4D infrastructure

Performance report | 31 December 2024

4D Global Infrastructure Fund (Unhedged)

Overview

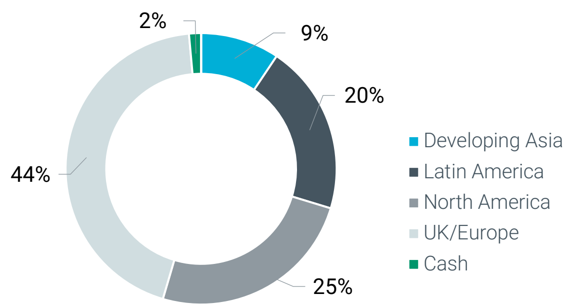
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies that are trading below fair value and have sustainable, growing earnings combined with sustainable,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

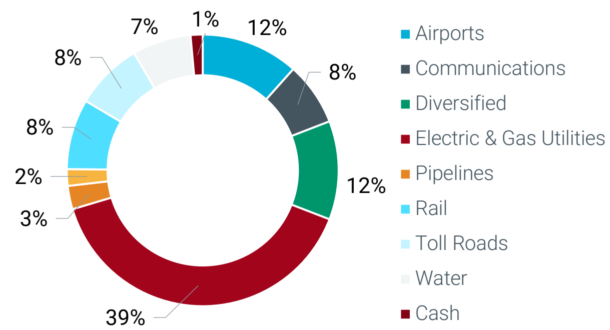
	1 mth	3 mths	1 year	3 years p.a.	5 years p.a.	Since inception[2] p.a.
Fund	-0.29%	-0.28%	5.75%	7.27%	4.91%	8.91%
Benchmark[1]	0.43%	1.66%	7.78%	10.29%	9.41%	8.48%
Value added	-0.72%	-1.94%	-2.03%	-3.02%	-4.50%	0.43%
FTSE Global Core Infra 50/50 Net Total Return Index (AUD)[3]	-0.93%	5.62%	20.71%	7.73%	5.90%	9.05%
S&P Global Infra. Net Total Return Index (AUD)[4]	0.44%	9.10%	25.69%	11.93%	7.08%	9.15%

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 %
Sempra Energy	5.56
Cellnex	5.49
Iberdrola	5.05
National Grid	4.07
NextEra Energy	4.00
SSE	3.98
Ferrovial	3.54
Aena	3.44
Jasa Marga	3.42
Sacyr	3.09
Total	41.64

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Portfolio performance review

The 4D Global Infrastructure Fund (Unhedged) was down net 0.29% (AUD) in December, underperforming the benchmark return of 0.43% but outperforming the FTSE 50/50 Infrastructure Index which was down -0.93% (AUD). Currency added 349bps to performance.

The strongest performer for December was Mexican Airport Group OMA, up13.4% as traffic stabilises and starts to rebound post the aircraft recall. OMA is well positioned into 2025 on traffic front as well as through MDP negotiations

The weakest performer in December was Brazilian toll road operator Ecorodovias down 22.9% extending losses as a result of their November concession win and Brazilian fiscal concerns. We believe the sell off has been completely overdone with the stock fundamentals very solid.

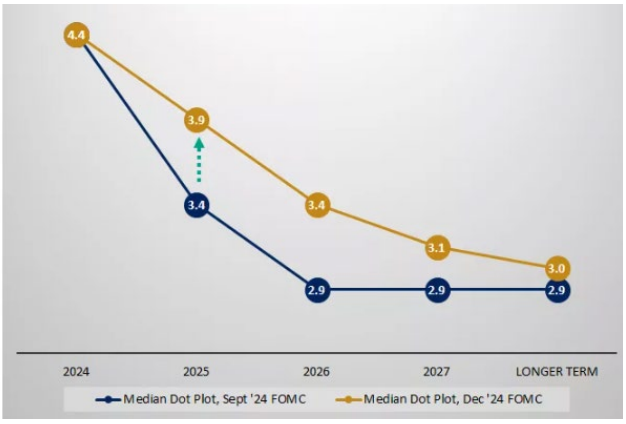
Markets remain volatile on the outlook for inflation, economic growth and the state of the labour market as well as geopolitical concerns. Most developed market Central Banks are at (or past) peak policy rates. However, there remains a fine balancing act between holding rates in restrictive territory too long and hitting activity – and loosening too quickly before inflation is sustainably within target ranges. Listed infrastructure, as an asset class, fundamentally can do well in either scenario - with explicit or implicit inflation hedges and long-term predictable earnings profiles underpinned by contract or regulation.

Month in review

Markets pulled back in December, but still ended the year strongly (MSCI World local +21.03% for CY 2024).

In the US, the Fed cut rates 25bps as expected, taking the cumulative cuts since September 2024 to 100bps. Despite the cut in cash rates, US ten-year yields rose 40bps in December to close the year at 4.57%, due to the hawkish Fed commentary and a revised "dot plot" of Fed member estimates of the path of future rate cuts and inflation. These revealed a median forecast of Fed members of just two more rate cuts in 2025 –a shorter cutting cycle than the market was expecting.

Chart 1; Fed Funds Target rate – FOMC dot plot, December vs September dot



(Source – Edward Jones)

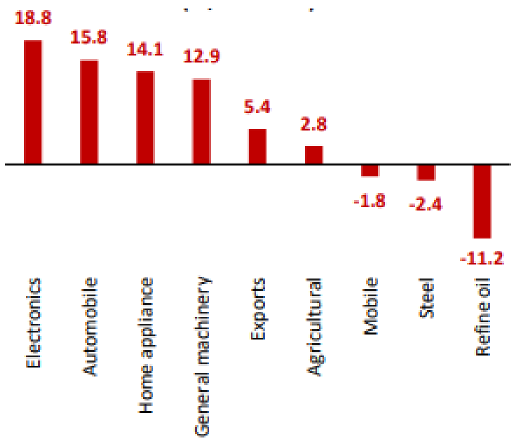
On the economic data front, the US saw a continued uptick in the ISM Manufacturing PMI for November, which was 48.4. Whilst still contractionary (below 50), where it has mostly been since September 2022, it has recovered from the lows of 2024. On a positive note, new orders have also moved into expansionary territory.

In Europe, the ECB remains focused on cutting rates to promote growth, with inflation largely under control, cutting 25bps in December, the fourth cut in 2024. The ECB updated it's 2025 forecasts for European growth to 1.1% (from 1.3%) and headline inflation 2.1% (from 2.2%). Europe faces increased uncertainty from Trump tariffs, outsized exposure to China and a constrained fiscal policy.

Europe continues to see political upheaval. In France, PM Barnier was ousted after just three months after he pushed through a "special law" to extend the 2024 budget into 2025, resulting in a no confidence vote. This was after he failed to get coalition support for 2025 budget cuts in November.

In China, the November PMI's indicated a further pick up in manufacturing activities and strong exports. The monthly activity data also showed some stabilisation, with industrial production remaining resilient, backed by external demand, whilst property investment and loan growth remained weak. Resilient external trade continued into the end of the year as frontloading activities continue ahead of the commencement of potential new tariffs under Trump. Exports growth increased from 5.1% YoY in the first 10 months to 12.7% Jan to Nov.

Chart 2; China exports by major products (Jan -Nov YoY %)



(Source – DBS)

At the Politburo meeting in December, a statement highlighted the shift in PBOC monetary policy to be "moderately loose" from "prudent", which had been in place for the prior 14 years (since during the GFC) – indicating further monetary easing measures, such as lower interest rates and bank reserve requirement ratios. The statement also pledged a "more proactive fiscal policy" to "vigorously boost consumption" and domestic demand. Whilst policy makers did not announce any additional stimulus measures targeting households and businesses to boost consumption, or broader fiscal deficit targets, all eyes are on the National Peoples Congress (NPC) in March 2025 for more detail. At the NPC, annual growth targets and concrete measures should be announced.

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	37
Application/redemption price (AUD)[5]	1.7346/1.7276
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.