4D Global Infrastructure Fund (Unhedged)

Performance report | 30 November 2022

Overview

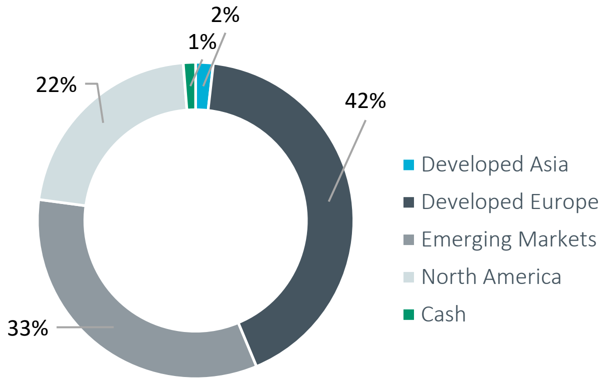
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable, 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	3.58%	1.80%	-3.02%	5.04%	6.12%	2.12%	6.10%	8.71%
Benchmark[1]	0.58%	2.71%	7.12%	13.48%	11.53%	9.77%	8.85%	8.41%
Value added	3.00%	-0.91%	-10.14%	-8.44%	-5.41%	-7.65%	-2.75%	0.30%

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

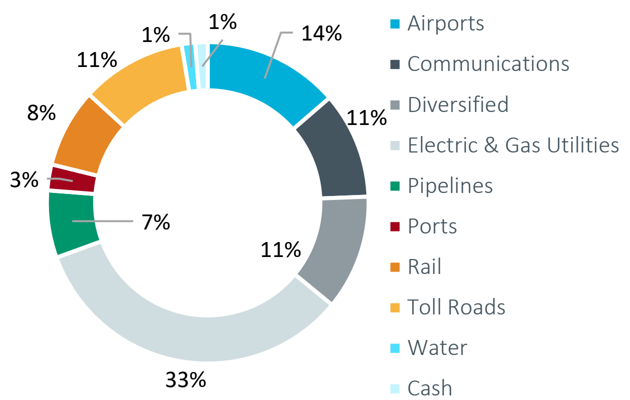
Regional breakdown



Top 10 positions

Stock	End weight %
Cellnex	6.41
Iberdrola	4.99
Enel	4.46
Shenzhen International	4.35
Sempra Energy	4.15
Getlink	3.87
AENA	3.78
Ferrovial	3.61
Vinci	3.60
Jasa Marga	3.58
Total	42.81

Sector breakdown



Portfolio performance review

The 4D Global Infrastructure Fund (Unhedged) was up a net 3.58% (AUD) in November 2022, out-performing the benchmark's return of 0.58% (by 3.00%) and out-performing the FTSE 50/50 Infrastructure Index which was up 3.06% (AUD). Currency detracted 272bps from performance in November.

The strongest performer for November was Chinese infrastructure conglomerate Guangdong Investments up 44.6% on signs that China is moving away from its zero Covid policy and towards re-opening with associated sector support by way of stimulus.

The weakest performer in November was Brazilian toll road operator Ecorodovias down 19.9%. This sell off is hard to explain with Q3 results better than expected and signs that leverage (a market concern) was turning a corner. Definitely see this sell off as a buying opportunity.

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

The key concern in global equity markets remains the ongoing inflation threat and the risk that central banks overreact in their monetary tightening pushing economies into a sharp slowdown.

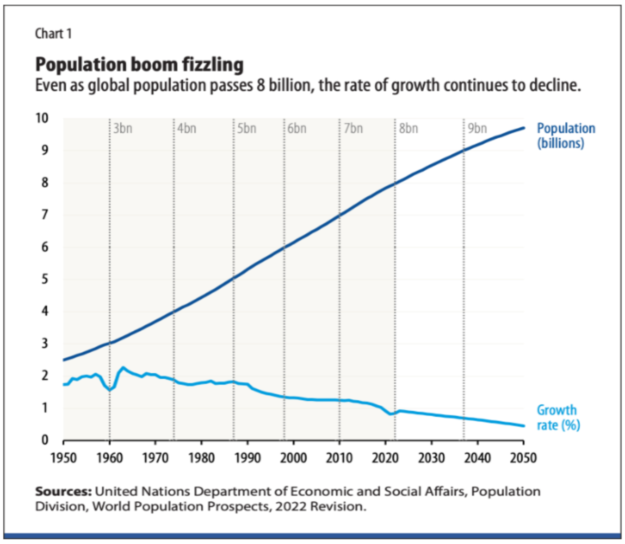
A measure of US inflation that Federal Reserve Chair Jerome Powell seems to consider an important signpost showed a slowdown last month, the latest good news for a central bank that still hopes to negotiate a soft landing for the economy reports Bloomberg. Mr Powell signalled the Federal Reserve will slow the pace of interest-rate increases as the bank and its members have repeatedly telegraphed recently. However, he balanced his comments about the forthcoming rate decision with a pledge that the Fed would not relinquish its fight against inflation until price pressures had slowed to a level more in line with its longstanding 2% target.

China is starting to chart a path toward re-joining the rest of the world in living with Covid-19 as it faces pressure from surging cases and public anger at its punishing restrictions reports Bloomberg. The move comes exactly three years since the first documented coronavirus patient developed symptoms in the central city of Wuhan. Beijing will allow some virus-infected people to isolate at home starting with residents of the city's most populous district, in a landmark shift that reflects the pressure officials are under from a record outbreak and public opposition to Covid Zero.

Cash remittances to the home country are always an important source of income in emerging economies. India, Asia's third largest economy, is on track to receive more than US$100 billion in yearly remittances in 2022 according to a World Bank report. This will be the first time a country will reach that milestone figure, it said. Remittances, or money transfers from migrant workers to families back home, are an important source of income for households in poorer countries. They not only reduce poverty in developing nations but have also been associated with higher school enrolment rates for children in disadvantaged households. Over the last few years, the World Bank report said, Indians have moved to high-skilled jobs in high-income countries such as the United States, United Kingdom, and Singapore — from low-skilled employment in Gulf countries such as Saudi Arabia, Kuwait and Qatar — and sending more money back home as a result.

Vladimir Putin's call-up and conscription of hundreds of thousands of Russians for his war on Ukraine, not to mention the hundreds of thousands more who fled to safety, is gutting Russia's economy. A record depletion of workers is fast spreading across a country already hobbled by an aging and shrinking population and with unemployment near the lowest ever.

Finally, according to UN estimates, total world population passed 8 billion on 15 November 2022, a milestone in human development. This unprecedented growth is due to the gradual increase in human lifespan owing to improvements in public health, nutrition, personal hygiene and medicine. It is also the result of high and persistent levels of fertility in some countries. While it took the global population 12 years to grow from 7 to 8 billion, it will take approximately 15 years—until 2037— for it to reach 9 billion, a sign that the overall growth rate of the global population is slowing. But the most formidable demographic challenge facing the world is no longer rapid population growth, but population aging.



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]	1.4925/1.4865
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
- Hub24 (Super, IDPS)
- Macquarie Wrap (IDPS, Super)
- Mason Stevens
- Netwealth (Super Service, Wrap Service, IDPS)
- Powerwrap (IDPS)
- Wealthtrac
- Praemium (Non Super, Super)
- Wealth O2

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.