

4D Global Infrastructure Fund

ARSN: 610 092 503 mFund: 4DI01

Monthly performance update

As at 29 February 2020

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).

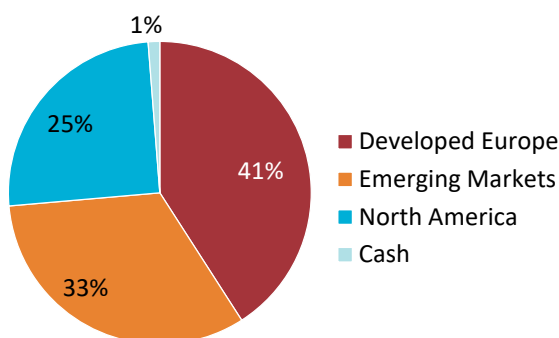
Performance

	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Global Infrastructure Fund	-2.94%	3.38%	6.66%	19.43%	17.07%	16.89%	14.31%
Benchmark: OECD G7 Inflation Index + 5.5%	0.37%	1.45%	3.07%	7.10%	7.29%	7.35%	7.24%
Over/under performance	-3.31%	1.94%	3.59%	12.33%	9.78%	9.54%	7.08%

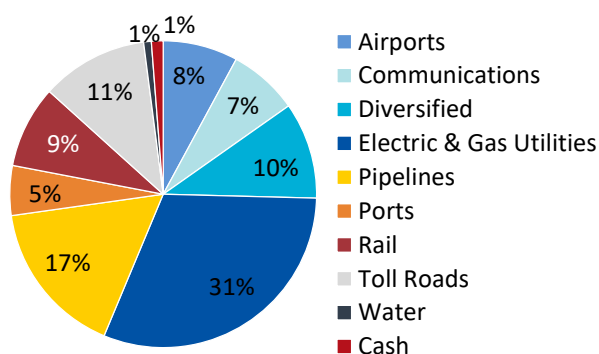
Performance figures are net of fees and expenses unless otherwise stated.

*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Cellnex	5.59
Iberdrola	5.26
DP World	5.25
Getlink	4.80
Shenzhen International	4.03
Jasa Marga	3.96
Ferrovial	3.75
National Grid	3.74
Kinder Morgan	3.74
Cheniere Energy	3.69
Top 10 Total	43.79

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	1.5987/1.5891
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



4D Global Infrastructure Fund Monthly performance update As at 29 February 2020

Portfolio performance review

The 4D Global Infrastructure Fund was down a net 2.94% (A\$) in February, underperforming the benchmark's return of 0.37% (by 3.3%), but outperforming the FTSE 50/50 Infrastructure Index which was down 5.37% (A\$) in February. The A\$/US\$ finished at 0.6515, down 2.6% for the month.

The best performer for the month was global port operator DPWorld, up 16% as, disappointingly, the parent is seeking to take it private given their view that the market is not reflecting true value.

The balance of the portfolio was largely caught up in a virus led sell off which we discuss in detail below.

Month in review

February 2020 was the month coronavirus fears hit global equity markets hard. The US S&P 500 was down 8.23%, the broader MSCI World Index was down 8.41% while EMs were down 2.25%.

Investing in the age of corona

'Don't Panic' the famed catchphrase from Douglas Adam's 1980's science fiction comedy 'The Hitchhiker's Guide to the Galaxy' is, we believe, an appropriate axiom when considering the current state of play in global equity markets infected by the coronavirus.

In a similar vein, but from an infinitely more credible source, *Firstlinks (Edition 346)* provides some very relevant and inciteful comments from Berkshire Hathaway. Charlie Munger is quoted as saying:

"Sit on your ass investing. You're paying less to brokers, you're listening to less nonsense, and if it works, the tax system gives you an extra one, two, or three percentage points per annum. What we really like is buying good-sized to very large first-class businesses with first-class management and just sitting there. You don't have to go from flower to flower. You can just sit there and watch them produce more and more every year. If you buy a business just because it's undervalued then you have to worry about selling it when it reaches its intrinsic value. That's hard. But if you can buy a few great companies then you can sit on your ass ... that's a good thing."

Applied to current markets we believe the message would be to hang on to quality businesses you already own, or even add to your position. This is our view at 4D as we have always looked to own quality businesses, at the right price, and believe the current environment of a coronavirus infected global equity market is one of potential opportunity.

We believe the coronavirus issue will pass, but not without obvious and significant personal and economic pain including its impact on global growth. Some of the world's best and brightest medical research minds are focused on developing a vaccine. The reward for success is likely high in both financial and global recognition.

To illustrate the extent of the opportunity presenting to us we asked our research team to provide a summary of the most attractive, high quality investment opportunities in their coverage universe in order to demonstrate just how much recent share price movements have impacted them. See the [Annexure](#) attached for a summary of their views.

For example, **US utilities** have sold-off by more than 12% in the last week of February, **Canadian utilities** by over 8% and **European** by over 9%. Yet utilities have little direct exposure to reduced economic activity or GDP growth as their earnings are subject to regulation. We believe utilities are currently offering good buying opportunities.

There has been a massive sell-off of **US midstream** assets as a result of low commodity prices - down around 15% in the last week of February. However, while low commodity prices generally may impact midstream companies the stocks that 4D identifies for investment have protections such as: 1) contracted, fee based earnings with little direct commodity exposure and often with minimum volume protections; 2) operate in preferred basins with low wellhead costs so producers continue to drill at low commodity prices; and 3) have stronger balance sheets able to withstand earnings shocks without the need to raise cash or reduce dividends.

For example, **Cheniere Energy**, a US LNG exporter, down 13.4% in February, is protected by take-or-pay contracts, with no commodity exposure and investment grade contract counterparties, typically covering 90% of Cheniere's LNG capacity on each Train developed.

Communication infrastructure share price volatility, down over 6% in the last week of February, is overdone in our view due to earnings tied to: 1) demand for data (eg. video telephony); and 2) limited exposure to changes in GDP.

Mexican airports were some of the weakest names within the Infrastructure Universe in February. Are people associating 'corona' with Mexico and selling anything associated? If not, then there is little justification for the double-digit declines experienced in the last week of the month - they have minimal exposure to Asia, have strong regulatory support and a robust domestic demand profile (OMA airport reported February traffic growth of 12.7%).

So we believe the times are right to not panic, employ what Charlie Munger would describe as some: 'sit on your ass investing', while taking advantage of any extraordinary opportunities the market might offer.

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, Panorama)	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](#)

4D Global Infrastructure Fund
Monthly performance update
As at 29 February 2020

Annexure – Why 4D believes the February 2020 market selloffs have been overdone

These tables highlight some of the investment opportunities we believe are emerging in the infrastructure sector as a result of the recent market selloffs.

Equity Market Indices February 2020 Performance					
Index	February 2020 Performance	21-28 th February 2020 Performance	Index	February 2020 Performance	21-28 th February 2020 Performance
MSCI World Index (GDDUWI Index) [USD]	-8.41%	-11.47%	S&P Global Infrastructure Index (SPGTINTR) [USD]	-9.54%	-11.38%
US S&P 500 (SPX Index) [USD]	-8.23%	-12.37%	4D Investment Universe (Equal Weight) [AUD]	-4.97%	-7.41%
Australian ASX 200 (AS51 Index) [AUD]	-7.52%	-9.74%	AUD/USD	-2.64	-1.51%
FTSE 50/50 Infrastructure Index (FGCIICAT) [AUD]	-5.37%	-8.15%			

4D Infrastructure Sectors/Stocks February 2020 Performance*		
4D Sector/Stock & Feb Perf.	Commentary	Notes
Global Utilities Feb 2020: -6.05% Feb 21-28: -8.68%	<p>Global utilities have not been immune to the equity market sell off. We believe the share price volatility has been overdone as these assets offer earnings un-correlated to economic activity as a function of them being a basic need as well as the structure of their regulatory environment which measures returns independent of volumes/economic activity.</p> <p>Not to ignore the potential fundamental negatives though. Commercial and industrial customers could be impacted by lower demand reducing energy utilisation delivered by utilities which could temporarily reduce utility earnings but this is a short term impact corrected by the regulatory model over time.</p> <p>We believe this is a buying opportunity for the sector but have looked at regional impacts and outcomes below.</p>	<p>Strong buying opportunity for pure play regulated Utilities as a result of limited economic exposure, and low/falling long term base rates creating valuation upside.</p>
Canadian Utilities Feb 2020: -0.64% Feb 21-28: -8.36%	<p>Canadian utilities sell off over done: 1) quality of earnings with limited exposure to changes in GDP; and 2) growth in earnings tied to replacing aged infrastructure and accommodating changes in electricity/gas infrastructure (eg. increasing renewables)</p>	<p>Buying opportunity in line with sector opportunity set.</p>
US Utilities Feb 2020: -9.42% Feb 21-28: -11.99%	<p>US utilities have been heavily sold off. US utilities have little direct exposure to reduced economic activity or GDP growth and there are other factors that, on balance, support US Utility valuations: 1) lower energy/commodity prices as a result of coronavirus are a pass through for utilities, so reduces customer bills while not impacting gross margins. Reduced customer bills should facilitate more investments and shareholder returns; and 2) US Treasury bond yields are down (10yr @ 1.16%; 30yr @ 1.68%) which is supportive of Utility valuations.</p>	<p>Buying opportunity in a sector that has recently looked over valued. Extended low commodity prices would be supportive of customer bill headroom to facilitate further investment for those companies where fuel is a pass through.</p>
European Utilities Feb 2020: -3.54% Feb 21-28: -9.37% Eg. Italian Utilities Feb 2020: -5.27% Feb 21-28: -9.45%	<p>As with their North American peers the European utilities look oversold despite strong Q4 reporting and an earnings profile largely immune to economic activity. Leading the sell off were the Italian utilities post coronavirus arriving in the continent via Italy.</p> <p>Italian stocks were sold off heavily over the last week of Feb with an unexpected outbreak of coronavirus in the country. By month-end the number of cases had surged in Italy to 655 with 17 deaths causing widespread panic, particularly in the Northern Lombardy region. This region is the economic heartland of the country responsible for ~50% of Italian GDP. As a result, the FTSE MIB (Italian Index) sold off ~11% over the last week in the month. Interestingly no sector was spared, with the risk-off trade even extending to Italian Utilities down ~9.5% over the same period. This is an overreaction by the market given utilities (especially pureplay utilities) have either no or very little exposure to economic activity and GDP. Utilities like SNAM have over 90% earnings from regulated activities and are largely insulated.</p>	<p>Buying opportunity for regulated assets.</p> <p>Italian Utilities are looking very attractive at present. They benefit from a consistent regulatory framework, high rates of regulated returns, strong management teams and superior valuations supported by high yields. This is a fundamental buying opportunity</p>

4D Global Infrastructure Fund
Monthly performance update
As at 29 February 2020

<p>EM Utilities</p> <p>Feb 2020: -5.42% Feb 21-28: -6.39%</p> <p>Eg. Brazilian Utilities</p> <p>Feb 2020: -4.03% Feb 21-28: -5.81%</p>	<p>The performance of the EM utilities was relatively mixed with those with: 1) commodity exposure; and/or 2) weaker balance sheets selling off (justifiable in current environment) while those with strong balance sheets and supportive regulatory environments held-up better than the market to see EM utilities down less than the overall global infrastructure universe with Brazil a particular bright spot.</p> <p>Brazilian utilities (as a group) held up well with earnings either contracted or regulated, government supportive of increased investment, privatisations on the agenda and balance sheets to support volatility and increased investment.</p>	<p>4D are looking for quality in an uncertain economic environment so continue to target those companies with strong balance sheets and regulated earnings. This helped mitigate the downside in February and we will continue to add to these quality positions if the market sells off.</p> <p>Maintain core positions in high quality assets.</p>
<p>Developed Asian Utilities</p> <p>Feb 2020: -7.16% Feb 21-28: -7.32%</p>	<p>Developed Asian utilities have not missed the market volatility. As with global peers Australian regulated utilities have earnings effectively underpinned by regulation and are not directly impacted by the coronavirus outbreak. Interestingly the Hong Kong regulated utilities (HKEI & CLP) have remained relatively resilient since the coronavirus outbreak.</p>	<p>Attractive entry points in Australia.</p>
<p>Canadian Midstream</p> <p>Feb 2020: -5.83% Feb 21-28: -9.53%</p>	<p>Canadian midstream share price volatility is overdone due to perceived correlation with the oil price, which has been considerably weaker over February. Any volatility in the oil price has little fundamental impact on Canadian midstream because the majority of earnings are contracted. This is typified by 4D's portfolio holding in Enbridge which has 98% of its cashflows contracted with 93% of its cashflows with investment grade counterparties.</p>	<p>Recognising the likelihood of near-term volatility we see this weakness as an ultimate buying opportunity - Canadian midstream are more conservatively levered (than US peers) with a high proportion of earnings contracted. Monitoring closely.</p>
<p>US Midstream</p> <p>Feb 2020: -12.46% Feb 21-28: -13.95%</p> <p>Eg. Cheniere Energy</p> <p>Feb 2020: -13.42% Feb 21-28: -6.52%</p>	<p>Huge sell-off in US midstream as a result of low commodity prices - down around 15% in the last week of February. Low commodity prices may directly impact some midstream companies earnings if their contractual structures have commodity exposure. However, the stocks that 4D Infrastructure identifies for investment have some protections such as: 1) contracted, fee based earnings with little direct commodity exposure and often with minimum volume protections; 2) operate in preferred basins with low wellhead costs so producers continue to drill at low commodity prices; and 3) have stronger balance sheets able to withstand earnings shocks without the need to raise cash or reduce dividends.</p> <p>Cheniere has been one of the most sold off midstream companies as a result of: 1) the fear of lower global LNG prices impacting earnings; 2) the possibility that counterparties will attempt to break contracts; and 3) diminished possibility of new contracts being signed. Cheniere is protected by take-or-pay contracts, with no commodity exposure and investment grade contract counterparties, which typically covers 90% of Cheniere's LNG capacity on each train developed. As Cheniere delivers operational LNG trains early, volumes produced prior to the commencement of the contracting period are sold on global markets at prevailing prices. In 4Q19 reporting, Cheniere management outlined that 72% of Cheniere's current volumes were under contract, and the price for the remaining 28% of uncontracted volumes are hedged through 2020. The proportion of contracted volumes will increase over time as trains enter their contracting period until reaching the 90% contracted position. Cheniere management has insisted that their take-or-pay contracts are legally solid and there is no opportunity for off-takers to break them without compensation to the company. Recently Naturgy indicated to Cheniere that they would not take a ship delivery but are still required to fully compensate the company under the contract. Cheniere is in continued discussions with potential customers in filling the remaining 2.2Mtpa of capacity unallocated on the proposed Corpus Christi Phase 3 development (total 10-11 Mtpa of capacity). This process may take slightly longer than expected but shouldn't interrupt the delivery date which isn't expected until post 2023.</p>	<p>Ultimately a buying opportunity for the midstream companies with strong yields and that having demonstrated earnings strength in a low commodity environment for the past 2-3 years. However, it is clear that the overhang from low commodity prices (rather than earnings) will continue to affect share prices over the short/medium term and while we see significant fundamental value we are monitoring the market moves closely before adding.</p> <p>Despite Cheniere already being a top 10 position for 4D, this will represent a strong fundamental buying opportunity because:</p> <ol style="list-style-type: none"> 1) there is nothing to suggest that counterparties can or intend on breaking existing contracts; 2) Cheniere is not exposed to low commodity prices throughout 2020, and only has around 20% exposure thereafter - it requires a prolonged period of low commodity prices to have any impact on earnings; and 3) business development for Corpus Christi Phase 3 is still progressing with only a small amount of capacity to fill to achieve Final Investment Decision (FID). There is plenty of time to do so with delivery not until post 2023.
<p>Global Airports</p> <p>Feb 2020: -12.61% Feb 21-28: -13.32%</p>	<p>There was a huge sell off in global airports in February as the 2020 passenger outlook comes under significant pressure – part of this can be justified. Imposed quarantines, flight cancellations and altered travel plans will have a fundamental impact on 2020 earnings profiles for the global airports, although some are impacted more than others at</p>	<p>A near term stock and regional buying opportunity for those less impacted but oversold. A medium-term buying</p>

4D Global Infrastructure Fund
Monthly performance update
As at 29 February 2020

	<p>this stage of the virus contagion. This earnings impact will be compounded by any sustained economic deterioration as airports are an economically sensitive sector. On a positive note lower commodity prices will support airlines (lower fuel prices) for a period. However, the February sell off was severe and in certain regions we believe an over reaction. It must be remembered that these assets have very long concession lives, or are perpetuity assets, with strong balance sheets (on balance) and regulatory frameworks that will ultimately address the traffic deterioration within the regulated arm of the business and in many cases minimum revenue guarantees to support parts of the non-regulated business. To lose over 10% of value in a single week is clearly a response to a short-term earnings shock not fundamental value. Importantly history tells us that when the 'event' resolves air traffic rebounds very quickly.</p>	<p>opportunity across the entire sub-sector on fundamental value. Maintaining existing positions as base.</p>
<p>European Airports Feb 2020: -14.62% Feb 21-28: -15.76%</p>	<p>The fundamental impact to European airports of the coronavirus contained in and around China was relatively muted at this time of the year as Europe is a 'summer' destination. However, the arrival of the virus on the continent towards the end of the month saw a significant shift in dynamics as continental traffic came under pressure. This will remain an overhang until the virus shows signs of containment and borders open again. While we recognize the hit to near term earnings we are confident that the fundamental value remains in many of these airport names and that their balance sheets can support the near term shock.</p>	<p>Having stress tested models based on significantly reduced 2020 passenger numbers the sell-off has been overdone. This is a fundamental buying opportunity for quality names who should see a significant re-rating once the virus is contained. We are maintaining our positions recognizing there is likely ongoing short-term stock pressure and will ultimately use weakness to add.</p>
<p>Mexican Airports Feb 2020: -9.73% Feb 21-28: -13.86%</p>	<p>The sell-off of Mexican airports has been overdone. ASUR is the most exposed to international traffic within Mexico (Mexico makes up 63% of their total passengers) with international passengers accounting for 51% of total traffic across their Mexican airports. It is also the most exposed to tourist traffic in Mexico (Cancun accounts for 75% of Mexican airport traffic (international Cancun is 48% of total Mexican traffic). ASUR has commented that they have zero direct flights to Asia and Europe (the latest to be hit with the virus) makes up 6% of their passenger base. The stock is down >10% in 5 days. Further OMA, who has the least exposure to international traffic, with 88% of passengers domestic, is down >15%. All the Mexican airports have very strong balance sheets to support any near-term traffic weakness without threat to financial credibility. Further, the regulatory environment is also supportive when events such as these occur.</p>	<p>Significant buying opportunity. For example, forecasting zero international traffic in 2020 across the entire Mexican airport base (already beat as has been traffic in Jan and Feb) and a 40% cut to domestic traffic at every Mexican airport with associated margin and profit erosion, all the operators are offering a double digit return.</p>
<p>Chinese Airports Feb 2020: -3.18% Feb 21-28: -8.57%</p>	<p>Domestically, with over 780m residents in lockdown and globally, with numerous countries imposing China travel restrictions over the coronavirus, has collectively stalled the immediate passenger growth outlook. Together with the entire sector, Chinese Airports have experienced share price volatility, albeit lower than global peers. Investors will remain concerned with the immediate passenger outlook and the time in between to re-establish passenger confidence and restore the propensity to travel. Whilst long-term fundamentals remain solid, and duty-free minimum guarantees underpin non-aeronautical earnings, we expect share price volatility to continue. <i>We flag this regional sub-sector to highlight the relative performance of European and Mexican airports who have sold off further.</i></p>	<p>Not an owner due to regulatory concerns impacting quality of the stocks, not on virus concerns.</p>
<p>Global Toll Roads Feb 2020: -7.47% Feb 21-28: -8.73%</p>	<p>Toll roads are economically sensitive stocks but are more domestically driven than airports. With the exception of China (see below) the direct impact of the coronavirus on the toll road sector to date has been muted. It will increasingly be felt in earnings if further cities/regions/countries are quarantined and the virus leads to a sustained economic deterioration. On the positive side, truck traffic could increase (at expense of consumer) if more on-line activity results from restricted movement. We also cannot ignore the impact of a further slowing in global growth should the coronavirus remain uncontained. Quality stocks have been oversold in regions largely unaffected.</p>	<p>Assessing individual stocks on a case by case basis we see a buying opportunity within this sector</p>
<p>Chinese Toll Roads Feb 2020: -5.91% Feb 21-28: -7.00%</p>	<p>Unsurprisingly, the Chinese toll road sector has been sold-off on market sentiment coupled with investor concerns regarding the short-to-midterm traffic outlook. These were compounded on 17th Feb when the Chinese Ministry of Transport announced an indefinite toll-free policy for all vehicles nationwide amid the coronavirus outbreak. Operators face an immediate liquidity crunch, with immediate zero cash inflow from road operations. The rationale behind the cut is to facilitate rapid work resumption and provide strong support for the stabilization of the overall economic and social situation in China. The government has pledged supportive measures for the toll-road operators, though it's currently uncertain what form this will take and whether this will provide immediate support to toll-road operators. Our bear-case analysis assumes the toll-free policy lasts the entire current year (despite consensus views of the most extreme case being until June this year) and no compensation measures (despite government pledge), under which scenario we still see robust fundamental valuation metrics.</p>	<p>Buying opportunity. Even with the implementation of the toll-free policy, our internal stress testing highlights that the sector and our holdings have adequate balance sheet capacity and flexibility to absorb the current situation.</p>

4D Global Infrastructure Fund
Monthly performance update
As at 29 February 2020

<p>Global Ports</p> <p>Feb 2020: -7.20% Feb 21-28: -8.83%</p>	<p>This is a relatively small sector and as with other user pays has been sold off on fears of slowing global economic activity. Ports are sensitive to economic shifts and stock fundamentals need to be assessed on a case by case basis. The sector was already relatively cheap on concerns of a slowing global economy and the current situation has compounded the impact. Quality names have been oversold.</p> <p>DP World (global port operator) was the strongest performer in our portfolio in February as it is under takeover – this helped support sector downside.</p>	<p>Stress testing of models with significantly reduced volumes sees the sector under valued. Maintaining existing exposure although losing DPW holding to parent take-out and unlikely to be replaced with port exposure.</p>
<p>Global Rail</p> <p>Feb 2020: -10.75% Feb 21-28: -10.40%</p>	<p>The global rail sector is dominated by N.American rail and Japanese rail names with small exposures in other countries. Japan has felt the impact of coronavirus early and this is reflected in the rail stocks which rely on consumer volumes where quarantine will impact near term earnings. In North America, economic concerns have been reflected early and we believe are overdone.</p>	<p>Fundamental preference for N.American rail and EM rail names</p>
<p>North American Rail</p> <p>Feb 2020: -9.15% Feb 21-28: -11.47%</p>	<p>N.American rail share price volatility is overdone. Unlike the majority of other global listed infrastructure sectors, N.America rail has some sensitivity to local and global GDP. N.America is exposed to imports due to intermodal volumes transporting containers from the port to inland cities (eg. Chicago) and to exports due transporting commodities such as grain, potash, coal, etc. Acknowledging N.American rail sector sensitivity and global economic indicators being relatively weak heading into FY20, 4D has one position in N.American rail being Kansas City Southern (KSU) with its share price down 10% in February. Unlike other N.American rails, the majority of its volumes are aligned to economic activity within the US and Mexico and therefore it should have the least impact in the sector (see profile below).</p>	<p>Significant buying opportunity, no change in view, having already adopted a relatively defensive mindset on N.American rail going into FY20, N.American rail is only a small relative position and we believe our holding in KSU should hold up relatively well.</p>
<p>Eg. Kansas City Southern (KSU)</p> <p>Feb 2020: -10.68% Feb 21-28: -14.37%</p>	<p>KSU share price was down ~14% in the last week of February. KSU is a US/Class I rail company with a trunk line along a longitudinal line between US and Mexico. Because of this, the majority of its volumes hauled are intra North America facilitating manufacturing (eg. automotive, industrial) and energy (eg. Petroleum products) transport across North America (linking Canada, US, and Mexico). While it is difficult to quantify the impact of coronavirus, with some sensitivity to global economic activity, arguably KSU volumes could be negatively impacted over a quarter or two. Quarterly volatility in volumes is commonplace in rail haulage due to supply chain issues and other exogenous variables (eg. weather, strikes, etc.). Importantly the coronavirus will have no structural impact, which underpin KSU investment thesis, namely over long run.</p>	<p>KSU should outperform due to: 1) advantages of rail over road on cost and security (especially in Mexico); 2) out-sourcing of manufacturing to Mexico due to lower GDP per capita; and 3) proximity to developed markets US and Canada. Hence, this is a buying opportunity although expect near term volatility as growth outlooks shift.</p>
<p>Communications</p> <p>Feb 2020: -1.28% Feb 21-28: -6.34%</p>	<p>Communication infrastructure share price volatility is overdone due to earnings tied to: 1) demand for data (e.g. video telephony); and 2) with limited exposure to changes in GDP. You could actually see increased data usage as a result of the virus and associated quarantines which could see earnings upside.</p>	<p>Significant buying opportunity, communications infrastructure earnings will have little or no impact from changes in economic activity.</p>

* Local currency performance. Sector performance is the average stock performance for stocks in the 4D Core Investible Universe, in the indicated sector, over the indicated time period

Source: 4D

Please note that the comments in the table above are based on the opinion of the research team at 4D and have been prepared without taking account of your objectives, financial situation or needs. Please consult a professional adviser.

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.