

4D Global Infrastructure Fund

ARSN: 610 092 503 mFund: 4DI01

Monthly performance update

As at 31 May 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).

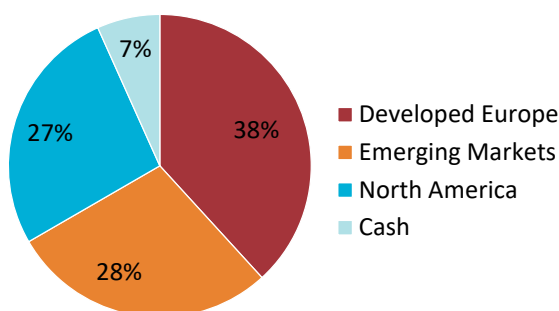
Performance

	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Global Infrastructure Fund	4.98%	-10.46%	-7.43%	0.59%	10.28%	7.73%	10.49%
Benchmark: OECD G7 Inflation Index + 5.5%	0.65%	1.72%	3.19%	7.47%	7.11%	7.25%	7.22%
Over/under performance	4.33%	-12.18%	-10.62%	-6.88%	3.18%	0.48%	3.26%

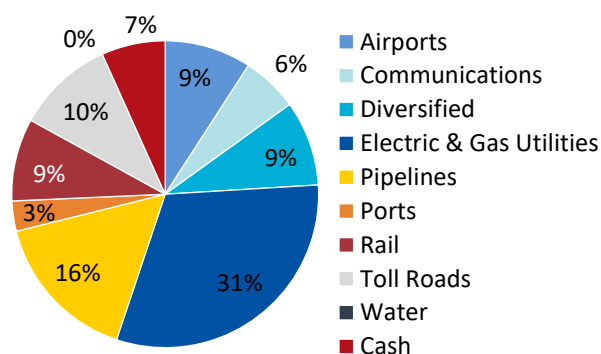
Performance figures are net of fees and expenses unless otherwise stated.

*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



Top 10 Positions

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	43
Application/Redemption Price (AUD) ¹	1.4284/1.4198
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

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Iberdrola	5.06
Cellnex	5.01
Getlink	4.22
Cheniere Energy	3.95
Kinder Morgan	3.83
Jasa Marga	3.60
National Grid	3.47
Shenzhen International	3.35
DP World	3.18
Ferrovial	3.15
Top 10 Total	38.82

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Portfolio performance review

The 4D Global Infrastructure Fund was up a net 4.98% (AUD) in May, out-performing the benchmark's return of 0.65% (by 4.33%) and the FTSE 50/50 Infrastructure Index, which was up 2.76% (AUD) in May. The A\$ finished at 66.7c, up 2.5% detracting from reported net performance of the Fund.

The strongest performer for May was US midstream operator Targa Resources up 38% rebounding from a very oversold position following the March double shock of commodity price declines and the spread of COVID-19.

The weakest performer in May was Mexican tower operator Telesites down 9.9%. It had held up remarkably well during the March sell off and expect the May correction was partly rebalancing and partly attributable to increased Mexican sovereign risk as the government interferes in the energy sector.

We continue to maintain a relatively high cash position awaiting core economic data and a stabilization of the contagion when we will look to capitalize on the raft of opportunities currently on offer.

Month in review

The US S&P 500 was up 4.7%, the broader MSCI World Index was up 4.8% while EMs were up 0.8% (all USD) in May – all on the back of a lifting of lockdowns.

COVID-19 continued to dominate the airwaves in May although we now seem to be entering what the IMF terms as 'Phase 2' of the pandemic with the virus hopefully under control, lockdowns being lifted and attention turning to the shape of the economic recovery that is very much in need – 1Q20 saw virtually all economies go into reverse. The second quarter is bound to be worse.

As a sign of the potential impact on economies Moody's downgraded India's credit rating to Baa3 from Baa2, which is now on par with both S&P and Fitch at the lowest investment grade rating. To put India in perspective it only had 6 deaths/1m people in the pandemic (Australia had 4) while it also provided a substantial fiscal stimulus of ~10% of GDP.

The other major macro factor at play are the growing tensions between the United States and China, firstly around the origins of the virus and then, more recently, around China's new security laws for HK. Tensions have risen in other spots as well - India and China are experiencing border clashes, Canada has arrested Huawei's Chief Financial Officer for potential extradition to the US while China has been agitating around Taiwan. Of course, Australia has also clashed with China on trade and a COVID-19 enquiry. These events were accompanied by China's National People's Congress (NPC) where, for the first time, the NPC did not set a GDP growth target for 2020. Hopefully these infractions are just a bi-

product of the pandemic and will ease once it settles. For the moment equity markets don't appear to fussed.

The US also has its own significant domestic event looming in the November 2020 Presidential election. For such a huge event it has attracted relatively little attention due to COVID-19. However, given that the policies of challenger Biden will be very different to President Trump's the election outcome is very important both domestically and globally. Generally, recessions are bad news for incumbent Presidents while crises can be good so a big factor in the outcome may well be how well President Trump is seen to have managed the COVID-19 pandemic. However, the recent protests in the US have introduced a new curve ball into the election equation.

Another old macro 'chestnut' in Brexit could come back in to play at year-end with the COVID-19 disruptions to trade, supply chains and movement meaning many of the costs of a 'hard' Brexit may have already been incurred, and firms may make permanent adjustments ahead of the year-end deadline. So is a 'hard' Brexit no longer as relevant?

All these events suggest the rest of 2020 will continue to be volatile on the international stage and in equity markets.

However, the ever-expanding global infrastructure story is ongoing with Brazilian Minister of Infrastructure, Tarcísio de Freitas, reiterating that Brazil will proceed with auctioning 43 airport concessions early next year, despite the sector's shutdown caused by the COVID-19 crisis. Asset sales such as this see the infrastructure sector continuing to grow with ultimately an expanding pool of investment opportunities.

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

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.

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