Performance report | 28 February 2025

4D Global Infrastructure Fund (AUD Hedged)

Overview

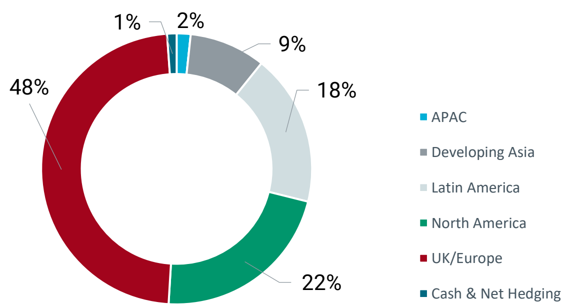
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable,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

Net returns

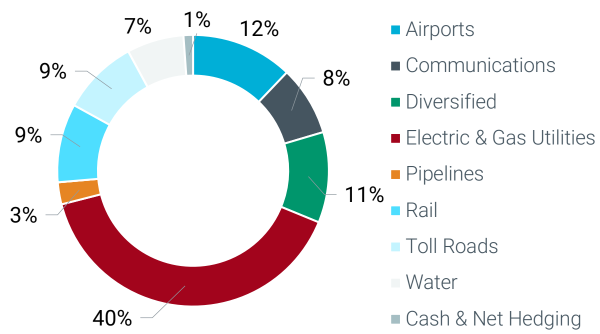
	1 mth	3 mths	6 mths	1 year	3 years p.a.	Since inception[2] p.a.
Fund	0.04%	-2.83%	-3.12%	6.06%		2.52%
Benchmark[1]	0.41%	1.54%	3.29%	8.18%		9.14%
Value added	-0.37%	-4.37%	-6.41%	-2.12%		-6.61%
FTSE Global Core Infra 50/50 Net Total Return Index (Hedged)[3]	1.78%	-2.80%	1.11%	15.78%		2.64%
S&P Global Infra. Net Total Return Index (Hedged)[4]	0.00%	-1.24%	6.44%	22.54%		6.75%

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	6.10
Iberdrola	5.18
SSE	4.70
National Grid	4.59
NextEra Energy	3.41
CCR	3.39
American Water Works	3.18
Sacyr	3.13
Fraport	3.07
Getlink	3.03
Total	39.78

A Bennelong boutique

Portfolio performance review

The 4D Global Infrastructure Fund (Hedged) was up 0.04% in February, underperforming the benchmark's return of 0.41% and the FTSE 50/50 Infrastructure Index which was up 1.78%.

The strongest performer for February was US water utility American Water Works up 9.8%. This followed positive FY reporting as well as rate clarity in key jurisdictions.

The weakest performer in February was Indonesian toll road, Jasa Marga down 15.8%. This was on sentiment with fundamentals remaining strong with the stock reporting positive FY results in early March.

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

Volatility returned to markets in February, with US economic data softening at the same time of heightened uncertainty around Trump's tariffs policies. MSCI World fell 0.9%, driven by weakness in US equities and gains in China (+11.5%), driven by positive AI sector announcements. Europe was up 3.1% as confidence increased on an end of the Ukraine-Russian conflict and better earnings. US ten year yields dropped 33bps in February, to end at 4.20%.

Trump tariffs and constant flip flopping of tariff rates, implementation dates, covered items and exclusions have started to weigh on the market. Furthermore, survey data has showed a hit to US consumer confidence, whilst consumer expectations for inflation have surged to multi year highs (on fears of the inflationary impact of higher tariffs on imports).

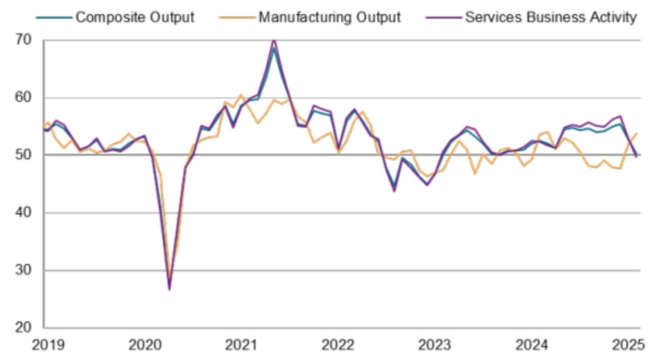
In addition to increased political uncertainty from the start of Trump's second term, US economic data has started to soften and is now, in aggregate, surprising to the downside.

Chart 1 – US & Eurozone economic surprise

(Source – Standard Chartered)

US manufacturing showed strength, entering expansion territory in January after 26 months of contraction, as business brought forward orders ahead of new tariffs. The flash February reading was also expansionary for US manufacturing. However, services, accounting for a much larger 70% of the US economy, were much weaker than expected, going into contractionary territory. According to S&P Global release notes "new order growth also weakened sharply and business expectations for the year ahead slumped amid growing concerns and uncertainty related to federal government policies".

Chart 1; S&P Global Flash US PMI



(Source – S&P Global PMI)

Adding to the negative economic surprises, retail sales were also weak, down -0.88% MoM vs expectations of -0.2%, with weakness across almost every goods category, and restaurants the only services category in the green (+0.88%) ex gasoline. Lastly, US core CPI re accelerated in January, +0.4% MoM and 3.2% YoY with core inflation being stuck around that level for the past 8 months.

In Europe, Germany took to the polls, with Merz's conservatives winning the election, which was inline with earlier pre-polls. Merz will now negotiate a clear-cut coalition with one other party, and aim to turnaround the stagnant economy, impacted by changing trade flows, weak manufacturing industry and high energy vulnerability. The conservatives and socialists hold enough seats to jointly secure a parliamentary majority- however, they must enlist additional allies to attain the two-thirds majority needed to loosen Germany's rigid fiscal policies.

On the monetary policy front, there were cuts in Australia (RBA cut to 25bps to 4.1%, as expected), Thailand (cut 25bps in response to weaker growth outlook and trade uncertainty), India (cut 25bps for the first time this cycle as inflation eased) and BoE (cut 25bps to 4.5% as expected to help spur weaker growth). Brazil hiked 100bps as expected, with another 100-150bps expected this cycle to contain inflationary expectations.

Geopolitical tensions remain elevated as daily Trump rhetoric continues to spook the market and ongoing conflicts in Ukraine and Gaza show little sign of resolution in the near term.

Fund details

Feature	Information
APIR code	BFL3306AU
Investment manager	4D Infrastructure
Portfolio manager	Sarah Shaw
Reporting currency	A$ Hedged
Recommended investment period	Five years
Cash limit	10%
No. of securities	38
Application/redemption price (AUD)[5]	1.0303/1.0261
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) or the following platforms. Visit How to invest to find out more.

Platforms

- AMP North
- BT (Panorama)
- CFS (FirstWrap)
- Dash
- Hub24 (Super, IDPS)
- Macquarie Wrap (IDPS, Super)
- Netwealth (Super Service, Wrap Service)
- Praemium (Super, Wealth)

Get in touch

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1 OECD G7 Inflation Index + 5.5%.

2 Inception date is 1 August 2022.

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

4 The reference index is the S&P Global Infra Net Total Return (Hedged). 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.