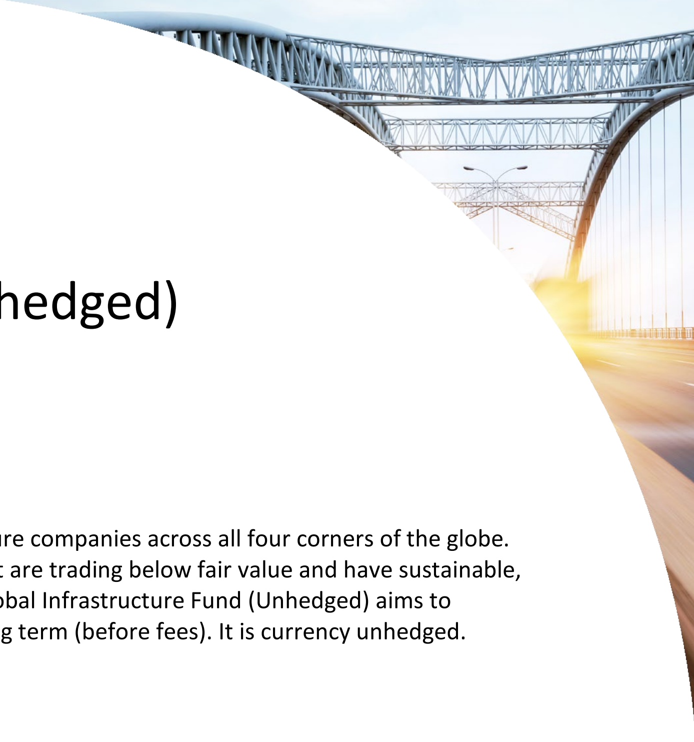


4D Global Infrastructure Fund (Unhedged)

Performance report | 28 February 2023

Overview

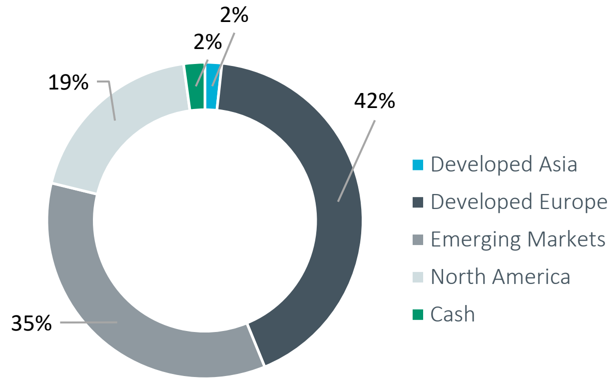
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable,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

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	0.97%	2.97%	4.81%	5.87%	10.44%	1.98%	7.78%	8.84%
Benchmark[1]	0.40%	2.48%	5.25%	13.29%	12.22%	10.15%	9.00%	8.48%
Value added	0.57%	0.49%	-0.44%	-7.42%	-1.78%	-8.17%	-1.22%	0.36%

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

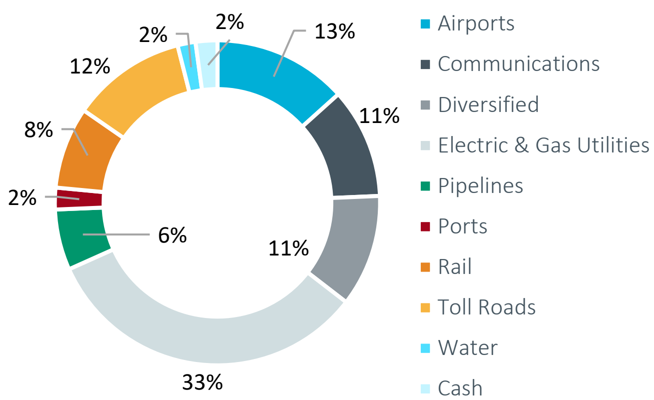
Regional breakdown



Top 10 positions

Stock	End weight %
Cellnex	6.80
Iberdrola	5.15
Enel	4.47
Getlink	4.06
Sempra Energy	3.95
Shenzhen International	3.92
Jasa Marga	3.87
AENA	3.86
Vinci	3.63
Ferrovial	3.59
Total	43.32

Sector breakdown



Portfolio performance review

The 4D Global Infrastructure Fund (Unhedged) was up a net 0.97% (AUD) in February 2023, out-performing the benchmark's return of 0.40% (by 0.57%) and out-performing the FTSE 50/50 Infrastructure Index which was down 0.44% (AUD). Currency contributed 295bps to performance in February.

The strongest performer for February was Mexican airport operator GAP up 7% after yet another strong quarter of results and an ongoing robust outlook for 2023.

The weakest performer in February was US tower operator SBA Communications down 12.8%. While Q4 reporting was solid, the resignation of long term CEO, Jeff Stoop, raised some concerns given his significant success with the Company and its current peer premium valuation.

The market remains incredibly volatile on inflation/interest rate/growth concerns as central banks around the world raise rates in an effort to bring inflation back to target levels. The current volatility ignores the fact that listed infrastructure as an asset class can fundamentally do well in an inflationary environment, with explicit or implicit hedges and long-term predictable earnings profiles underpinned by contract or regulation. We believe it is a sensible portfolio allocation at the current stage of the economic cycle and we believe the current weakness is a buying opportunity for the asset class.

Month in review

Federal Reserve Chair Jerome Powell stuck to the message that interest rates need to keep rising. Indeed, Powell floated the idea that borrowing costs may reach a higher peak than traders and policymakers anticipate. '*We think we are going to need to do further rate increases'* Powell said during a question-and-answer session at the Economic Club of Washington. *'The labor market is extraordinarily strong… These are the very early stages of disinflation'* the chair said. *'It's probably going to be bumpy'.*

The US job market remains strong. While that's a sign of underlying strength for the economy and great news for American workers, it's also a possible pitfall if wage gains don't continue to ease. Hiring surged in January and the jobless rate fell to a landmark 53-year low, potentially bolstering the Federal Reserve's argument that more interest-rate hikes are needed to finish off inflation. Fed Chair Jerome Powell echoed a growing number of economic experts when he expressed optimism that policymakers can pull off a soft landing, avoiding a downturn by quelling price rises without pushing millions out of work.

However, US inflation was persistent, with consumer prices rising 0.5% in January, the most in 3 months. The year-on-year change dipped less than expected, and core also topped forecasts. Economists emphasised the Fed '*will stay the course*' on prices, warning rates may need to be higher than previously thought.

In positive news the EU commission upgraded its economic growth outlook for the region and downgraded the inflation outlook, supported by an easing of the energy crisis. Economic growth is now seen at 0.8% vs +0.3% previously for the Eurozone and +0.9% from 0.3% for the broader EU. The recovery extends into 2024 with EZ growth seen at 1.5%. However, recent persistently high inflation could put this at risk (Eurozone core CPI at 5.6% v 5.3% expected and Spain, French and German CPI all higher than expected).

The free flow of ideas, people, goods, services, and capital across national borders leads to greater economic integration says the IMF. But globalization, the trend toward these things moving ever more freely between nations, has seen ebbs and flows over the decades. Those trends are coming into sharper focus this year as policymakers work to understand and address the prospect of geoeconomic fragmentation which threatens to undo the integration that has improved the lives and livelihoods of billions of people. Looking back over a century and a half of data, the main phases of globalization are clearly visible using the trade openness metric—the sum of exports and imports of all economies relative to global gross domestic product. As the chart below shows, globalization plateaued in the decade and a half since the GFC. This latest era is often referred to as '*slowbalization*.

In what is potentially a significant initial move Bloomberg reports Xi Jinping appears to be recalibrating his hardline approach to Taiwan. The vice chairman of the Taiwanese opposition Kuomintang, Andrew Hsia, is expected to visit China this month and Beijing signalled it intends to resume imports from more than 60 Taiwanese food companies that were among exporters it barred last year.

Also, in China, confidence continues to build with February PMI data well ahead of expectations coming in at 52.6 (est 50.6) which is the highest level since 2012. Non-manufacturing PMI was also strong at 56.3 versus 54.4 estimated. With the National Party Congress now under way, people will be looking for the policy direction and Central Party targets to support this confidence.

Finally, the pandemic isn't over in the US reported Bloomberg. Covid is killing 500 Americans every day—mostly the oldest, frailest members of society. Indeed, about 9 in 10 US coronavirus deaths are among people over 65. Older people, says *Bloomberg Opinion*, feel left behind by 2023's '*back-to-normal*' attitude. Epidemiologist Michael Osterholm, on a recent podcast, echoed the sentiments of America's senior citizens, she writes. '*We feel like our lives are almost seen as disposable' he said.*

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	37
Application/redemption price (AUD)[3]	1.5321/1.5259
Distribution frequency	Quarterly
Management fee[4]	0.95% p.a. (including GST)
Performance fee[5]	10.25% p.a. (including GST)
Buy/sell spread	+/- 0.20%
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

- AMP North
- BT Asgard (Panorama)
- Colonial First Wrap
- Dash
- Hub24 (Super, IDPS)
- Macquarie Wrap (IDPS, Super)
- Mason Stevens
- Netwealth (Super Service, Wrap Service, IDPS)
- Powerwrap (IDPS)
- Praemium (Non Super, Super)
- Wealthtrac

Get in touch

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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