4D Global Infrastructure Fund

Performance report | 28 February 2022

Overview

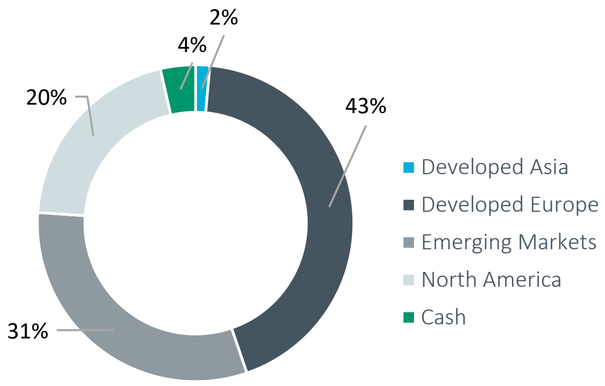
4D Infrastructure is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing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

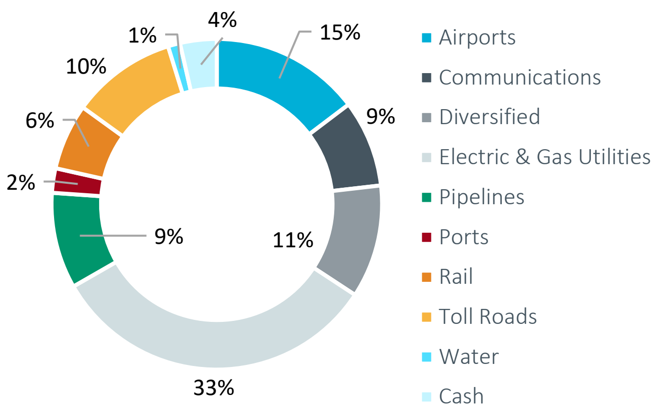
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception[2] p.a.
Fund	-1.76%	2.16%	-1.46%	15.21%	0.10%	6.16%	9.86%	9.35%
Benchmark[1]	0.81%	2.65%	5.37%	11.16%	8.62%	8.10%	7.86%	7.70%
Value added	-2.57%	-0.49%	-6.83%	4.05%	-8.52%	-1.94%	2.01%	1.65%

'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	6.24
Iberdrola	5.17
Enel	4.49
Getlink	4.06
Williams Co	3.86
Shenzhen International	3.81
Jasa Marga	3.67
Aena	3.55
Ferrovial	3.52
Fraport	3.48
Total	41.85

Portfolio performance review

The 4D Global Infrastructure Fund was down a net 1.76% (AUD) in February 2022, under-performing the benchmark's return of 0.81% (by 2.57%) but out-performing the FTSE 50/50 Infrastructure Index which was down 3.25% (AUD). Currency was a net detractor in February costing the fund 230bps.

The strongest performer for February was Cheniere Energy up 19.1% as the conflict in Ukraine pushed global LNG prices higher and Cheniere announced upgrades to 2022 earnings - stemming from the early completion of Sabine Pass Train 6 in combination with the elevated global gas prices through 2022 and looking forward.

The weakest performer in February was Brazilian toll road operator, Ecorodovias down18.1% as concerns around inflation continue to pressure the Brazilian infrastructure sector as well as the departure of the CEO concerning the market. With direct inflation hedges on all Brazilian infrastructure assets we see this continued volatility as a buying opportunity for the sector.

We continue to believe Central Banks will act prudently and cautiously in adjusting monetary policy in response to inflation pressures. But regardless we believe infrastructure is an asset class that can do well in an inflationary environment and we believe it is a sensible portfolio allocation at the current stage of the economic cycle and in light of geo-political tensions. Within infrastructure we continue to favour user pays and real return utilities.

Month in review

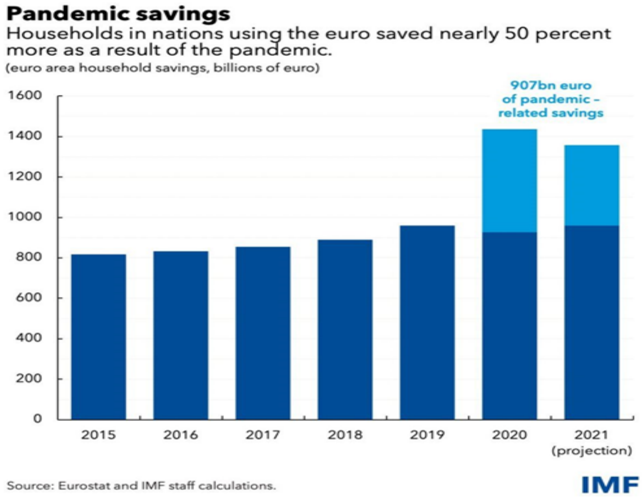
The Russian invasion of the Ukraine dominated headlines and markets in February. Much of the world has united in opposing Russia's actions and introducing a large and diverse suite of sanctions designed to punish Russia economically and isolate them internationally. Even the notoriously neutral Switzerland has imposed penalties.

However, it is worth noting that these types of invasions, involving a motivated, dug-in, homeland defender, can run for years – such as conflicts in Afghanistan (1979-89), Korea (1950-1953), Vietnam (1962-73) and Afghanistan (2001-21).

Federal Reserve Chair Jerome Powell told Congress the central bank is on track to raise interest rates in March, eyeing a 0.25% hike to curb the highest inflation in decades. But Russia's invasion of Ukraine means the Fed will move 'carefully' he said.

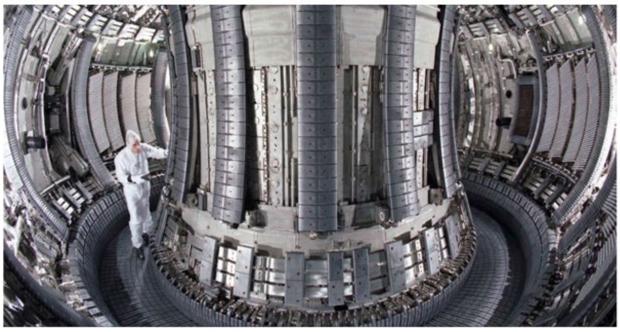
The Covid pandemic has impacted people and economies in many ways that could not have been foreseen. For example, the IMF reports that in ordinary times, Europeans save around 12% of their income. But as families stayed at home this savings rate increased sharply to almost 19% in 2020 and 2021. As shown in the chart below the IMF estimates that households in the euro area saved nearly 1 trillion euros more in those 2 pandemic years than they would have done if the pandemic never happened.

In other words, people saved a record sum—equivalent to around 8% of total euro-area GDP.



As Covid passes and these savings, around ~50% of which are held in bank accounts, are released and spent it will be a significant boost for GDP growth while possibly adding to inflation pressures. This excess savings dynamic is not unique to Europe and can be identified in other countries.

Finally, the Joint European Torus (JET) fusion reactor near Oxford in the UK has produced the highest level of sustained energy ever from atom fusion, Nature has reported. On December 21st, 2021, the '*tokamak*' reactor produced 59 megajoules of energy during a 5 second fusion pulse, more than double what it managed way back in 1997.



Fusion, the process that powers the stars, brings together hydrogen atoms at temperatures 10 times hotter than the sun, which then bind to release a vast amount of energy and form new elements. In theory, nuclear fusion does not require an abundance of fuels, and generates only very small amounts of short-lived radioactive waste. Importantly, it does not produce greenhouse gases.

'These landmark results have taken us a huge step closer to conquering one of the biggest scientific and engineering challenges of them all,' said Ian Chapman, lead of the Culham Centre for Fusion Energy (CCFE).

The JET reactor is mainly designed to help scientists prove their modelling. A much larger ITER reactor is being built in France and is set to start fusion testing in 2025. While still sometime away, commercial production of power via nuclear fusion would be a huge, game changing development in the fight against climate change.

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	42
Application/redemption price (AUD)[3]	1.5484/1.5422
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

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

Get in touch

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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.