

# 4D Emerging Markets Infrastructure Fund

ARSN: 621 199 399

## Monthly performance update

As at 30 September 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).

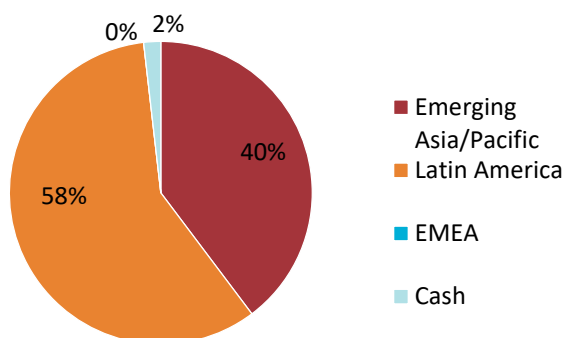
### Performance

	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Emerging Markets Infrastructure Fund	-1.41%	-7.62%	-6.82%	-24.96%	-2.46%	-3.50%	-3.27%
Benchmark: OECD G20 Inflation Index + 8%	1.01%	2.04%	4.51%	10.49%	11.11%	11.12%	11.05%
<b>Over/under performance</b>	<b>-2.41%</b>	<b>-9.66%</b>	<b>-11.33%</b>	<b>-35.45%</b>	<b>-13.58%</b>	<b>-14.62%</b>	<b>-14.32%</b>

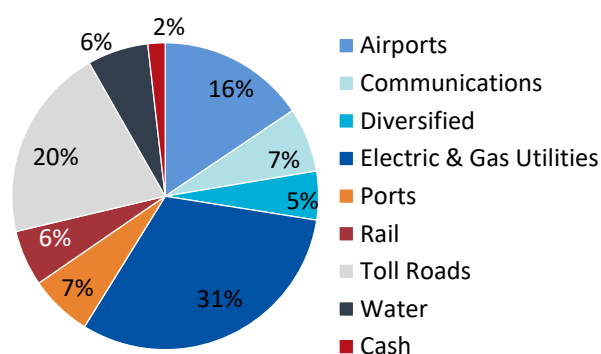
Performance figures are net of fees and expenses unless otherwise stated.

\*Inception date is 16 August 2017

### Regional Breakdown



### Sector Breakdown



### Top 10 Positions

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) <sup>1</sup>	0.8588/0.8537
Distribution Frequency	Annually
Management Fee <sup>2</sup>	1.15% p.a. (including GST)
Performance Fee <sup>3</sup>	10.25% p.a. (including GST)
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Jasa Marga	5.90
GAP	5.43
Shenzhen International	5.13
TAESA	5.03
CEMIG	4.83
Yuexiu Transport	4.60
CCR	4.35
Telesites	4.34
Ecorodovias	4.21
OMA	4.19
<b>Top 10 Total</b>	<b>48.00</b>



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#### Portfolio performance review

The 4D Emerging Market Infrastructure Fund was down a net 1.41% (AUD) in September, under-performing the benchmark return of 1.01% (by 2.41%). Currencies were mixed in September with the BRL again working against us.

The strongest performer for September was Mexican Tower operator Telesites up 20.5%. Communication infrastructure remains in favour, providing strong resilience of earnings in a very uncertain economic climate.

The weakest performer in September was Brazilian port operator Santos Brasil down 22.5% on the back of a capital raise to invest in 'future opportunities' which was a bit too vague for the market in light of its existing very well capitalised balance sheet.

As we move through Q3 2020, the COVID-19 driven macro back drop remains one of global recession and ongoing market volatility. However, we believe 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.

#### Market review

The US S&P 500 was down 3.20%, the broader MSCI World Index was down 3.45% while EMs were down 1.60% (all USD) in September 2020.

The two key global equity market issues in play in September were the worsening COVID-19 situation and the looming November US Presidential election. COVID-19 has likely accelerated many trends that were already apparent in global economics and politics: automation, supply chain recalibration, US-China tensions, low interest rates and a rollback in civil liberties and, in particular, the growing clout and challenges of China.

For the majority of the world China is one of the top trading partners. It has managed to suppress the pandemic since its emergence, in stark contrast to the US, which has accelerated the narrowing of the gap between the two countries in credibility amongst international partners. The situation has been even more confused by Mr. Trump's diagnosed illness in early October. In turn, this has put China in a stronger geopolitical position.

In this vein Bloomberg reports that Chinese regulators have committed to accelerate the opening-up of the nation's capital markets and deepen reforms to attract more foreign investors. Similarly, less than an hour after US President Trump took to the virtual floor of the United Nations General Assembly slamming China for its environmental record, China's President Xi Jinping stunned the climate community by pledging that China would become carbon neutral by 2060. There are still many questions to

be answered about the Chinese plan, but the two nearly back-to-back speeches provided a marked and powerful contrast.

However, not all trends have been in China's favour. Long-term US allies such as Europe, Japan and Australia have traditionally tried to balance a security alliance with the US alongside economic dependency on China. This holding pattern was always difficult and in recent months we have seen these jurisdictions (along with others such as India and Canada) come down more firmly in the US camp, even if it means a deteriorating relationship with China. If Joe Biden wins the US presidential election he may be more effective at co-ordinating these allies in a united front. That will make things harder for China, which is learning that greater international power also comes with greater international problems.

Mr Biden looks to be ahead in the election race based on most polls although, as we learnt back in the 2016 election, polls aren't always right! The first televised debate between the candidates proved to be just a shouting match with little to be gleaned from it. Mr Trump's illness certainly creates a new 'known/unknown'.

Elsewhere talks between the UK and the EU are fraying, leaving the two sides headed for a chaotic split without a new trade deal. *'The UK has not engaged in a reciprocal way on fundamental EU principles and interests'* EU chief Brexit negotiator Michel Barnier said. Mr Barnier's view was backed up by his UK counterpart, David Frost, who said: *'a number of challenging areas remain....'* COVID has had a significant impact on the UK economy so whether a *'No-deal'* BREXIT has the same consequences today for the UK is unclear.

#### How to invest

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

- Hub24 (IDPS)
- Macquarie Wrap (IDPS, Super).

#### Contact details

Call us on: 1800 895 388 (AU) or 0800 442 304 (NZ)

Email us at: [client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)

Mail us at: Level 26, 20 Bond Street Sydney NSW 2000

Visit our website at: [4dinfra.com](http://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.

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 Emerging Markets 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](http://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.