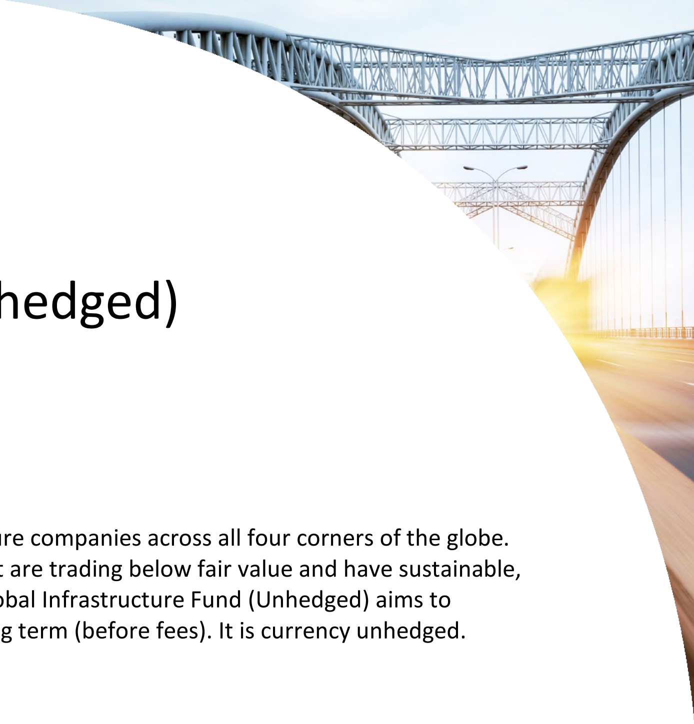


4D infrastructure

# 4D Global Infrastructure Fund (Unhedged)

Performance report | 31 January 2023

## Overview

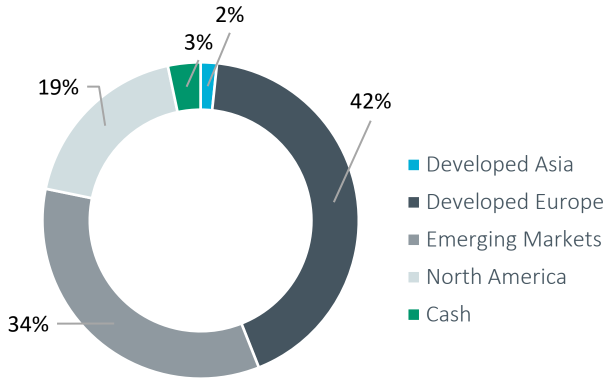
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable, 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 | 4.33% | 5.63% | 2.69% | 3.01% | 9.22% | 0.65% | 7.04% | 8.79% |
| Benchmark[1] | 1.23% | 2.66% | 6.30% | 13.74% | 12.14% | 10.13% | 9.03% | 8.51% |
| Value added | 3.10% | 2.97% | -3.61% | -10.73% | -2.92% | -9.48% | -2.01% | 0.28% |

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

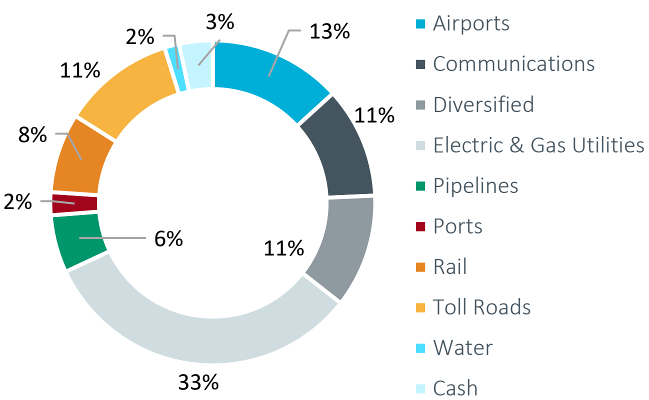
## Regional breakdown




## Top 10 positions

| Stock | End weight % |
|---|---|
| Cellnex | 6.91 |
| Iberdrola | 4.97 |
| Enel | 4.49 |
| Fraport | 3.97 |
| Shenzhen International | 3.93 |
| Getlink | 3.92 |
| AENA | 3.80 |
| Vinci | 3.71 |
| Jasa Marga | 3.71 |
| Ferrovial | 3.66 |
| Total | 43.07 |

## Sector breakdown



## Portfolio performance review

The 4D Global Infrastructure Fund (Unhedged) was up a net 4.33% (AUD) in January 2023, out-performing the benchmark's return of 1.23% (by 3.10%) and out-performing the FTSE 50/50 Infrastructure Index which was down 1.24% (AUD). Currency detracted 240bps from performance in January.

The strongest performer for January was European airport operator, Fraport up 36.2% as China's re-opening offers a second wave of passenger recovery for the airport operators.

The weakest performer in January was US utility NextEra Energy down 10.7% following the retirement of Eric Silagy and concerns around election campaign finance violations. The Company remain confident that internal investigations were thorough and no violation occurred, albeit internal processes could be strengthened. We remain buyers.

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**

As expected, the US Fed slowed the pace of its interest rate hikes to 0.25%. Chair Jerome Powell said the central bank is still weighing future hikes to get rates to a restrictive level and that inflation, while falling, is still too high.

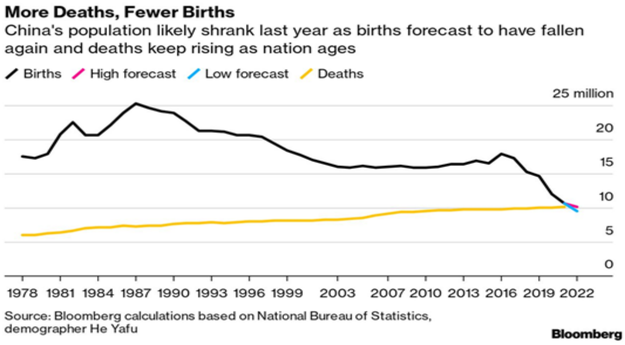
Reflecting a positive sentiment both the BoE and ECB hiked by 0.5% but the respective heads, Governor Bailey and President Lagarde, said they may need to evaluate/re-evaluate policy in the near-term (Bailey: *'if the economy evolves in-line with central forecast, we will need to re-evaluate';* Lagarde: '*we intend to raise interest rates by another 50 basis points at our next monetary policy meeting in March and we will then evaluate the subsequent path of our monetary policy*').

In further positive macro news, the IMF raised its global growth outlook for the first time in a year. Growth remains weak by historical standards, but the global economy may be at a turning point, according to the latest update to the IMF's World Economic Outlook. Pierre-Olivier Gourinchas, the IMF's chief economist, said that economic growth proved surprisingly resilient in the third quarter of last year, with better-than-expected adaptation to the energy crisis in Europe, and China's sudden re-opening paved the way for a rapid rebound in activity. The IMF increased its 2022 and 2023 growth forecasts, with global growth slowing from 3.4 percent in 2022 to 2.9 percent in 2023, then rebounding to 3.1 percent in 2024.

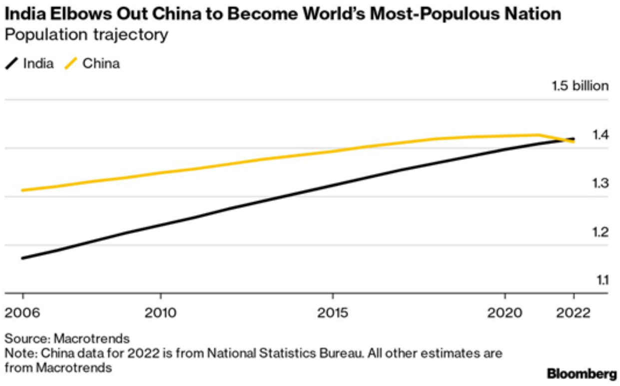
Reflecting the impact of the Ukraine war Russia's budget deficit widened to a record in December as revenue plunged amid restrictions on oil exports and spending on its invasion of Ukraine. We have highlighted that the war has caused very significant damage to the Russian economy and it has a long way to go to get back to economic normality.

China's economy grew 3% in 2022, the second slowest pace since the 1970s, as Covid curbs hammered activity. Still, better-than-forecast Q4 and December data indicate it may be primed for a recovery. Industrial output rose 1.3% in December, while retail sales shrank 1.8%—better than consensus of minus 9%.

Interestingly China's population started shrinking in 2022 for the first time in six decades reports Bloomberg. China had 1.41 billion people at the end of last year, 850,000 fewer than the end of 2021. That marks the first drop since 1961, the final year of the Great Famine under former leader Mao Zedong.




India may have already surpassed China as the world's most populous nation in a milestone that adds urgency for PM Narendra Modi to create more jobs and sustain the pace of economic expansion. India, where half the population is under the age of 30, is set to be the world's fastest-growing major economy in coming years.




More broadly in South Asia, the number of people in extreme poverty has halved over the past two decades to fewer than 250 million—a remarkable success story for the region and the world reports the IMF. Per capita income has doubled across Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka, helping to deliver improved health care, education, and infrastructure, as well as better access to technology and financial services.

We have consistently highlighted that the emerging middle class in Asia will be an important long-term thematic supporting infrastructure investment and development in the region.

## 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 | 38 |
| Application/redemption price (AUD)[3] | 1.5173/1.5113 |
| 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)
Wealthtrac
Praemium (Non Super, Super)

## Get in touch

4Dinfra.com
1800 895 388 (AU) or 0800 442 304 (NZ)
client.experience@bennelongfunds.com

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.