

4D Emerging Markets Infrastructure Fund

Performance report | 30 November 2021

Overview

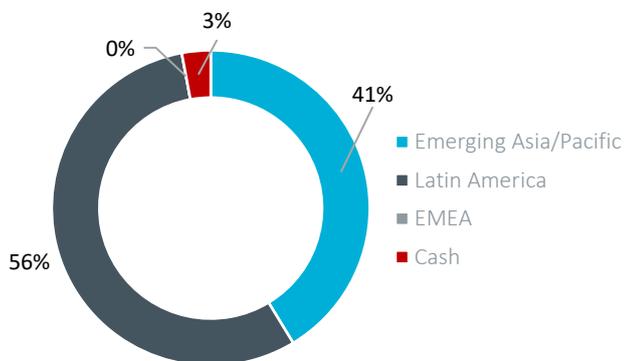
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing dividends. The 4D Emerging Markets Infrastructure Fund aims to outperform the OECD G20 Inflation Index + 8% p.a. over the medium to long term (before fees).

Net client returns (after fees and expenses)

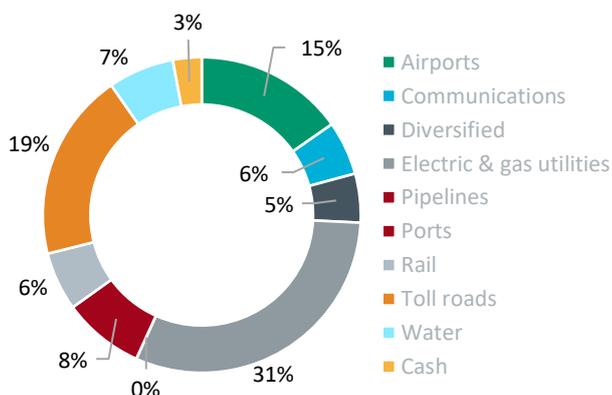
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception ² p.a.
Fund	3.82%	-5.83%	-3.68%	1.00%	-7.93%	2.00%	0.64%
Benchmark ¹	0.92%	3.17%	6.67%	13.00%	11.87%	11.72%	11.56%
Value added	2.90%	-9.00%	-10.35%	-12.00%	-19.80%	-9.72%	-10.92%

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 %
Jasa Marga	5.52
CEMIG	5.22
CCR	5.07
GAP	5.05
Shenzhen International	5.01
China Merchants Port	5.01
Rumo	4.96
Guangdong Investments	4.86
Ecorodovias	4.58
TAESA	4.43
Total	49.73

Portfolio performance review

The 4D Emerging Market Infrastructure Fund was up a net 3.82% (AUD) in November, out-performing the benchmark return of 0.92% (by 2.90%). Currency was a net contributor to performance in November.

The strongest performer for November was Brazilian port operators, Santos Brasil +16.3% recovering from the Oct over correction which we used as a buying opportunity

The weakest performer in November was China Gas Holdings down 28% as the stock was completely oversold on a slight miss in H1 earnings due to lower connections.

We continue to see a significant disconnect between the fundamental earnings profiles of the emerging market infrastructure names and the market prices.

Month in review

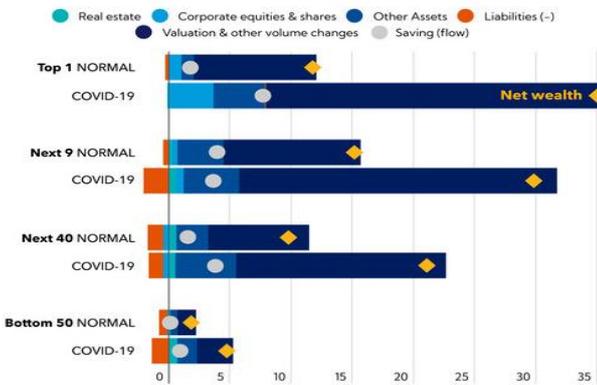
IMF research shows that household saving increased sharply during the COVID-19 crisis in many countries. Lower consumption, both as a result of lockdowns or precaution, combined with an increase in disposable income from government transfers allowed households to put more money into their bank accounts, buy shares, a house, or pay back their debt. Along with saving, surging equity and housing prices also made certain households a lot wealthier.

The IMF analysis of US data found the bulk of the increase in saving and wealth occurred at the top of the wealth distribution scale. The chart below, based on data published by the Federal Reserve, tries to plot the changes in household net wealth by percentile (expressed as a ratio of total nationwide personal disposable income) during the pandemic and during a period of time before the pandemic referred to as 'normal times'.

The research found that net wealth of the top 1% of richest households rose by nearly 35% of the economy's disposable income compared to a modest 5% increase for households in the bottom 50%.

Saving and wealth in the time of COVID

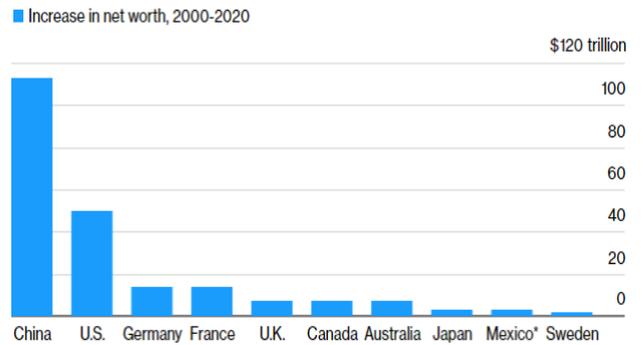
Wealthier households in the US saved more and gained more in net wealth during the pandemic. (changes, in percent of disposable income)



Source: Federal Reserve, Distributional Financial Accounts and IMF staff calculations. Note: The figure reports the change in household wealth between 2019:Q4 and 2021:Q2 ('COVID' period) and between 2014:Q4 and 2019:Q4 ('Normal' times). Numbers are normalized using total nationwide personal disposable income during the corresponding period. For each item change in wealth is decomposed into transactions and valuation & other volume changes, assuming that valuation changes are uniform across wealth. Other assets includes pension entitlement, private businesses, consumer durables, and other assets.



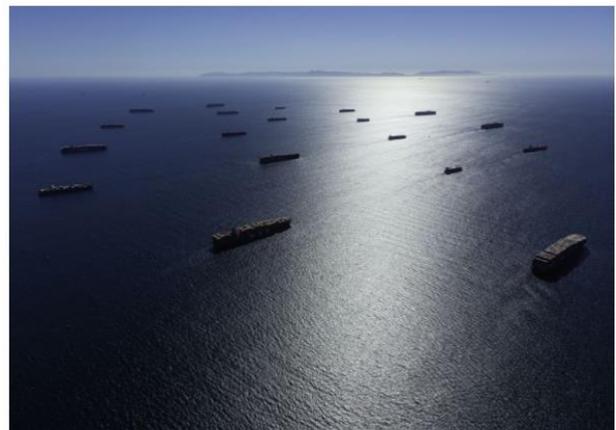
More broadly, global wealth tripled in the last two decades, with the US falling behind as China takes over the top spot. Net worth worldwide rose to US\$514 trillion in 2020 from \$156 trillion in 2000. China accounted for almost one-third of the increase according to a new report by the research arm of consultants McKinsey & Co. that examines the national balance sheets of ten countries representing more than 60% of world income.



Source: McKinsey Global Institute
*Note: Mexican data covers period 2003-2020

Chinese demographics continue to age. Bloomberg reports that China's birth rate dropped to a new low in 2020, confirming the demographic challenge facing the government as it tries to deal with a shrinking labor force and ageing population. There were 8.5 births/1,000 people last year, the lowest in data back to 1978, according to the latest yearbook from the National Bureau of Statistics. Some demographers estimating the population could start falling as soon as this year. The number of marriages nationwide continued dropping last year amid the pandemic, and the number of divorces also fell for the first time. There was an 11% decrease in the number of offenses against public order which were handled by the public security organs, and an almost 2% drop in criminal cases such as murder, robbery or fraud.

Finally, when it comes to supply chain disruption, a picture paints a thousand words! About 100 ships were waiting to unload at the Ports of Los Angeles and Long Beach USA, nearly double the number docked at berths. Once offloaded, goods were sitting on docks for days, with 18 containers per available truck in the region, according to CH Robinson Worldwide Inc, the largest US third-party logistics manager.



Container ships moored off the Los Angeles and Long Beach ports on Oct. 9. Photographer: Tim Rue/Bloomberg

Fund details

Feature	Information
APIR code	BFL7394AU ASUR
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	29
Application/redemption price (AUD) ³	0.9633/0.9575
Distribution frequency	Annually
Management fee ⁴	1.15% 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](#)), or the following platforms. Visit [How to invest](#) to find out more.

Platforms

Hub24 (IDPS)
Mason Stevens
Macquarie Wrap (IDPS)

Get in touch



4Dinfra.com



1800 895 388 (AU) or 0800 442 304 (NZ)



client.experience@bennelongfunds.com

1 OECD G20 Inflation Index + 8%.

2 Inception date is 16 August 2017.

3 All unit prices carry a distribution entitlement.

4 Management fee is 1.15% 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 G20 inflation index + 8% per annum). All values are in Australian dollars.

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