

4D Global Infrastructure Fund

Performance report | 31 July 2021

Overview

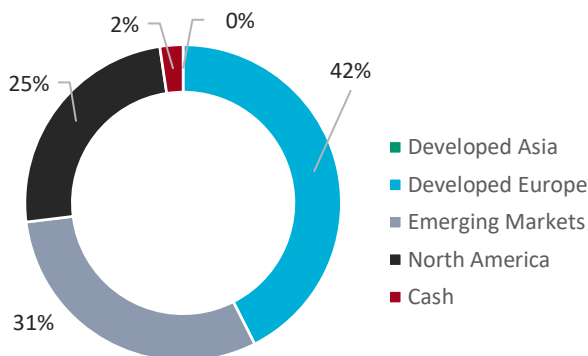
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing dividends. The 4D Global Infrastructure Fund aims to outperform the OECD G7 Inflation Index + 5.5% p.a. over the medium to long term (before fees).

Net client returns (after fees and expenses)

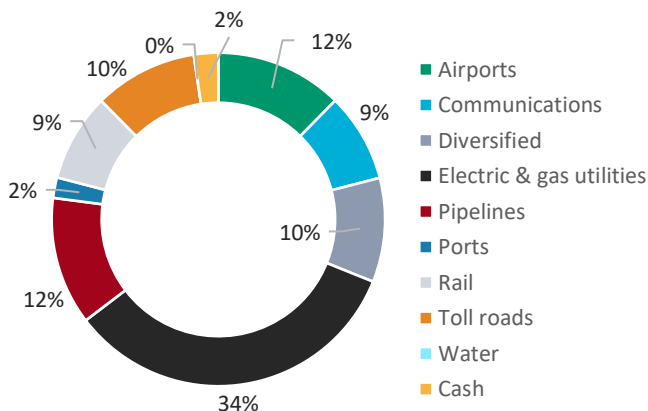
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception ² p.a.
Fund	2.06%	5.61%	13.56%	16.10%	3.93%	9.27%	8.90%	10.37%
Benchmark ¹	1.04%	2.94%	4.70%	8.55%	7.20%	7.25 %	7.35%	7.31%
Value added	1.02%	2.67%	8.86%	7.55%	-3.28%	2.02%	1.55%	3.06%

¹Value added' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

Regional breakdown



Sector breakdown



Top 10 positions

Stock	End weight %
Cellnex	5.61
Iberdrola	5.08
Getlink	4.08
Jasa Marga	4.06
Enel	3.91
Shenzhen International	3.91
Ferrovial	3.48
Cheniere Energy	3.42
Fraport	2.96
AENA	2.95
Total	39.45

Portfolio performance review

The 4D Global Infrastructure Fund was up a net 2.06% (AUD) in July 2021, out-performing the benchmark's return of 1.04% (by 1.02%) but under performing the FTSE 50/50 Infrastructure Index which was up 3.50% (AUD). Currency contributed 169bps to performance in July.

The strongest performer for July was Indonesian toll road operator Jasa Marga up 11.9%, rebounding off an oversold position as H1 results beat expectations. The ongoing COVID crisis in Indonesia represents a near term overhang but the fundamental thesis is offering significant value at these levels.

The weakest performer in July was Mexican tower operator Telesites down 9.9% due to the bankruptcy filing of a potentially key co-location customer and Q2 results towards the end of the month that missed market expectations.

We continue to position for economic recovery, with infrastructure an integral component of that global bounce back. There remains a raft of attractive investment opportunities on offer in the sector

Month in review

How much has the pandemic cost so far? According to the IMF since March 2020 governments have spent US\$16 trillion providing fiscal support amid the pandemic, and global central banks have increased their balance sheets by a combined US\$7.5 trillion. Budget deficits are the highest they have been since World War II and central banks have provided more liquidity in the past year than in the past 10 years combined. However, this was necessary — IMF research indicates that if policymakers had not acted, last year's recession, which was the worst peacetime recession since the Great Depression, would have been three times worse. The world lost US\$22 trillion in output as a result of COVID-19, relative to what the IMF expected in January 2020.

Joe Biden marks half a year in office touting the momentum he says the US economy has picked-up under his watch. *'We are six months into my administration, and the US economy is experiencing the highest economic growth in nearly 40 years'*, the president said. The White House emphasized that — with over 50% of US adults fully vaccinated — Americans are in a much better spot in the fight against COVID-19 than they were on 20 January when Mr. Biden was sworn-in. But challenges remain as the president faces issues in Congress in getting his signature economic package approved.

US Federal Reserve officials signalled they are moving closer to when they can start cutting massive support for the US economy, but Chair Jerome Powell said there was still some way to go. *'We see ourselves as having some ground to cover to get there'* he said. The Fed held interest rates in a range near zero and will maintain asset purchases at

US\$120 billion/month until *'substantial further progress'* is made on employment and inflation.

US employers added 943,000 jobs in July driving unemployment down to 5.4% in another sign the economy is bouncing back from COVID-19. The jobs growth arguably marks a big step toward the Federal Reserve's aforementioned goal of *'substantial further progress'* justifying tapering of its economic supports.

European economies are also bouncing back strongly. UBS reports that the Eurozone Composite flash PMI rose by 1.1 points to 60.6 in July (50+ is expanding), the strongest result in 21 years and suggesting very strong growth in early Q3. Aggregate new orders also rose to a 21-year high, suggesting strong growth in the coming months as well. Amid very strong sentiment overall, however, supply-side bottlenecks remain intense.

The IMF approved a general allocation of Special Drawing Rights (SDRs) equivalent to US\$650 billion. SDRs are an international reserve asset created by the IMF to supplement the official reserves of its member countries. The SDR allocation will help boost global liquidity. IMF MD Kristalina Georgieva described it as a *'historic decision'* and *'a shot in the arm for the global economy at a time of unprecedented crisis.'* She added: *'The SDR allocation will benefit all members, address the long-term global need for reserves, build confidence, and foster the resilience and stability of the global economy. It will particularly help our most vulnerable countries struggling to cope with the impact of the COVID crisis.'*

India is making rules that will encourage companies to switch entirely to renewable power a key step toward decarbonizing the nation's fossil fuel-dominated economy. The new regulations will allow companies to purchase renewable electricity from state distributors at *'green tariffs'* Power Minister Raj Kumar Singh said at a virtual Bloomberg summit. Hurdles for businesses seeking to buy clean power directly from generators will also be eased, he said. India expects fuel demand to get back to pre-virus levels by the end of 2021 as the world's third-biggest oil consumer emerges from the clutches of the COVID-19 pandemic

Fund details

Feature	Information
APIR code	BFL0019AU
Investment manager	4D Infrastructure
Portfolio manager	Sarah Shaw
Reporting currency	A\$ Unhedged
Recommended investment period	Five years
Stock / cash limit	+7% / 10%
No. of securities	42
Application/redemption price (AUD) ³	1.5564/1.5470
Distribution frequency	Quarterly
Management fee ⁴	0.95% p.a. (including GST)
Performance fee ⁵	10.25% p.a. (including GST)
Buy/sell spread	+/- 0.30%
Minimum investment (AUD)	25,000

How to invest

The Fund is open to investors directly via the PDS (available on our [website](#)), mFund (code: 4DI01) or the following platforms. Visit [How to invest](#) to find out more.

Platforms

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

Get in touch



[4Dinfra.com](https://www.4Dinfra.com)



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1 OECD G7 Inflation Index + 5.5%.

2 Inception date is 7 March 2016.

3 All unit prices carry a distribution entitlement.

4 Management fee is 0.95% p.a. (including GST net of reduced input tax credits) of the Net Asset Value of the Fund.

5 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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