

# Performance report | 31 March 2024

## 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.

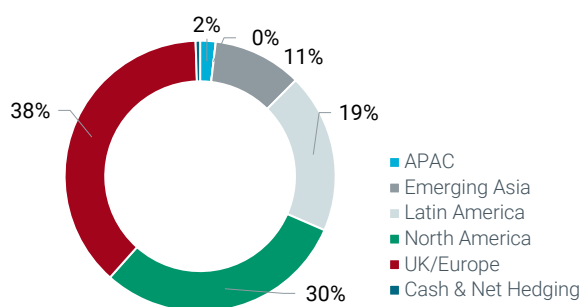
### Net returns

	1 mth	3 mths	6 mths	1 year	3 years p.a.	Since inception <sup>2</sup> p.a.
Fund	1.91%	-1.95%	8.28%	2.95%		1.47%
Benchmark <sup>1</sup>	0.43%	1.16%	3.34%	8.91%		9.51%
Value added	1.48%	-3.11%	4.94%	-5.96%		-8.03%
FTSE Global Core Infra 50/50 Net Total Return Index (Hedged) <sup>3</sup>	3.38%	2.54%	11.26%	2.12%		-2.73%
S&P Global Infra. Net Total Return Index (Hedged) <sup>4</sup>	4.62%	2.59%	10.62%	2.73%		0.63%

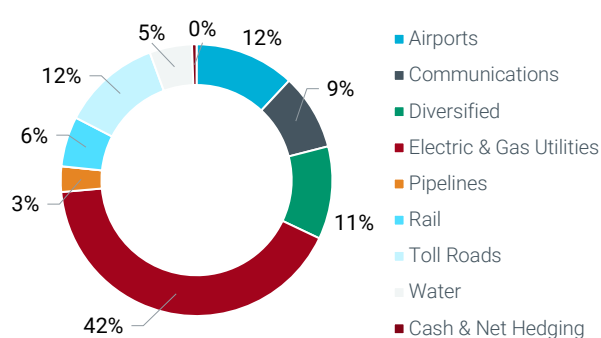
Performance figures are net of fees and expenses.

<sup>1</sup>'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	6.19
Sempra Energy	5.11
Iberdrola	5.04
American Water Works	4.12
Jasa Marga	4.00
American Electric Power	3.58
Nextera Energy	3.57
SSE	3.51
Ferrovial	3.45
Getlink	3.41
<b>Total</b>	<b>41.98</b>

## Portfolio performance review

The 4D Global Infrastructure Fund (Hedged) was up 1.91% net in March, outperforming the benchmark's return of 0.43% (by 1.48%) but underperforming the FTSE 50/50 Infrastructure Index which was 3.38%.

The strongest performer for March was US integrated regulated utility Nextera Energy, up 15.8%. This follows an announcement by the Federal Election Commission that it would close the case against NEE regarding alleged campaign finance violations, without finding evidence of a violation. This removes a significant over-hang on the stock.

The weakest performer in March was Chinese toll road operator Yuexiu Transport, down 13.9% following a disappointing dividend announcement as part of their FY results presentation.

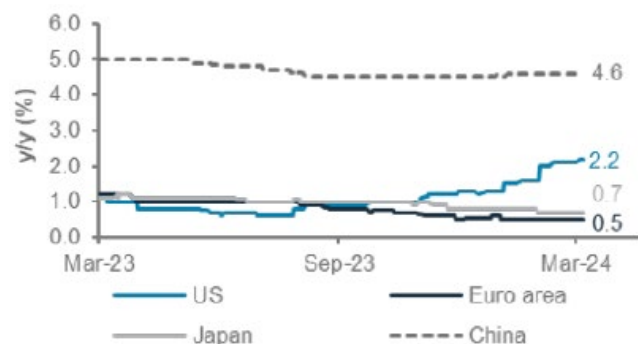
Markets remain volatile on the outlook for inflation, interest rates and economic growth. Most developed market Central Banks are at peak policy rates, with market expectations of rate cuts in 2024 being pared back from the aggressive levels seen at the start of the year. The pace of disinflation has slowed, but the delayed impact of high interest rates on economic growth may yet to fully be seen. 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

Global equity markets were up for the fifth month in a row in March, with MSCI (Local) gaining 3.36% and 10.06% for Q1. Central bank updates were a key focus in March.

March economic data reinforced the “soft landing” thematic in the US, with further evidence of economic resilience but a slowing path of disinflation. Core US CPI was persistent and rose by 0.4% Month on Month in February. Headline CPI rose on the back of the continued rise in housing and rebound in energy prices. Broad based price increases, especially across services, impacted core inflation. February monthly retail sales were weaker, with the control group flat vs 0.4% expected. Amongst major economies, US growth continued to be upgraded over Q1.

Chart 1; Consensus 2024 growth estimates



Source – Standard Chartered, Bloomberg

The Fed Chair, Jerome Powell, downplayed the higher-than-expected inflation prints the last two months and reinforced a dovish tone. In its quarterly economic projections, the Fed maintained its median of 3 cuts this year, whilst revising up core inflation 20bps to end 2024 at 2.6% and 2025 flat at 2.2%. The Fed also upgraded its outlook for economic growth. Market pricing for 2024 cuts is now in line with the Fed, at 75bps, halving from 150bps at the start of the year.

The Bank of England also signalled a dovish stance, with two remaining hawkish members (of nine members) turning neutral and no longer pushing for a hike. CPI continues to fall, hitting 3.4% YoY in February after being 3.9%-4% for the prior three months. In Europe, manufacturing, economic sentiment, and tepid consumption continue as headwinds. The ECB continues to signal rate cuts by the middle of the year to encourage growth.

The Bank of Japan increased its interest rates for the first time in 17 years, normalising monetary policy and being the final major economy to abandon negative interest rate policy, as well as its yield curve control and ETF purchase operations policy. This coincided with the Nikkei 225 index marking a record high, 34 years after its 1989 bubble burst.

Chart 2; China's key economic targets

Year	Growth target	CPI	Fiscal deficit	Local govt. special bond quota (RMB tn)
2019	6.0 - 6.5%	3.00%	2.80%	2.15
2020	None	3.50%	3.60%	3.75
2021	Above 6.0%	3.00%	3.20%	3.65
2022	Around 5.5%	3.00%	2.80%	3.65
2023	Around 5.0%	3.00%	3.80%	3.80
2024	Around 5.0%	3.00%	3.00%	3.90

Source – Standard Chartered, Bloomberg

In China, at the National People's Congress, the 5% growth target for 2024 was renewed, as well as a budget deficit target of 3% (lower than the 3.8% in 2023). Some investors expected additional stimulus to be announced, on top of the multi-year central government bond issuance plan and special local government bond issuance plans.

Underlying Chinese data seems to be showing further signs of stabilisation. China's exports and imports started the year on a positive note, both extended the recovery seen in late 2023. The monthly activity data showed retail sales in line, and industrial production the fastest in two years, whilst property investments slowed more than expected.

Elsewhere in Emerging Markets, Brazil and Chile continued their easing cycle, whilst Mexico implemented its first rate cut this cycle.

## 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	35
Application/redemption price (AUD) <sup>5</sup>	1.0068/1.0028
Distribution frequency	Quarterly
Management fees and costs <sup>6</sup>	1.00% p.a. (including GST)
Performance fee <sup>7</sup>	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	Macquarie Wrap (IDPS, Super)
BT (Panorama)	Netwealth (Super Accelerator, Wealth Accelerator)
CFS (FirstWrap)	
DASH	Praemium (Super, Wealth)
Hub24 (Super, IDPS)	

## Get in touch



4Dinfra.com



client.experience@bennelongfunds.com



1800 895 388 (AU) or 0800 442 304 (NZ)

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 indicative 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 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.

This information is issued by Bennelong Funds Management Ltd (ABN 39 111 214 085, AFSL 296806) (BFML) in relation to the 4D Global Infrastructure Fund (AUD Hedged). The Fund is managed by 4D Infrastructure, a Bennelong boutique. This is general information only, and does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any fund of which BFML is the Trustee or Responsible Entity (Bennelong Fund). This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the relevant Information Memorandum (IM) and or Product Disclosure Statement (PDS) which is available on the BFML website, [bennelongfunds.com](http://bennelongfunds.com), or by phoning 1800 895 388 (AU) or 0800 442 304 (NZ). Information about the Target Market Determinations (TMDs) for the Bennelong Funds is available on the BFML website. BFML may receive management and or performance fees from the Bennelong Funds, details of which are also set out in the current IM and or PDS. BFML and the Bennelong Funds, their affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that any Bennelong Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any Bennelong Fund. Past fund performance is not indicative of future performance. Information is current as at the date of this document. 4D Infrastructure Pty Ltd (ABN 26 604 979 259) is a Corporate Authorised Representative of BFML.