4D Global Infrastructure Fund

ARSN: 610 092 503 mFund: 4DI01

Monthly performance update

As at 31 July 2020

Overview

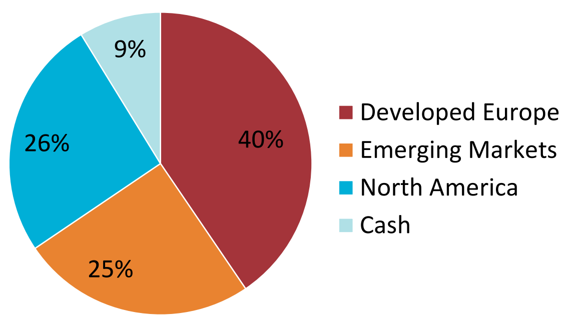
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, 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

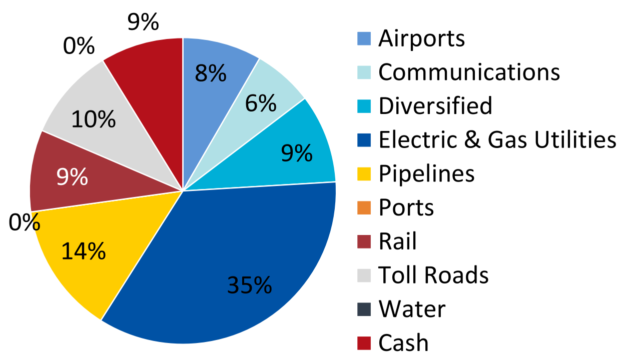
	1 month	3 month	6 month	1 year	2 years (pa)	3 years (pa)	Inception (pa)*
4D Global Infrastructure Fund	-1.78%	1.01%	-16.39%	-6.97%	6.01%	7.01%	9.11%
Benchmark: OECD G7 Inflation Index + 5.5%	0.08%	1.03%	2.48%	5.90%	6.60%	6.91 %	7.03%
Over/under performance	**-1.86%**	**-0.02%**	**-18.87%**	**-12.86%**	**-0.59%**	**0.10%**	**2.08%**

Performance figures are net of fees and expenses unless otherwise stated.
*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



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	44
Application/Redemption Price (AUD)[1]	1.3590/1.3509
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

Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Cellnex	5.42
Iberdrola	5.20
Getlink	4.23
Cheniere Energy	3.95
Shenzhen International	3.77
Jasa Marga	3.67
Ferrovial	3.34
National Grid	3.09
Kinder Morgan	3.09
Nextera Energy	2.81
Top 10 Total	**38.59**

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4D infrastructure

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Portfolio performance review

The 4D Global Infrastructure Fund was down a net 1.78% (AUD) in July, under-performing the benchmark's return of 0.08% (by 1.86%) and under-performing the FTSE 50/50 Infrastructure Index, which was down 1.20% (AUD) in July. The A$ finished at 71.43c, up 3.5% detracting from reported net performance of the Fund.

The strongest performer for July was US rail operator KSU up 15.1% on the back of solid Q2 reporting and on rumours of a private equity bid for the company.

The weakest performer in July was US Utility First Energy down 25.2% on allegations of corporate corruption surrounding the use of a 501(c)4 structure for political lobbying. The Company is refuting all allegations and it does look like the market over reacted to headlines.

We continue to position for the prevailing economic outlook and infrastructure as a means of a recovery as we will look to capitalize on the raft of opportunities currently on offer.

Month in review

The US S&P 500 was up 5.6%, the broader MSCI World Index was up 4.78% while EMs were up 8.94% (all USD).

While the world remains in recession, global economic activity indicators have exhibited some positive signs. In the United States the May manufacturing ISM lifted to 52.6, slightly stronger than expected (consensus: 49.8), while the composite non-manufacturing ISM beat expectations, lifting to 57.1 (consensus: 50.2). Non-farm payrolls rebounded +4,800k in June (consensus: +3,230k), as the unemployment rate fell to 11.1% (consensus: 12.5%). June core CPI lifted 0.2% m/m (consensus: +0.1%), while the y/y remained flat at +1.2% (consensus: +1.1%). June retail sales rose +7.5% m/m, ahead of expectations (consensus: +5%) while June housing starts surged 17.3%, but below market expectations (consensus: +22.2%).

China's economic data strengthened - June CPI rose 2.5% y/y (consensus: +2.5%) while the June manufacturing PMI ticked-up to 51.2 against expectations of a slight decline (consensus: 50.5).

European data, while still weak, also recovered somewhat with activity indicators improving ahead of expectations - the flash Eurozone manufacturing PMI for June was ahead of consensus, lifting to (a still weak) 47.4, (consensus: 46.9), while the composite PMI also rose to (a still soft) 48.5 (consensus: 47.5)

The IMF noted that the ongoing COVID-19 pandemic had already prompted a huge fiscal policy response of close to ~US$11 trillion worldwide. But with confirmed COVID-19 cases and fatalities still rising, policymakers will likely keep the public health response their No. 1 priority while retaining supportive and flexible fiscal policies.

However, this policy response has contributed to global public debt reaching its highest level in recorded history - at over 100% of global GDP. While the trajectory of public debt could drift up further in an adverse scenario, pulling back support too soon could stall recovery. Instead, fiscal policies need to remain supportive and flexible. Inevitably though the increased level of public sector indebtedness will, by necessity, lead to growth in privately funded infrastructure around the world over coming decades.

Continuing the global policy support, EU leaders struck a deal on a huge post-coronavirus recovery package. It will see the 27-nation bloc offering €750bn (US$859bn) in grants and loans to counter the economic impact of the pandemic. EU summit chairman Charles Michel said it was a 'pivotal moment' for Europe. The deal centers on a €390bn program of grants to member states hardest hit by the pandemic. Italy and Spain are expected to be the main recipients. A further €360bn in low- interest loans will be available to members of the bloc.

For those interested in a strong view that interest rates will stay lower-for-longer need look no further than those investors who participated in Austria's recent issue of €2 billion 100-year bonds at a 0.88% yield. The deal raises a number of interesting issues including some of the risk aspects of the bond itself. Austria has a AA+ S&P credit rating so default risk is low for now – but 100 years is a long time. The other interesting risk aspect of the bond is the impact of movements in market interest rates. As pointed out in Firstlinks 365, a 1% rise in interest rates would see the price of the bond fall by almost 50%! And equities are meant to be more risky than bonds!

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.