

Performance report | 30 November 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.

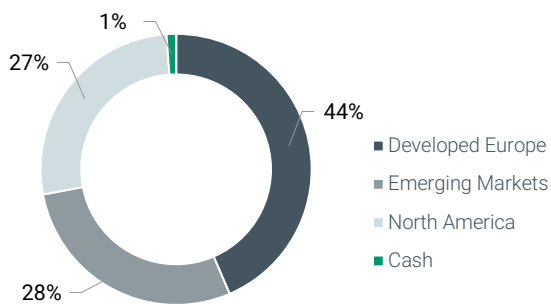
Net returns

	1 mth	3 mths	1 year	3 years p.a.	5 years p.a.	Since inception ² p.a.
Fund	-0.63%	1.25%	8.10%	8.41%	5.25%	9.03%
Benchmark ¹	0.59%	1.73%	8.00%	10.38%	9.41%	8.51%
Value added	-1.21%	-0.48%	0.10%	-1.98%	-4.16%	0.52%
FTSE Global Core Infra 50/50 Net Total Return Index (AUD) ³	3.40%	7.14%	23.62%	9.70%	6.17%	9.26%
S&P Global Infra. Net Total Return Index (AUD) ⁴	3.90%	10.22%	26.66%	13.21%	7.05%	9.19%

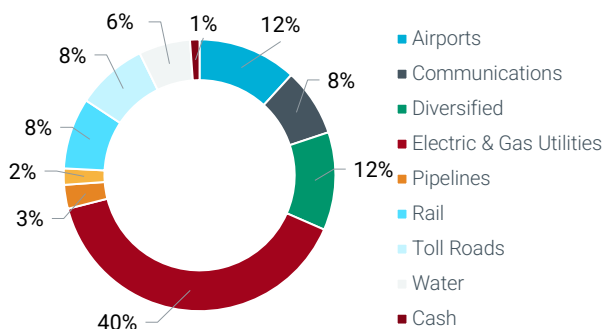
Performance figures are net of fees and expenses.

¹Value 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	5.94
Sempra Energy	5.41
Iberdrola	5.08
NextEra Energy	4.23
National Grid	4.14
Ferrovial	3.77
SSE	3.64
Aena	3.60
Jasa Marga	3.42
CSX	3.08
Total	42.32

Portfolio performance review

The 4D Global Infrastructure Fund (Unhedged) was down net 0.63% (AUD) in November, underperforming the benchmark return of 0.59% and the FTSE 50/50 Infrastructure Index which was up 3.40% (AUD). Currency detracted 95bps from performance with the USD appreciation offset by weaker Euro and BRL.

The strongest performer for November was US integrated utility Sempra up 12.4% on a Trump win and the outlook for the gas sector.

The weakest performer in November was Brazilian toll road Ecorodovias down 22.9% as a result of a road concession win on the last day of the month. This saw significant selling on the day on concerns around balance sheet capacity and how value accretive the bid was. Since the win the company has disclosed significant detail and post conversations with management and the head of M&A we are comfortable with the bid and reiterate the position.

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

Early November saw a surprisingly strong Republican sweep of the US election. Trump, with a clean sweep as well as winning the popular vote, now has a strong platform to implement policies across his key election areas; trade, taxes, immigration, energy and regulation. The election result led to outsized moves in the “trump trade” asset classes. US Small caps rallied (Russell 2000 +10.8%) on an improved policy outlook for the domestic economy, tax cuts and promotion of domestic manufacturing. An election promise to “drill baby drill” saw pipelines +13% for the month (Alerian MLP Index), with increased confidence of easier permitting on federal lands and new drilling. On the flipside, markets in Trump’s targets underperformed – such as China and Mexico.

Throughout November, Trump made early nominations of his key Cabinet members ahead of his inauguration in January 2025, giving some insight into his future policy stance. Broadly speaking, the selections confirmed that he is sticking to his key election promises around tariffs (already tweeting some intended tariff levels on China, Mexico and Canada), immigration (with deportation plans on day 1) and appointing Musk to lead a new Department of Government Efficiency. US ten-year yields jumped after the Trump victory, touching 4.5% in the following week. This was on concerns that Trump would stoke inflation with a greater fiscal burden, tax cut extensions and cutting the corporate tax rate. However, towards the end of the month the Treasury Secretary selection of Scott Bessent was viewed as a sensible and safe set of hands in regards

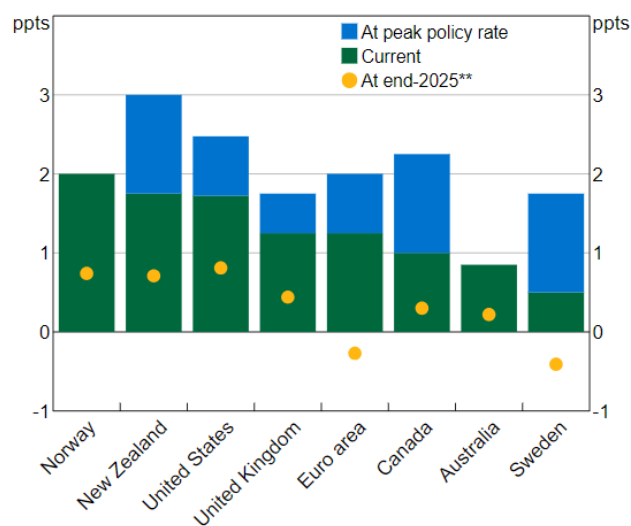
to tariffs, fiscal and debt burdens and yields ended the month lower than before the election.

On the data front in the US, payrolls surprised to the downside adding just 12k in October vs expectations of 100k and prior month of 254k. However, the data was negatively impacted by strikes and hurricanes, and as such had little impact on markets as a barometer of the US labour market.

Manufacturing ISM activity declined for the seventh straight month. Meanwhile Services ISM, a much larger component of the US economy, beat expectations and is in its largest expansion phase since August 2022. Core CPI in the US remains at 3.3% YoY with monthly CPI tracking 0.2-0.3% - a reminder that the battle against inflation is not over.

Globally, most developed markets’ central banks continue to cut rates. The Fed cut rates 25bps the week of the US election – and was quick to point out in the subsequent press conference that US elections will have “no effects” on the Fed’s policy decisions near term, stating that it is too early to know the timing or substance of fiscal policy decisions. The BOE also cut 25bps as expected, taking its cumulative cuts of 50bps from peak to 4.75%. Whilst central banks are at various points of their cutting path, due to a different timing and magnitude of 2022/23 rate hikes, as well as estimates of inflation and the final (neutral) policy rate level – the level of real rates across economies are wide. Even though Australia has not cut rates, it remains in less restrictive territory than Canada, NZ, US, UK and EU – despite all of those markets cutting rates multiple times.

Chart 1; RBA Estimates of Policy Restrictiveness*



(Source – RBA. *Policy rate minus estimate of nominal neutral rate)

In Europe, economic momentum continues to fade. As such, the market is pricing much lower rates by the end of 2025, to stimulatory levels, to try and counter the weak growth (see yellow dots in Chart 1). Political fractures are polarising French and German governments, whilst the entire EU Bloc must contend with Trump 2.0 eager to target many key and valuable European export markets, such as automobiles, electronics and industrial goods.

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	1.7396/1.7326
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	Netwealth (Super Service, Wrap Service, IDPS)
BT Asgard (Panorama)	OneView
CFS (FirstWrap, Edge)	Powerwrap (IDPS)
Dash	Praemium (Non Super, Super)
Hub24 (Super, IDPS)	
Macquarie Wrap (IDPS, Super)	
Mason Stevens	

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 indicative 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 indicative 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.

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