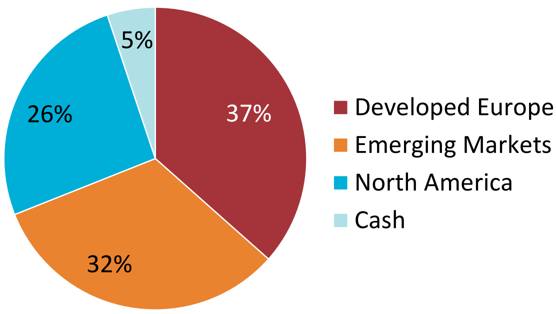
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

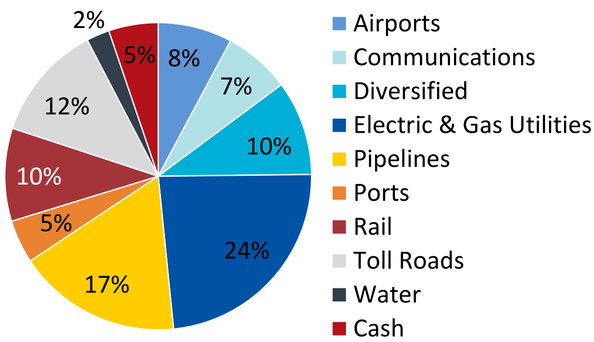
	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Global Infrastructure Fund	1.34%	2.28%	6.78%	29.37%	14.02%	16.63%	14.37%
Benchmark: OECD G7 Inflation Index + 5.5%	0.44%	1.56%	3.66%	6.93%	7.29%	7.35%	7.28%
Over/under performance	**0.90%**	**0.72%**	**3.12%**	**22.45%**	**6.73%**	**9.29%**	**7.10%**

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	5.11
Getlink	4.82
DP World	4.50
Iberdrola	4.36
Kinder Morgan	3.94
Shenzhen International	3.91
Jasa Marga	3.86
Cheniere Energy	3.85
Ferrovial	3.68
AENA	2.77
Top 10 Total	**40.80**

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	45
Application/Redemption Price (AUD)[1]	1.5670/1.5577
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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4D infrastructure

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Portfolio performance review

The 4D Global Infrastructure Fund was up a net 1.34% (AUD) in December, out-performing the benchmark's return of 0.44% (by 0.90%) and the FTSE 50/50 Infrastructure Index, which was up 0.40% (AUD) in December. The A$ finished at 70.2c, up 3.8%.

The strongest portfolio performer for the month of December was Brazilian renewable player AES Tiete up 28.1%. The company is successfully executing on its diversification strategy however there was no real news in December to warrant the significant jump except to say that it has lagged (unwarranted) for much of the year. For the 2019 year, Cellnex provided our strongest performance up 99%, as it successfully executed on its growth strategy.

The weakest performer in December was Chilean water operator Aguas Andinas down 3% as a result of ongoing political concerns. For 2019, our weakest performer was global port operator DPWorld down 21% as trade wars and political conflict weighed on the stock. It is offering very attractive value at these levels.

2019 was a strong year for the infrastructure sector as well as the 4D portfolio. As we head into 2020, with a macro back drop of slower growth, lower interest rates but no imminent recession our portfolio remains overweight user pay assets and overweight emerging markets. Our biggest concern remains ongoing geo-political issues compounded by 2020 being a US election year with Trump looking to cement his re-election.

Year in review

2019 was a very strong year for equity markets. The US S&P 500 was up 32.6%, the broader MSCI World Index was up 29.4% while EMs were up 19%. This was despite a terrible lead-in with the S&P500 down 9% in December 2018.

This strong performance was despite some omnipresent macro issues: US/China Trade wars, Brexit, a simmering Middle East and ongoing civil unrest in jurisdictions such as HK, Chile and Spain. The global economy was also in slowdown mode during 2019 such that the IMF is forecasting global growth at just 3% for the year – the lowest since the GFC.

So how could equities be so strong in the face of such seemingly pervasive headwinds? Well firstly, global interest rates continued to fall during the year. This time last year market 'experts' were confidently predicting up to 4 US Fed Fund rate hikes in 2019. We actually got multiple cuts, with a number of European countries now in negative interest rate territory. Unquestionably lower interest rates make equities look relatively attractive against bonds and in particular supported infrastructure.

We think the strength of equities was a result of more than just lower interest rates. We have consistently held the view that it was in both the US and China's interest to strike a deal on trade - with at least a preliminary deal now agreed. Similarly, the December 2019 UK elections have finally provided a pathway for an exit to Brexit for the UK – what a relief for the British people, and ultimately a job well-done by UK PM Johnson in delivering that pathway. So, in essence, despite some occasional short-term volatility, we believe equity markets may always have been looking through these negative macro issues in 2019, expecting a degree of common sense would prevail, and the issues would be progressed or resolved. This now looks to be the case.

2019 was also a big year for democracy and elections and it is interesting to look at how some of the bigger cards fell. In the more Conservative/Right corner we had election victories in: Australia, India, Indonesia, Switzerland, Thailand and the UK. In the more Socialist/Left corner we had: Argentina, Canada, Portugal and Spain. That's an eclectic mix of countries and Right and Left agendas which will keep equity markets engaged in 2020. Most elections exhibited a degree of populism, although a number of populist agendas were soundly defeated (eg. UK Labour). EM's also had a positive year with the successful passage of the long debated pension reforms in Brazil a real highlight. Hopefully this will be an important step in realising some of Brazil's enormous potential.

We remain positive about the market outlook for 2020. With some of the big macro issues having progressed we should see a lift in market confidence and global economic activity – all good for equities. While 2019 saw an economic slowdown there are tentative signs this decline may be bottoming so hopefully an acceleration of economic growth will emerge.

How to invest

The Fund is open to investors directly via the PDS (available at 4dinfra.com), mFund (code: 4DI01) or the following platforms.

Platforms	
BT (Wrap, Super)	Powerwrap (IDPS)
Hub24 (IDPS, Super)	Spitfire (Wealthtrac)
Macquarie Wrap (IDPS, Super)	Praemium
Mason Stevens	Wealth O2
Netwealth (Super Service, Wrap Service, 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.