

4D Global Infrastructure Fund

Performance report | 30 September 2021

Overview

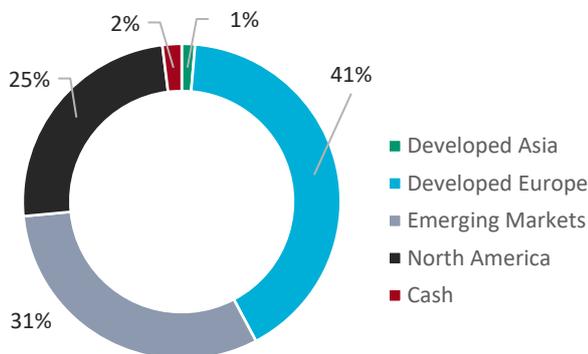
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing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

Net client returns (after fees and expenses)

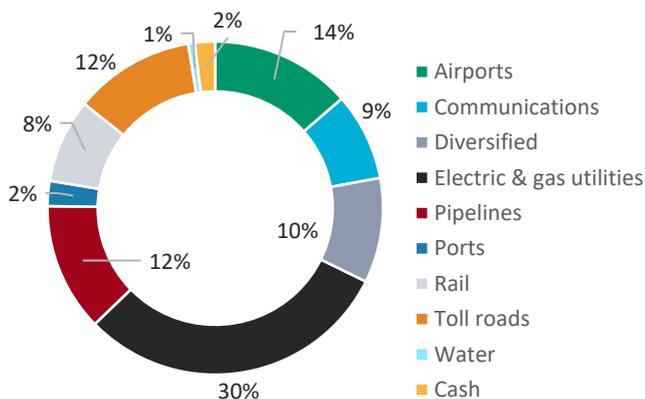
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception ² p.a.
Fund	-2.51%	1.14%	7.15%	19.91%	1.69%	9.14%	9.39%	9.86%
Benchmark ¹	1.06%	3.16%	6.01%	9.40%	7.73%	7.50%	7.49%	7.48%
Value added	-3.57%	-2.02%	1.14%	10.51%	-6.04%	1.64%	1.90%	2.38%

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	5.54
Iberdrola	4.89
Jasa Marga	4.03
Enel	3.95
Getlink	3.91
Shenzhen International	3.88
Ferrovial	3.52
AENA	3.39
Fraport	3.32
Cheniere Energy	3.23
Total	39.66

Portfolio performance review

The 4D Global Infrastructure Fund was down a net 2.51% (AUD) in September 2021, under-performing the benchmark's return of 1.06% (by 3.57%) but in line with the FTSE 50/50 Infrastructure Index which was down 2.45% (AUD). Currency accounted for 26bps of the under-performance in September.

The strongest performer for September was Chinese toll road operator Yuexiu Transport up 12.9% recovering from an oversold position post the recent COVID outbreak.

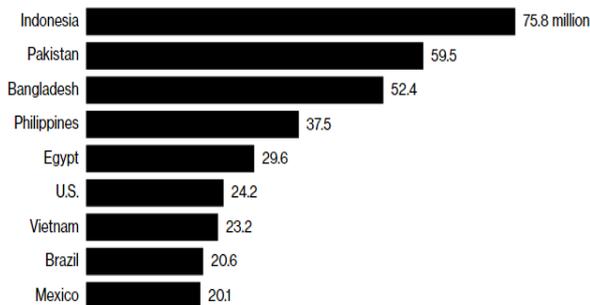
The weakest performer in September was Brazilian contract generator AES Brasil down 19.3% following worsening country hydrology as well as the announcement of an equity raise to fund the companies diversified green energy growth strategy but without any clarity provided on the targets.

We continue to position for economic recovery, with infrastructure an integral component of that global bounce back. There remains a raft of attractive investment opportunities on offer in the sector.

Month in review

A growing middle class, especially in emerging markets and Asia, has been an underlying theme in 4D's investment strategy for some time. A larger middle class in a country drives consumption patterns that require improved and expanded infrastructure to meet their new, more affluent status, including international travel (airports and ports), domestic travel (roads) or just increased quality of life and domestic consumption (new and greener power supply, clean reliable water). Bloomberg reports that this thematic remains very much intact despite the emergence of COVID. More than 1 billion Asians are set to join the global middle class by 2030, according to a new study.

The middle class -- households where per-capita spending is between US\$11 and US\$110 a day - amounts to some 3.75 billion people this year, according to the World Data Lab. That cohort is projected to keep growing through 2030 with India and China, the most populous countries, adding about three-quarters of a billion members between them. Outside of the world's most populous countries, here's where the global middle class is forecast to grow most over the coming decade



Source: World Data Lab

The other biggest contributors are also in Asia. They include countries like Indonesia -- projected to have the world's fourth-biggest middle class by 2030, overtaking Russia and Japan -- and Bangladesh which is set to rise up the rankings faster than any other nation. It's forecast to jump from 28th

to 11th place, adding more than 50 million middle-class consumers. Asian countries already make up more than half of the world's middle class, but they account for only 41% of that group's consumer spending, according to the study. The share is set to exceed 50% by 2032. China, India and the US are projected to retain the top 3 rankings as countries with the largest middle-class populations according to World Data Lab. Slow or negative population growth in some advanced economies will lead to a shrinking middle class in countries like Japan, Germany, Italy and Poland.

One of the consequences of an emerging, wealthier middle class is that they will want to travel more meaning new aircraft and airports will be needed. Bloomberg reports that Boeing expects Chinese airlines will need 8,700 new aircraft for a total cost of US\$1.47 trillion by 2040—involving a doubling in the country's commercial fleet size—thanks to a projected boom in air travel. In all, China's demand for wide-body aircraft is likely to account for 20% of global deliveries. The rapid recovery of domestic traffic during the pandemic speaks to the market's underlying strength, Boeing said. Qantas has also kicked off a process to buy more than 100 new planes worth in excess of US\$9 billion. It's part of a push ahead with its plans to start ultra-long flights halfway around the globe. The planes will arrive over the next 13 years

US Federal Reserve officials reinforced the US central bank's message that it would probably begin winding down its bond-buying program soon, though the economic recovery still had a way to go before interest-rate increases would be appropriate. Fed Chair Jerome Powell told the US Senate that supply bottlenecks have lasted longer than expected, and that inflation pressures will remain high in the coming months before easing as predicted: *'They will abate, and as they do, inflation is expected to move back toward our longer-run 2% goal'* Mr Powell said.

Similarly, the leaders of the ECB, BOE, Fed and BOJ sounded reassuring notes on their economies while acknowledging concerns about the pace of and challenges to recovery. Speaking at an ECB-sponsored forum, Jerome Powell and Christine Lagarde both repeated the mantra that spikes in inflation are temporary while warning of climate change as a long-term threat. Other takeaways include: Haruhiko Kuroda predicted a *'quite small'* GDP gain for Japan this fiscal year, but said growth would pick up to about 4% in 2022. He added, the BOJ's mandate is unlikely to change as Fumio Kishida takes over as new PM. The euro area is witnessing a *'very unusual'* recovery from an equally unusual recession, Lagarde said, adding that the ECB is watching for factors that would make inflation more permanent.

Finally, Bloomberg reports that the Biden administration is considering a US-led competitor for China's *'Belt and Road'* international trade and public works program. A top White House official will reportedly scout Latin America for possible projects. Across the developing world, there are more than US\$40 trillion in infrastructure needs through 2035, administration officials said. US officials plan to first solicit ideas from local leaders before formally selecting several flagship projects early next year, aides said. The infrastructure asset class continues to expand!

Fund details

Feature	Information
APIR code	BFL0019AU
Investment manager	4D Infrastructure
Portfolio manager	Sarah Shaw
Reporting currency	A\$ Unhedged
Recommended investment period	Five years
Stock / cash limit	+7% / 10%
No. of securities	43
Application/redemption price (AUD) ³	1.5423/1.5331
Distribution frequency	Quarterly
Management fee ⁴	0.95% p.a. (including GST)
Performance fee ⁵	10.25% p.a. (including GST)
Buy/sell spread	+/- 0.30%
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

BT Asgard (Panorama)	Powerwrap (IDPS)
Hub24 (IDPS, Super)	Wealthtrac
Macquarie Wrap (IDPS, Super)	Praemium (Non Super, Super)
Mason Stevens	Wealth O2
Netwealth (Super Service, Wrap Service, IDPS)	

Get in touch



[4Dinfra.com](https://www.4Dinfra.com)



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1 OECD G7 Inflation Index + 5.5%.

2 Inception date is 7 March 2016.

3 All unit prices carry a distribution entitlement.

4 Management fee is 0.95% p.a. (including GST net of reduced input tax credits) of the Net Asset Value of the Fund.

5 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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