4D Emerging Markets Infrastructure Fund

ARSN: 621 199 399

Monthly performance update

As at 31 December 2020

Overview

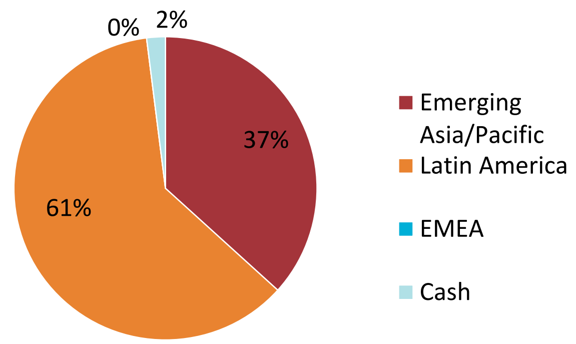
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable,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

Performance

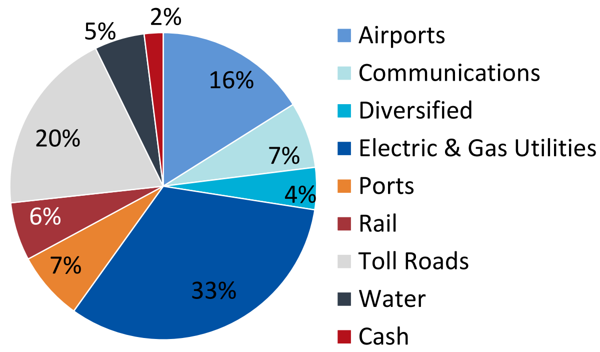
	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Emerging Markets Infrastructure Fund	2.47%	15.68%	6.87%	-17.43%	1.04%	1.45%	1.25%
Benchmark: OECD G20 Inflation Index + 8%	0.89%	2.92%	5.02%	10.69%	10.97%	11.22%	11.13%
Over/under performance	**1.57%**	**12.77%**	**1.85%**	**-28.12%**	**-9.93%**	**-9.77%**	**-9.88%**

Performance figures are net of fees and expenses unless otherwise stated.
*Inception date is 16 August 2017

Regional Breakdown



Sector Breakdown



FUND DETAILS	
APIR Code	BFL7394AU
Investment Manager	4D Infrastructure
Portfolio Manager	Sarah Shaw
Benchmark	OECD G20 Inflation Index + 8%
Inception Date	16 August 2017
Reporting Currency	A$ Unhedged
Recommended Investment Period	Five years
Stock / Cash Limit	+7% / 10%
No. of Securities	31
Application/Redemption Price (AUD)[1]	0.9936/0.9876
Distribution Frequency	Annually
Management Fee[2]	1.15% p.a. (including GST)
Performance Fee[3]	10.25% p.a. (including GST)
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
CEMIG	5.26
GAP	5.24
TAESA	4.92
Ecorodovias	4.79
Jasa marga	4.70
OMA	4.56
CCR	4.56
Shenzhen International	4.43
Rumo	4.39
Telesites	4.34
Top 10 Total	**47.20**

Portfolio performance review

The 4D Emerging Market Infrastructure Fund was up a net 2.47% (AUD) in December, out-performing the benchmark return of 0.89% (by 1.57%). The currency impact was significant detracting 3.03% from fund performance in December.

The strongest performer for December was Brazilian integrated utility CEMIG up 15.3% on signs of demand recovery as well as an increased investment opportunity in the green energy transition.

The weakest performer in December was Chinese tower operator China Tower Corp down 6.6% as the market continues to question its 5G plans.

As we move into 2021 and vaccines become available around the world we expect to see signs of a recovery as stimulus flows through economies and pent up consumer demand post a very difficult 2020 further buoys the recovery. The structural infrastructure story within emerging markets is intact and we are capitalising on the raft of opportunities currently on offer. We also believe currency now offers a tailwind to future performance.

Year in review

To state the obvious: 2020 was a year like no other! The COVID pandemic presented challenges the likes of which individuals, corporates and governments have never experienced before. The impact of this was to push the global economy into recession, force lockdowns and create social dislocation on a previously unimaginable scale. Despite these challenges we remain optimistic about the global economic outlook, and the infrastructure asset class for 2021 and beyond.

Firstly, and in a truly magnificent endorsement of how creative mankind can be in a crisis, vaccines have been developed in record time and are now being deployed. This is truly remarkable and should hopefully see the currently rampant virus gradually tamed. As CSL CEO Paul Perreault said: *'often a crisis breeds trailblazers and ingenuity, and the acceleration of solutions to treat and prevent COVID-19 has been truly inspirational'.*

Secondly, while we think the currently worsening pandemic will last longer than was initially hoped, we believe the global economy will ultimately emerge stronger for the experience. The huge amount of fiscal and monetary stimulus is still to be fully felt in economic terms with, of course, much of that spending focussed on essential infrastructure investment around the globe including the green energy transition. All this investment will be a strong positive for the global economy over coming years improving efficiency, productivity and output. Industry participants suggest that for every $1 of infrastructure investment an economy gets a boost of anywhere between $3-$5 dollars. That's a significant multiplier and demonstrates the attractiveness of infrastructure investment. In addition, many of the operational changes that have been forced on business by the pandemic will, we believe, lead to a stronger, more efficient economic environment post the virus.

Thirdly, the election of Democrat Joe Biden as US President should herald a more stable, traditional form of presidency with properly developed and articulated policy returning as the mainstay of political discussion and debate. One of the few policy areas Democrats and Republicans do agree on is the need for large scale US infra spend to both stimulate growth and replace an aged asset base. As the Democrats will now control US Congress the market will be eagerly watching the progress, and assessing the likely impact, of some of Mr Biden's more controversial policies (such as big tax increases).

Accordingly, as infrastructure investors we remain very excited about the listed infrastructure investment opportunity in 2021 and beyond. The combination of infrastructure's attractive fundamentals (supporting earnings resilience), the economic and geographic diversity within the sector and prevailing long-term structural thematics (eg. the emerging middle class in EM's and the green energy transition to renewables) represent a unique investment opportunity in listed infrastructure. We believe this opportunity has actually been enhanced by the current pandemic - government stimulus programs are fast-tracking infrastructure investment, stretched government balance sheets will see a greater reliance on private sector capital, and a 'lower for longer' interest rate environment is very supportive of infrastructure investment and valuations.

Simply put Infrastructure, in all its forms, will be integral to the global economic recovery and returning society to a 'new normal'. There is no global economic recovery without roads, railways, pipelines, power transmission networks, communication infrastructure, ports and airports.

How to invest

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

- Hub24 (IDPS)
- Mason Stevens
- Macquarie Wrap (IDPS).

Contact details

Call us on: 1800 895 388 (AU) or 0800 442 304 (NZ)
Email us at: client.experience@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 1.15% 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 G20 inflation index + 8% per annum).

All values are in Australian dollars.