

# 4D Global Infrastructure Fund

ARSN: 610 092 503

## Monthly performance update

As at 31 January 2018

### Overview

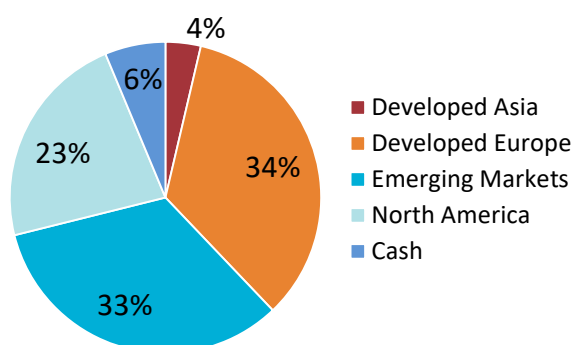
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing dividends. The 4D Global Infrastructure Fund ('the Fund') aims to outperform the OECD G7 Inflation Index + 5.5% p.a. over the medium to long term (before fees).

### Performance

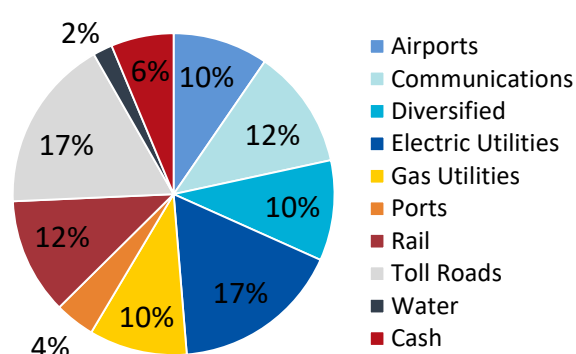
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	-0.84%	-0.26%	6.37%	24.21%	13.56%
Benchmark: OECD G7 Inflation Index + 5.5%	0.43%	1.96%	3.40%	7.25%	7.17%
<b>Over/under performance</b>	<b>-1.27%</b>	<b>-2.22%</b>	<b>2.97%</b>	<b>16.96%</b>	<b>6.39%</b>

Performance figures are net of fees and expenses unless otherwise stated.  
\*Inception date is 7 March 2016

### Regional Breakdown



### Sector Breakdown



### Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Getlink	5.06
Cellnex	5.04
DP World	4.03
Shenzhen International	3.95
Kinder Morgan	3.90
Cheniere Energy	3.86
Jasa Marga Indonesia Highway Group	3.72
Transurban	3.66
Ferrovial	3.65
Iberdrola	3.61
<b>Top 10 Total</b>	<b>40.48</b>

FUND DETAILS	
APIR Code	BFL0019AU
Investment Manager	4D Infrastructure
Portfolio Manager	Sarah Shaw
Benchmark	OECD G7 Inflation Index + 5.5%
Inception Date	7 March 2016
Reporting Currency	A\$ Unhedged
Recommended Investment Period	Five years
Stock / Cash Limit	+7% / 10%
No. of Securities	39
Application/Redemption Price (AUD)*	1.2698/1.2622
Distribution Frequency	Quarterly
Base Management Fee	0.93% p.a. + net effect of GST
Performance Fee	10% p.a. + net effect of GST
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

\*All unit prices carry a distribution entitlement.



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### Portfolio performance review

The 4D Global Infrastructure Fund was down a net 0.84% (AUD) in January, under-performing the benchmark return of 0.43% by 1.27% but well ahead of the FTSE 50/50 Infrastructure Index which was down 3.24% for the month.

The AUD was again very strong in January, up 3.15% for the month, which was responsible for much of the fund's under-performance.

The strongest portfolio performer for the month was Brazilian rail operator Rumo, up 10%. While it had no significant stock specific news in January, the Brazilian market responded well to the appeal court's decision to uphold former President Lula's corruption conviction and jail term, ruling him out of the upcoming elections.

The weakest performer in January was Indonesian toll road operator Jasa Marga, which was down 10.9%. The stock has had a very strong run in recent months and we believe this weakness can be attributed to some profit taking. We continue to believe in the fundamentals of this story supported by two very attractive thematics – the need for infrastructure investment globally and the emergence of the middle class. It remains a top 10 position for 4D.

We remain buyers of the global economic growth story, tempered by increasing geo-political concerns as elections loom.

### Market review

Global equities started 2018 the way they finished 2017 – strongly. In January the US S&P 500 finished up 5.6%, while the broader MSCI World index was +5.3% and the MSCI Emerging Markets index was +8.3%. In Australia the ASX 200 finished down 0.45%, while the A\$ was up 3.15% essentially due to a globally weaker US\$. US bonds were also significantly weaker, with 10-year yields +0.3% at 2.71% p.a. by month-end – in hindsight, a precursor for the equity market carnage that would characterise the start of February.

Global economic data was again strong in January. In the US real GDP growth was +2.6% annual in Q4, down from 3.2% in Q3. However, details in the report showed much more strength, indicating growing momentum in domestic demand. In Europe activity data showed further strength in preliminary readings for the new year: the first estimate of French Q4 GDP showed the economy expanding by 0.6% q/q. That was in line with consensus and leaves full-year 2017 growth at 1.9%, the highest since 2011.

In global politics January started somewhat bizarrely with a false incoming ICBM alarm in Hawaii sending the island into panic, and reminding us that we live in a world of heightened anxiety. North Korea agreeing to participate in the winter Olympics in South Korea will hopefully contribute to a thaw in currently frosty relations.

Early in the month press reports suggested China was going to reduce its purchases of US Treasury Bonds, sending yields spiking. These reports were subsequently denied but the episode did illustrate the potential global financial clout China now retains.

Note: Net performance is net of all fees (including management and performance), and all values are in Australian dollars.

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The implications of Mr Trump's tax reforms were being worked through, but one very positive development was Apple Inc agreeing to pay US\$38b in taxes in return for being able to repatriate US\$200b+ in funds previously stranded offshore. Other companies made similar announcements later in the month. The impact of this huge amount of cash flowing back to mainland USA could be enormously positive for the economy.

In Mr Trump's State of the Union address he provided an outline of his infrastructure plan. The six-page outline is thin on details, but news reports have indicated the administration will seek to offer US\$200 billion in grants over 10 years to leverage investment from state, local, and private sources, hoping to spur about US\$1 trillion total in spending.

Demonstrating its continuing 'fortress USA' mindset, the Trump administration imposed 'safeguard tariffs' on imported residential washing machines and solar cells. These tariffs may presage further action on trade.

Meanwhile, a revised and remodelled Trans Pacific Trade Partnership (TPP) was agreed between 11 Pacific Rim nations. Without the US, the combined GDP of the agreement amounts to US\$12.6t, or ~15.8% of world GDP. It is potentially one of the most significant (and beneficial to Australia) trade agreements in the world.

### Outlook

We have a very positive outlook for global listed infrastructure (GLI) over the medium term. There are a number of powerful macro forces at play which we believe will continue to support the sector. There has been a huge underinvestment in infrastructure around the world over the past 30 years. As governments seek to redress this problem, public sector fiscal and debt constraints will limit their ability to respond, meaning there will be an ever-increasing need for private sector capital as part of the funding solution. In addition, the world's population is expected to grow by 53% by the end of this century, which will be accompanied by an emerging middle class, especially in Asia. These forces will compel new, improved and expanded infrastructure around the world. GLI's very attractive investment attributes will make it an important part of the financing solution to the world's infrastructure needs and, we believe, see it continue to grow and prosper over the longer term.

### How to invest

The Fund is open to investors directly via the PDS (available at [4dinfra.com](http://4dinfra.com)), or the Macquarie Wrap platform.

### Contact details

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