Performance report | 31 January 2025

4D Global Infrastructure Fund (Unhedged)

Overview

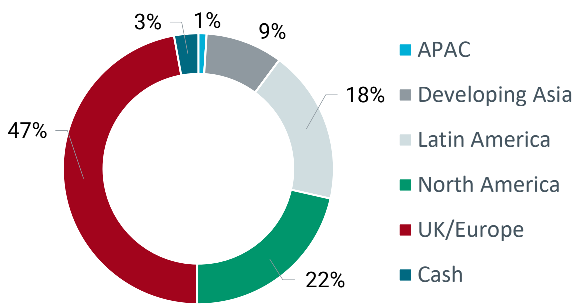
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable,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

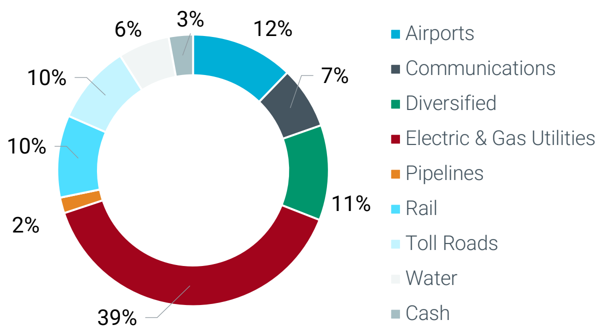
	1 mth	3 mths	1 year	3 years p.a.	5 years p.a.	Since inception[2] p.a.
Fund	1.17%	0.25%	7.65%	7.32%	4.12%	8.96%
Benchmark[1]	0.70%	1.72%	7.97%	10.13%	9.42%	8.48%
Value added	0.48%	-1.47%	-0.32%	-2.81%	-5.31%	0.48%
FTSE Global Core Infra 50/50 Net Total Return Index (AUD)[3]	0.02%	2.45%	19.89%	7.72%	4.43%	8.96%
S&P Global Infra. Net Total Return Index (AUD)[4]	1.52%	5.94%	27.69%	11.71%	6.03%	9.25%

Performance figures are net of fees and expenses.
'Value added' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

Regional breakdown



Sector breakdown



Top 10 positions

Stock	End weight %
Cellnex	5.47
Iberdrola	5.11
SSE	4.54
National Grid	4.47
Aena	3.57
NextEra Energy	3.48
Ferrovial	3.45
Jasa Marga	3.25
Ecorodovias	3.13
Dominion Energy	3.08
Total	39.55

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Portfolio performance review

The 4D Global Infrastructure Fund (Unhedged) was up net 1.17% (AUD) in January, outperforming the benchmark return of 0.70% and the FTSE 50/50 Infrastructure Index which was up 0.02% (AUD). Currency added 3bps to performance.

The strongest performer for January was Brazilian toll road operator, Ecorodovias up 22.6% recovering from an oversold position the month before.

The weakest performer in January was US utility Edison International down 31% as a result of its operations being within the region of the recent devastating California wildfires and some suggestion of a causation link.

Markets remain volatile on the outlook for inflation, economic growth and the state of the labour market as well as geopolitical concerns. Interest rates are generally moving down. However, there remains a fine balancing act between rates, resilient demand, inflation and geopolitical threats to trend. Listed infrastructure, as an asset class, fundamentally can do well in all scenarios - with explicit or implicit inflation hedges and long-term predictable earnings profiles underpinned by contract or regulation.

Month in review

January saw the 'eagerly' anticipated inauguration of President Trump on January 20 – with him came a flurry of executive orders, including taking the US out of the Paris Climate Accord and the World Health Organisation, declaring a national energy crisis, and a range of steps to reverse climate change related regulation. Federal hiring and foreign aid was largely frozen.

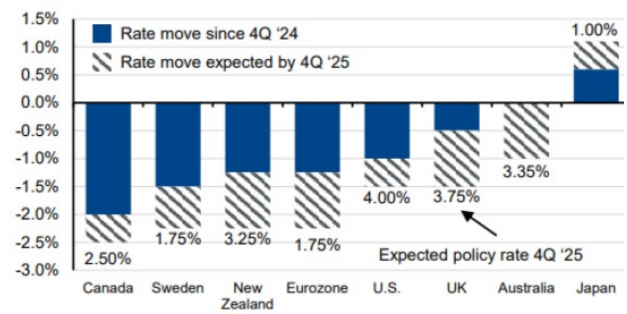
On the whole, the first 2 weeks saw Trump have a less hawkish tariff stance, seemingly heeding the advice of Treasury Secretary Bessent on negotiated trade outcomes. Energy policies and immigration (border security) have featured prominently – with the mention of two national emergencies (Southern US Border emergency and National Energy Emergency). Trump believes energy is the biggest factor fuelling inflation and is hoping deregulation and increased oil and gas production can bring inflation down. Trump also signed an executive order to "make America the world capital in artificial intelligence" and proposed backing a private sector investment of up to $500bn to fund infrastructure for AI, dubbed Stargate. Lastly, to date there has been little detail on lower taxes and expiring Tax Cuts and Jobs Act (TCJA), or deregulation (in particular, financial services).

On the data front, US data in January continued the momentum from Q424. US ISM Manufacturing and Services PMI rose more than expected to 49.3 and 54.1 respectively. On the labour front, wage gains continue to outpace inflation rates, a positive for consumers and sentiment. Nonfarm payrolls for December came in at 256,000, well above expectations of 165,000, while the unemployment rate fell to 4.1% from 4.2%. CPI also surprised to the downside - core consumer inflation fell unexpectedly to 3.2% YoY (0.2% MoM). In the days following the CPI data, US ten yields fell 25bps to end the month broadly flat at 4.54%

In the UK, 10-year Gilts hit 4.90% in January – the highest since the GFC in 2008. This has been driven from concerns from the Labour governments budget increasing fiscal risks – where front loaded stimulus may need to be funded through increased bond issuance or higher business taxes. Whilst CPI released for December came in under expectations at 2.5% YoY, it is expected to track back to above 3% in 2025 – and GDP growth estimates for 2025 have also been falling.

China released its GDP numbers, with Q4 GDP increasing to 5.4% from 4.6% in Q3, and a full year growth of 5% in 2024. In its monthly activity data releases, industrial production remained resilient, backed by external demand. The property market continues to drag – across floor space starts, home prices and investment. Retail sales were up 3.5% in 2024, half the pace of 2023 (7.2%). A bright spot continues to be exports, likely driven by frontloading orders ahead of Trump tariffs – with exports in USD +10.7% YoY in Dec. Both China's official manufacturing and non-manufacturing PMIs indicated a broad easing of economic activity in Jan. Looking ahead, the 14th National People's Congress (NPC) will open its third annual session on 5 Mar 2025. China will release its official economic and social targets for the year during this session.

Chart 1; Global Central Bank moves 2024 and market expectations for 2025



(Source – JP Morgan)

In central bank news, Japan hiked rates 25bps to 50bps (highest since 2008) in line with market expectations. Europe announced its 5th interest rate cut, cutting 25bps to 2.75% as lacklustre economic growth continues to supersede inflation concerns, which are close to settling around target. Brazil hiked 100bps as expected per BCB guidance, with another 100bps expected next meeting – as they try to stem heightening inflation expectations.

In Australia, core CPI for Q4 was weaker than expected at 0.5% QoQ, vs 0.8% QoQ in Q3. This has opened the door for a Feb rate cut.

In Canada, Prime Minister Trudeau announced his resignation – largely speculated since mid-December when the Minister of Finance resigned. Trudeau will remain in power till a new leader of the Liberal Party is selected, ahead of a Federal election either on Oct 20 2025 or earlier if the Liberal government loses a no confidence vote once Parliament returns in March.

Fund details

Feature	Information
APIR code	BFL0019AU
Investment manager	4D Infrastructure
Portfolio manager	Sarah Shaw
Reporting currency	A$ Unhedged
Recommended investment period	Five years
Cash limit	10%
No. of securities	38
Application/redemption price (AUD)[5]	1.7496/1.7426
Distribution frequency	Quarterly
Management fees and costs[6]	1.00% p.a. (including GST)
Performance fee[7]	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)

CFS (FirstWrap, Edge)

Dash

Hub24 (Super, IDPS)

Macquarie Wrap (IDPS, Super)

Mason Stevens

Netwealth (Super Service, Wrap Service, IDPS)

OneView

Powerwrap (IDPS)

Praemium (Non Super, Super)

Get in touch

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1 OECD G7 Inflation Index + 5.5%.

2 Inception date is 7 March 2016.

3 The reference index is the FTSE Global Core Infrastructure 50/50 Net Total Return in AUD. This is provided as an indictive comparison only and is not the Fund Benchmark.

4 The reference index is the S&P Global Infra AUD Net Total Return Index. This is provided as an indictive comparison only and is not the Fund Benchmark.

5 All unit prices carry a distribution entitlement.

6 Management fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) PDS.

7 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.