



**STARLIGHT HYBRID GLOBAL
REAL ASSETS TRUST**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF OPERATIONS AND FINANCIAL CONDITION**

FOR THE PERIOD FROM DECEMBER 13, 2018 TO DECEMBER 31, 2018

March 26, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the financial results of Starlight Hybrid Global Real Assets Trust (the "Trust") dated March 26, 2019 for the period from December 13, 2018 (date of formation) to December 31, 2018 should be read in conjunction with the Trust's annual audited financial statements for the period ended December 31, 2018 and accompanying notes thereto. These documents are available on www.starlightcapital.com and on SEDAR at www.sedar.com.

Additional information relating to the Trust, including the Trust's Annual Information Form, is on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purpose of assisting the reader in understanding the Trust's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future. Readers are cautioned such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, achievements, events, prospects or opportunities for the Trust, the real estate industry or the infrastructure industry and may include statements regarding the financial position, investment portfolio, business strategy, budgets, projected costs, financial results, taxes, plans and objectives of or involving the Trust. In some cases, forward-looking information can be identified by such terms as "may", "might", "will", "could", "should", "would", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", or the negative thereof or other similar expressions suggesting future outcomes or events.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond the Trust's control, affect the operations, performance and results of the Trust and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, risks related to the Series A units ("Series A Units"), Series C units ("Series C Units") or Series F units ("Series F Units") of the Trust (collectively the "Units") and risks related to the Trust and its business. See "Risks and Uncertainties". The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions applied in drawing a conclusion or making a forecast or projection, including management's perception of historical trends, current conditions and expected future developments, as well as other considerations believed to be appropriate in the circumstances, including the following: the global economy will remain stable over the next 12 months; inflation will remain relatively low; interest rates will remain relatively stable; conditions within the global real estate and infrastructure market, will be consistent with the current climate; Starlight Investments Capital GP Inc. (the "Manager") and or an affiliate of the Manager, will continue its involvement as manager of the Trust in accordance with the terms of the Management Agreement (as defined herein); Starlight Investments Capital LP (the "Investment Manager" and together with the Manager, "Starlight Capital"), or an affiliate of the Investment Manager, will continue its involvement as portfolio manager of the Starlight Global Real Assets LP, in accordance with the terms of the Investment Management Agreement (as defined herein); and the risks referenced above,

collectively, will not have a material impact on the Trust. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking statements made relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian law, the Trust undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

BASIS OF PRESENTATION

The Trust's annual audited financial statements for the period ended December 31, 2018 has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Trust's presentation currency is the Canadian dollar.

OVERVIEW AND INVESTMENT OBJECTIVES

The Trust is an investment trust established as a trust under the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust ("DOT") dated November 28, 2018. Starlight Global Real Assets LP (the "Public Portfolio LP") is a limited partnership formed pursuant to a Limited Partnership Agreement dated November 28, 2018, governed by the laws of the Province of Ontario. The Trust is the only limited partner of the Public Portfolio LP.

The Public Portfolio LP will hold an actively managed global portfolio of real estate and infrastructure securities (the "Public Portfolio"). In addition to the Public Portfolio, the Trust also invests in a private portfolio of global real estate properties and global infrastructure assets (the "Private Portfolio", and together with the Public Portfolio, the "Portfolio"), primarily through investments in other investment vehicles. The Investment Manager provides investment management advice, including advice in respect of the Trust's asset mix and security selection for the Public Portfolio in the Public Portfolio LP, subject to the Trust's investment restrictions.

The Trust is listed on the Neo Exchange Inc. (the "Exchange") under the symbol SCHG.UN. The Trust's registered address is 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3. RBC Investor Services Trust acts as custodian and administrator of the Trust. The Trust is currently offered in Canadian-dollar-denominated units.

The objectives of the Trust are to provide holders of Units (the "Unitholders") with stable monthly cash distributions and long-term capital appreciation through exposure to institutional quality real assets in the global real estate and global infrastructure sectors.

Starlight Capital seeks to identify potential investments for the Trust using its investment philosophy "Focused Business Investing". The fundamental investment criteria that it focuses on are recurring free cash flow, irreplaceable assets that allow a business to resist competition and generate higher returns on capital, low debt, and a strong management team. The result is concentrated portfolios that Starlight Capital expects to generate superior, risk-adjusted returns over the long term.

INVESTMENT STRATEGY

To achieve its objectives, the Trust invests no less than 60% of the net capital raised into the Public Portfolio LP, that holds an actively managed global portfolio of real estate and infrastructure securities, targeting issuers primarily in the Organisation for Economic Co-operation and Development countries, managed by Dennis Mitchell, the Chief Executive Officer & Chief Investment Officer of the Trust and the Investment Manager of the Public Portfolio LP. The Trust also invests in global real estate properties and global infrastructure assets, beginning with allocations of up to 20% of the net capital raised to each of the Starlight Canadian Residential Growth Fund (the “Starlight Residential Fund”), a newly created fund to be managed by Starlight Group Property Holdings Inc., and EagleCrest Infrastructure Canada LP (“EICLP”), managed by Fiera Infrastructure Inc. The Starlight Residential Fund will make direct investments in Canadian multi-residential real estate properties and portfolios. EICLP holds investments in 24 infrastructure assets located in Canada, the U.S., the U.K. and Spain.

INVESTMENT RESTRICTIONS

The Trust is subject to the investment restrictions set out below that, among other things, limit the securities that the Trust may acquire for the investment portfolio. The Trust’s investment restrictions may not be changed without the approval of the Unitholders at a meeting called for such purpose. The Trust’s investment restrictions provide that the Trust may not:

- (i) purchase securities, other than securities of public and private issuers operating in, or that derive a significant portion of their revenue or earnings from, the global residential and commercial real estate sectors and the global infrastructure sector;
- (ii) invest more than 40% (at the time of investment) of its total assets in securities of private issuers (other than securities of the Public Portfolio LP or other wholly-owned subsidiaries);
- (iii) invest more than 20% (at the time of investment) of its total assets in securities of any single issuer other than (i) securities issued or guaranteed by the government of Canada or a province or territory thereof or securities issued or guaranteed by the U.S. government or its agencies and instrumentalities, (ii) the Public Portfolio LP, or (iii) wholly-owned subsidiaries;
- (iv) make any investment or conduct any activity that would result in the Trust failing to qualify as a “mutual fund trust” within the meaning of the *Income Tax Act (Canada)* (the “Tax Act”), or that would result in that Trust acquiring or holding “non-portfolio property” or otherwise becoming a “SIFT trust” within the meaning of the Tax Act;
- (v) borrow money or employ any other forms of leverage in the Public Portfolio greater than 15% of the net asset value (“NAV”) of the Public Portfolio LP; obtain leverage in the Private Portfolio of greater than 75% of the fair market value (at the time of investment) of any direct real estate held in the Private Portfolio either directly or indirectly through an investment vehicle or greater than 90% of the fair market value (at the time of investment) of any direct infrastructure held in the Private Portfolio either directly or indirectly through an investment vehicle;
- (vi) issue preferred units until the later of (i) January 1, 2021 and (ii) the date at which the NAV of the Trust reaches \$500,000,000. The number of preferred units that the Trust may issue is limited to such number of preferred units with an aggregate preferred unit redemption price equal to 25% of the NAV of the Trust, after giving effect to the offering of such preferred units, and shall not constitute leverage for the purposes of (v) above;

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- (vii) have short exposure, other than for purposes of hedging, in excess of 20% of the total assets of the Trust as determined on a daily marked-to-market basis;
- (viii) hold or acquire an interest as a member of a partnership unless the liability of the Fund as a member of such partnership is limited by operation of applicable law within the meaning of subsection 253.1(1) of the Tax Act;
- (ix) invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Trust (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Trust (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” for the purposes of section 94 of the Tax Act; and
- (x) enter into any arrangement (including the acquisition of securities for the Portfolio) where the result is a “dividend rental arrangement” for the purposes of the Tax Act, or engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of the Trust will not be considered a violation of the restriction (except for the restrictions in paragraphs (iv), (ix) or (x) above). If the Trust receives from an issuer, subscription rights to purchase securities of that issuer, and if the Trust exercises such subscription rights at a time when the Trust’s Portfolio holdings of securities of that issuer would otherwise exceed the limits set forth above, it will not constitute a violation if, prior to receipt of securities upon exercise of such rights, the Trust has sold at least as many securities of the same class and value as would result in the restriction being complied with.

The operations of Public Portfolio LP are subject to the terms of its constating documents, which provide, among other things that Public Portfolio LP operate in a manner consistent with the investment restrictions set out above (except for the restriction in paragraph (viii) above).

DECLARATION OF TRUST

The Investment guidelines of the Trust are outlined in the DOT. A copy of this document is available upon request by all Unitholders, and can also be found on www.starlightcapital.com or SEDAR at www.sedar.com.

As of the date hereof, the Trust was in material compliance with all investment guidelines in the DOT.

ORGANIZATION AND MANAGEMENT OF THE TRUST

THE MANAGER

The Manager, the general partner of the Investment Manager and a wholly-owned subsidiary of Starlight Group Property Holdings Inc., is the manager of the Trust and is responsible for the provision of management services required by the Trust, including, among other things, providing the officers and certain Trustees. The Manager’s head office is located at 3280 Bloor Street West, Centre Tower, Centre Tower, Suite 1400, Toronto, Ontario, Canada, M8X 2X3.

For a description of the Management Agreement, see “Related Party Transactions and Arrangements - Arrangements with Starlight Capital”.

THE INVESTMENT MANAGER

The Investment Manager, a wholly-owned subsidiary of Starlight Group Property Holdings Inc., is the investment manager of the Public Portfolio LP. The Investment Manager is responsible for the investment decisions for the Public Portfolio.

For a description of the Management Agreement, see “Related Party Transactions and Arrangements - Arrangements with Starlight Capital”.

TRUSTEES AND EXECUTIVE OFFICERS

The following are the names, city, province or state and country of residence of each of the individuals who are the Trustees and executive officers of the Trust and their principal occupations during the last five years.

Name, Province or State and Country of Residence	Position/Title ⁽¹⁾	Principal Occupations During the Last Five Years
Daniel Drimmer ⁽²⁾ Toronto, Ontario	Trustee	Chief Executive Officer and President, Starlight Group Property Holdings Inc. President and Chief Executive Officer, True North Commercial Real Estate Investment Trust. Chief Executive Officer, Starlight U.S. Multi-Family (No.5) Core Fund and Starlight U.S. Multi-Family (No. 1) Value-Add Fund. Former Chief Executive Officer, Starlight U.S. Multi-Family Core Fund, Starlight U.S. Multi-Family (No. 2) Core Fund, Starlight U.S. Multi-Family (No. 3) Core Fund and Starlight U.S. Multi-Family (No. 4) Core Fund.
Denim Smith ⁽²⁾ Toronto, Ontario	Trustee	Consultant Interim Chief Financial Officer, The Nationwide Group of Companies. Head of Real Estate investment Banking Practice, Blackmont Capital.

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Name, Province or State and Country of Residence	Position/Title ⁽¹⁾	Principal Occupations During the Last Five Years
Harry Rosenbaum ⁽²⁾ Toronto, Ontario	Trustee	Principal, The Great Gulf Group of Companies
Dennis Mitchell Toronto, Ontario	Director of the Manager and Chief Executive Officer and Chief Investment Officer of the Trust	Chief Executive Officer and Chief Investment Officer, Starlight Investments Capital LP. Senior Portfolio Manager and Senior Vice-President, Sprott Asset Management LP. Executive Vice-President and Chief Investment Officer, Sentry Investments.
Graeme Llewellyn Toronto, Ontario	Director of the Manager and Chief Financial Officer and Chief Operating Officer of the Trust	Chief Financial Officer and Chief Operating Officer, Starlight Investments Capital LP. Vice President, Chief Operating Officer, Sentry Investments. Vice-President, Operations and Chief Information Officer, Sentry Investments March 2014 to March 2017. Vice-President, Finance and Information Officer, Sentry Investments.

Notes:

- (1) The individuals acting in the capacity of the Trust's executive officers are not employed by the Trust or any of its subsidiaries, but rather are employees of the Manager and provide services to the Trust, on behalf of the Manager, pursuant to the Management Agreement.
- (2) Member of the Audit Committee.

CUSTODIAN

The custodian of the Trust is RBC Investor Services Trust of Toronto, Ontario, pursuant to a custodian contract dated December 12, 2018. The custodian has physical custody of the portfolio securities of the Trust. The Custodian engagement for the Trust may be terminated by either the Investment Manager or the custodian by an instrument in writing delivered or mailed, such termination to take effect at least 90 days after the date of such delivery, unless a different period is agreed to in writing by the parties.

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PORTFOLIO SUMMARY

As at December 31, 2018 the Trust's portfolio was comprised of 2,780,004 units of the Public Portfolio LP. The Public Portfolio LP investments were in cash.

Number of Units	Description	Average Cost	Fair Value	% of Net Assets
	Fund(s)			
2,780,004	Starlight Global Real Assets LP	\$27,800,000	\$27,795,664	99.93%
		\$27,800,000	\$27,795,664	99.93%

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2018 HIGHLIGHTS

UNIT OFFERING

On December 13, 2018, the Trust completed its initial public offering (the "Offering") of 1,959,000 Series A Units, 141,000 Series F Units and 750,000 Series C Units each at an offering price of \$10.00 per Unit for gross proceeds of \$28.5 million. The net proceeds were used to pay issue costs and to purchase units in the Public Portfolio LP.

On December 21, 2018, the agents for the Trust's initial public offering partially exercised their over-allotment option to purchase an additional 75,901 Series A Units of the Trust at the initial offering price of \$10.00 per Unit. Including the exercise of the over-allotment option, the Trust issued a total of 2,034,901 Series A Units, 141,000 Series F Units and 750,000 Series C Units for total gross proceeds of \$29.3 million.

The Series A Units are listed on the Exchange under the ticker SCHG.UN. The Series F Units and Series C Units are unlisted.

PORTFOLIO INVESTMENTS

As at December 31, 2018, the Trust had an investment of \$27,800,000 in the Public Portfolio LP whose investments consisted of cash. As at March 26, 2019 the Trust had a commitment of \$5.5 million to EICLP and a commitment of \$5.5 million to the Starlight Residential Fund. See Subsequent Events.

DISTRIBUTION

The Trust will target \$0.50 gross distributions per Unit per annum (5.0% yield based on the offering price per Unit) at the discretion of the Trustees, to be paid on a monthly basis commencing February 2019. See Subsequent Events.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	For the period from December 13, 2018 to December 31, 2018
Current assets	\$ 28,312,178
Current liabilities	497,061
Net assets attributable to holders of redeemable units per series	
Series A	19,085,354
Series C	7,370,787
Series F	1,358,976
	\$ 27,815,117

ANALYSIS OF FINANCIAL PERFORMANCE

The Trust's financial performance and results of operations for the period from December 13, 2018 (date of formation) to December 31, 2018 are summarized below.

	For the period from December 13, 2018 to December 31, 2018
Investment loss	\$ (4,336)
Expenses	(58,176)
Net Investment loss	(62,512)
Decrease in net assets attributable to holders of redeemable units	\$ (62,512)

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GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses include items such as legal and audit fees, trustee fees, investor relations expenses, trustees' and officers' insurance premiums, and other general and administrative expenses associated with the operation of the Trust. Management fees payable to the Manager would also be included in general and administration expenses. No management fees were paid or payable to the Manager in 2018. See "Related Party Transactions and Arrangements - Arrangements with Starlight Capital".

ACCRUED EXPENSES

As at December 31, 2018, the Trust had \$497,061 in accounts payable and accrued liabilities.

LIABILITIES

LEVERAGE

The Trust may obtain leverage of up to 15% of the net NAV of the Public Portfolio LP by way of a margin facility. In addition, the Private Portfolio may obtain leverage of up to 75% of the fair market value of any direct real estate held in the Private Portfolio either directly or indirectly through an investment vehicle. In addition, the Private Portfolio may obtain leverage of up to 90% of the fair market value of any direct infrastructure held in the Private Portfolio either directly or indirectly through an investment vehicle.

As at December 31, 2018, the Trust had no leverage.

UNITHOLDERS' EQUITY

As at December 31, 2018 there were 2,034,901 Series A Units outstanding valued at \$19,085,354, 750,000 Series C Units outstanding valued at \$7,370,787 and 141,000 Series F Units outstanding valued at \$1,358,976. The Trust has the following Series A, C and F Units outstanding as of March 26, 2019:

Series	Units		
	Series A	Series C	Series F
Balance, December 31, 2017	–	–	–
Units issued, during the period	2,034,901	750,000	141,000
Units outstanding, end of period	2,034,901	750,000	141,000

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

Cash flow from investments represents the primary source of liquidity to fund distributions and the Trust's expenses. The Trust's cash flow from investments is dependent upon the distribution levels of its investments, foreign currency exchange rates and from the realization of capital gains on its investments. Declines in these factors may adversely affect the Trust's net cash flow from operations and hence require distributions and expenses to be paid from return of capital through the sale of investments.

The Investment Manager manages the liquidity of the Public Portfolio to be able to meet the liquidity needs of the Public Portfolio LP and of the Trust. A more detailed discussion of these risks can be found under the "Risks and Uncertainties" section in the annual information form of the Trust ("AIF") dated March 26, 2019. Also see "Risks and Uncertainties".

The Trust expects to be able to meet all its obligations, including distributions to Unitholders and expenses as they become due. The Trust has a number of financing sources available to fulfill its commitments including: (i) cash flow from operating activities; (ii) investment portfolio; (iii) issuance of equity; and (iv) ability to implement a margin facility.

CASH FLOW

The following table details the changes in cash and cash equivalents:

	For the period from December 13, 2018 to
	December 31, 2018
Cash used in operating activities	\$ (27,361,115)
Cash from financing activities	27,877,629
Increase (decrease) in cash	516,514
Cash at beginning of period	-
Cash at end of period	\$ 516,514

Cash used in operating activities primarily represents costs of the issuance of equity.

Cash from financing activities is a result of the issuance of Units. See Unitholders Equity.

COMMITMENTS

As at December 31, 2018, the Trust had no commitments. On January 11, 2019 the Trust entered into a subscription agreement for \$5.5 million commitment in the Private Portfolio to invest in EICLP. On March 4, 2019 the Trust entered into a subscription agreement for \$5.5 million commitment in the Private Portfolio to invest in the Starlight Residential Fund. The commitments are callable on demand on a pro-rata basis with other investors. As of March 26, 2019, no amount had been called.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

Starlight Capital is considered a related party to the Trust as Starlight Capital is controlled by the Chairman of the Board of the Trust, who is also a significant Unitholder in the Trust.

ARRANGEMENTS WITH STARLIGHT CAPITAL

Pursuant to the management agreement dated December 13, 2018 (“Management Agreement”), the Manager manages the business of the Trust, including making all decisions regarding the business of the Trust that are advisable or consistent with accomplishing the objectives of the Trust, transacting the business of the Trust, dealing with and in the assets of the Trust, and providing advisory, investment management and administrative services to the Trust. The Trust is administered and operated by the Trust’s Chief Executive Officer & Chief Investment Officer and its Chief Financial Officer & Chief Operating Officer and an experienced team of investment management professionals from Starlight Capital.

The Management Agreement, unless terminated in accordance with its termination provisions, will continue in effect until the winding-up or dissolution of the Trust.

Pursuant to the investment management agreement dated December 13, 2018 (“Investment Management Agreement”), the Investment Manager manages the business of the Public Portfolio LP, including making all decisions regarding the investment portfolio of the Public Portfolio LP in accordance with the investment objectives, investment strategy and investment restrictions of the Trust, employing leverage, and providing administrative services to the Public Portfolio LP. The Public Portfolio LP is administered and operated by Starlight Capital’s Chief Executive Officer & Chief Investment Officer and its Chief Financial Officer & Chief Operating Officer and an experienced team of investment management professionals from Starlight Capital.

The Investment Management Agreement, unless terminated in accordance with its termination provisions, will continue in effect until the winding-up or dissolution of the Trust.

SUMMARY OF FEES AND EXPENSES

MANAGEMENT FEE

Pursuant to the Management Agreement, the Manager is entitled to an annual management fee of 1.25% of the market capitalization of the Trust based on the NAV of the Trust plus the aggregate redemption price of any outstanding Preferred Units calculated and accrued daily and paid by the Trust monthly in arrears. Any fees payable on delegation of responsibilities of the Manager to the Investment Manager will be paid out of the Manager's fees entitlement and will not result in additional fees to the Trust. Any management fees charged by an underlying investment vehicle will reduce the amount of the Management Fee paid to the Manager of the Trust attributable to the portion of the portfolio allocated to the respective underlying investment vehicle. The management fee will be waived until the NAV per Unit of the applicable series is greater than \$10.00.

PERFORMANCE FEE

Pursuant to the Investment Management Agreement, the Investment Manager is entitled to an annual performance fee equal to the product of:

- (a) the weighted average number of Public Portfolio LP units outstanding on the calculation date for such year, and
- (b) 10% of (A) the amount by which the sum of:
 - i) the NAV of the Public Portfolio per Public Portfolio LP unit at the end of such fiscal year (calculated before taking into account the Public Portfolio performance fee payable for the fiscal year), plus,
 - ii) the total amount of distributions paid by the Public Portfolio LP to the Trust during such fiscal year, if any, divided by the weighted average number of Public Portfolio LP units outstanding during such fiscal year.exceeds (B) the greater of:
 - a. the High Water Mark (as defined below), and
 - b. the Hurdle Amount (as defined below).

The high water mark for any fiscal year means the greater of (a) \$10 and (b) the highest NAV per applicable Unit determined as at the last business day of any previous fiscal year, less the total amount of distributions paid on the applicable series during all consecutive immediately preceding fiscal years, if any, in respect of which no Public Portfolio performance fee was paid divided by the weighted average number of units of such series outstanding during such fiscal years (the "High Water Mark"). The hurdle amount for any fiscal year of the Trust means an amount equal to the product of (a) the NAV per applicable Unit on the last business day of the preceding fiscal year, and (b) 112% (the "Hurdle Amount"). No performance fee was payable in 2018.

OPERATING EXPENSES

The Trust will reimburse the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the Management Agreement, as well as certain specified expenses ancillary to the operations of the Manager, including travel on behalf of the Trust.

The Public Portfolio LP will reimburse the Investment Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Investment Manager in connection with the performance of the services described in the Investment Management Agreement, as well as certain specified expenses ancillary to the operations of the Investment Manager.

Each series of Units is responsible for the expenses specifically related to that series and a proportionate share of expenses that are common to all series.

As at December 31, 2018, \$Nil was included in accounts payable and accrued liabilities to Starlight Capital.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the securities of the Trust and in the activities of the Trust. Risks and uncertainties are disclosed below and in the Trust's AIF. The AIF is available on SEDAR at www.sedar.com. Current and prospective Unitholders of the Trust should carefully consider such risk factors.

NO ASSURANCES ON ACHIEVING INVESTMENT OBJECTIVES

There is no assurance that the Trust will be able to return to Unitholders an amount equal to or in excess of the purchase price of the Units. There is no guarantee that an investment in the Trust will earn any positive return in the short or long term nor is there any guarantee that the investment objectives will be achieved. An investment in the Trust involves a degree of risk and is appropriate only for investors who have the capacity to absorb investment losses.

RECENT AND FUTURE GLOBAL FINANCIAL DEVELOPMENTS

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful, or these economies will not be adversely affected by the inflationary pressures resulting from such efforts or central banks' efforts to slow inflation. Further, continued market concerns about the developments in the Middle East, the Ukraine and North Korea, matters related to the United Kingdom's withdrawal from the European Union, and matters related to the U.S. government debt limits, may adversely impact global equity markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Trust and the value of the investment portfolio.

RISKS RELATING TO THE PORTFOLIO ISSUERS

As the Trust invests globally in businesses in the residential and commercial real estate sectors and the global infrastructure sector, the Trust is subject to certain risk factors to which the investment portfolio issuers are subject and which could affect the business, prospects, financial position, financial condition or operating results of the Trust as a result of its investment in such issuers.

The value of the assets of the Trust will vary as the value of the securities in the investment portfolio changes. The Trust has no control over the factors that affect the value of the securities in the investment portfolio. Factors unique to each company included in the investment portfolio, such as changes in its management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies, changes in law and regulation and other events, may affect the value of the securities in the investment portfolio. A substantial drop in equities markets could have a negative effect on the Trust and could lead to a significant decline in the value of the investment portfolio and the value of the Units.

The value of the securities acquired by the Trust will be affected by business factors and risks that are beyond the control of the Manager or the Investment Manager, including:

- (a) operational risks related to specific business activities of the respective issuers;
- (b) quality of underlying assets;
- (c) financial performance of the respective issuers and their competitors;
- (d) sector risk;
- (e) fluctuations in exchange rates;
- (f) fluctuations in interest rates; and
- (g) changes in government regulations.

RISKS RELATING TO THE VALUATION OF THE PORTFOLIO

Fluctuations in the respective market values of the securities in the investment portfolio may occur for a number of reasons beyond the control of the Trust and may be both volatile and rapid with potentially large variations over a short period of time. Independent pricing information regarding certain of the Trust's securities and other investments may not be readily available at all times. Valuation determinations will be made in good faith by the Trust. The Trust may have some of its assets in investments which by their very nature may be extremely difficult to value accurately.

VALUATION METHODOLOGIES INVOLVE SUBJECTIVE JUDGMENTS

For purposes of IFRS-compliant financial reporting, the Trust's assets and liabilities will be valued in accordance with IFRS. Accordingly, the Trust is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its audited financial statements, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchal disclosure framework that ranks the observability of market inputs used in measuring financing instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

A portion of the Trust's portfolio investments will be in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. The Trust will value these securities at fair value as determined in good faith by the Trust and in accordance with the valuation policies and procedures described under "Calculation of Net Asset Value" in the DOT. However, the Trust may be required to value its securities at

fair value as determined in good faith by the Manager to the extent necessary to reflect significant events affecting the value of its securities. The Trust may utilize the services of an independent valuation firm to aid it in determining the fair value of these securities. The types of factors that may be considered in fair value pricing of the Trust's investments include the nature and realizable value of any collateral, the portfolio business' ability to make payments and its earnings, the markets in which the portfolio investment does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, such valuations may fluctuate over short periods of time and may be based on estimates, and the Trust's determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. The value of the Trust's assets could be materially adversely affected if the Trust's determinations regarding the fair value of its investments were materially higher than the values that it ultimately realizes upon the disposition of such securities.

The value of the Trust's investment portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, the Trust will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the Trust is required to adopt could change the valuation of the Trust's assets and liabilities.

Due to a wide variety of market factors and the nature of certain securities to be held by the Trust, there is no guarantee that the value determined by the Trust or any third-party valuation agents will represent the value that will be realized by the Trust on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the Trust or any third-party valuation agents are inherently different from the valuation of the Trust's securities that would be performed if the Trust were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

ILLIQUID SECURITIES AND PRIVATE SECURITIES

There is no assurance that an adequate market will exist for the securities held in the Portfolio, including the Private Portfolio. The Trust cannot predict whether the securities held by it will trade at a discount to, a premium to, or at their fair value, if applicable. If the market for a specific security is particularly illiquid, the Trust may be unable to dispose of such securities or may be unable to dispose of such securities at an acceptable price. Up to 40% of the Trust's total assets (at the time of investment) may be invested in the Private Portfolio. Over time, if the value of the Private Portfolio increases at a greater rate than the Public Portfolio, the Private Portfolio may comprise more than 40% of the Trust's total assets.

The Private Portfolio or illiquid securities may be held in companies that are small in size and are therefore subject to greater risk based on economic and regulatory changes. There is generally little or no publicly available information about such businesses, and the Trust must rely on the diligence of the manager of the investment vehicle, investment managers, or its employees and consultants to obtain the information necessary for the decision to invest in them. There can be no assurance that such diligence efforts will uncover all material information about these privately held businesses. Investments in private companies may be riskier, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established publicly-listed companies. The valuation of securities of private companies is not based upon a liquid market, and valuations of these securities may be substantially higher or lower than the valuation of the securities when and if they are subsequently sold. Therefore, the value of the Private Portfolio, and the Trust as a whole, may change substantially when investments in such private issuers are subsequently sold.

There can be no assurance that the Trust will be able to realize a return of capital on the sale of investments in issuers in the Private Portfolio.

FOREIGN MARKET EXPOSURE

The Trust's investments may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. company. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

CURRENCY EXPOSURE RISK

As a portion of the investment portfolio may be invested directly or indirectly in securities in currencies other than the Canadian dollar ("foreign currencies"), the NAV of the Trust will, to the extent this has not been hedged against, be affected by changes in the value of the foreign currencies relative to the Canadian dollar. Accordingly, no assurance can be given that the Trust will not be adversely impacted by changes in foreign exchange rates or other factors.

CURRENCY HEDGING RISK

The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Investment Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Trust if the Investment Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

DEGREE OF LEVERAGE

The Trust's degree of leverage could have important consequences to Unitholders. For example, the degree of leverage could affect the Trust's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general fund purposes, making the Trust more vulnerable to a downturn in business or the economy in general. The Trust may obtain leverage of up to 15% of the NAV of the Public Portfolio LP by way of a margin facility. In addition, the Private Portfolio will obtain leverage of up to 75% of the fair market value of any direct real estate held in the Private Portfolio either directly or indirectly through an investment vehicle. In addition, the Private Portfolio will obtain leverage of up to 90% of the fair market value of any direct infrastructure held in the Private Portfolio either directly or indirectly through an investment vehicle. The Trust and the Public Portfolio LP does not currently have any leverage.

INDUSTRY CONCENTRATION RISK

In following its investment strategy, the Trust will invest globally in issuers in the residential and commercial real estate sectors and the global infrastructure sector. Accordingly, the Trust will face more risks than if it were diversified broadly over numerous industries or sectors and the stock price of the Series A Units and NAV per Unit of a series of the Trust may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Units.

INFRASTRUCTURE RISK

As the Trust invests in infrastructure entities, projects and assets, the Trust may be sensitive to adverse economic, regulatory, political or other developments. Infrastructure entities may be subject to a variety of events that adversely affect their business or operations, including service interruption due to environmental damage, operational issues, access to and the cost of obtaining capital, and regulation by various governmental authorities. There are substantial differences between regulatory practices and policies in various jurisdictions, and any given regulatory authority may take actions that affect the regulation of instruments or assets in which the Trust invests, or the issuers of such instruments, in ways that are unforeseeable. Infrastructure entities, projects and assets may be subject to changes in government regulation of rates charged to customers, government budgetary constraints, the imposition of tariffs and tax laws, and other regulatory policies. Additional factors that may affect the operations of infrastructure entities, projects and assets include innovations in technology that affect the way a company delivers a product or service, significant changes in the use or demand for infrastructure assets, terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets. The Trust may invest in entities and assets that may share common characteristics, are often subject to similar business risks and regulatory burdens, and whose instruments may react similarly to various events that are unforeseeable.

REAL ESTATE RISK

The assets, earnings and share values of companies involved in the real estate industry are influenced by general market conditions and a number of other factors, including but not limited to:

- economic cycles;
- interest rates;
- consumer confidence;
- the policies of various levels of government, including property tax levels and zoning laws;
- the economic well-being of various industries;
- overbuilding and increased competition;
- lack of availability of financing to refinance maturing debt;
- vacancies due to tenant bankruptcies;
- losses due to costs resulting from environmental contamination and its related clean up;
- casualty or condemnation losses;
- variations in rental income;
- changes in neighbourhood values; and
- functional obsolescence and appeal of properties to tenants.

In addition, underlying real estate investments may be difficult to buy or sell. This lack of liquidity can cause greater price volatility in the securities of companies like REITs, which own and manage real estate assets.

RISK FACTORS RELATING TO CANADIAN TAX

It is anticipated that the Trust will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act. If the Trust fails or ceases to qualify as a mutual fund trust under the Tax Act, the income tax consequences of acquiring, holding or disposing of Units would be materially and adversely affected in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Trust or Unitholders.

A trust or partnership that is subject to the SIFT Rules is subject to entity-level taxation at rates comparable to those that apply to corporations in respect of income earned from “non-portfolio property”. However, the Trust and the Public Portfolio LP will not be subject to the SIFT Rules provided that they do not at any time hold any “non-portfolio property”. The investment guidelines of the Trust and the Public Portfolio LP prohibit the acquisition or holding of properties that would be “non-portfolio properties” for purposes of the Tax Act and accordingly, neither the Trust nor the Public Portfolio LP is expected to become subject to the SIFT Rules.

If the SIFT Rules were to apply to the Trust or the Public Portfolio LP, the impact to a Unitholder would depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by the Trust in computing its income in a particular year and what portions of the Trust’s and the Public Portfolio LP’s distributions constitute “non-portfolio earnings”, other income and returns of capital. The likely effect of the SIFT Rules on the market for Units, and on the Trust’s ability to finance future acquisitions through the issue of Units or other securities is uncertain. If the SIFT Rules were to apply to the Trust or the Public Portfolio LP, they could adversely affect the marketability of the Units, the amount of cash available for distribution and the after-tax return to investors - particularly in the case of a Unitholder who is exempt from tax under the Tax Act or a non-resident of Canada.

Subject to the DFA Rules discussed below, in determining the Trust’s income for tax purposes, the Trust will generally treat gains or losses in respect of Portfolio securities as capital gains and losses. In general, gains and losses realized by the Trust from derivative transactions, including gains realized in connection with short sales, will be on income account except where such derivatives are used to hedge Portfolio securities or other assets held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below. Gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in the Portfolio will generally constitute capital gains or capital losses to the Trust if the Portfolio securities are capital property to the Trust and there is sufficient linkage. Similar considerations apply in relation to gains and losses realized by the Public Portfolio LP. Designations with respect to the Trust’s income and capital gains will be made and reported to Unitholders on this basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If any such dispositions or transactions are determined not to be on capital account, the net income of the Trust for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the Trust being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit of each series.

The Tax Act contains rules (the “DFA Rules”) regarding certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of derivatives to be utilized by the Trust or the Public Portfolio LP, the gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

In certain circumstances, the interest on money borrowed to invest in a trust or other entity that may be deducted may be reduced on a pro rata basis in respect of distributions from the trust or other entity that are a return of capital and which are not reinvested for an income earning purpose. While the ability to deduct interest depends on the facts, it is possible that part of the interest payable by the Trust or the Public Portfolio LP in connection with money borrowed to acquire certain securities held in the Portfolio could be non-deductible where such distributions have been made to the Trust or the Public Portfolio LP, as the case may be, increasing the net income of the Trust for tax purposes and the taxable component of distributions to Unitholders.

The Trust intends to invest in foreign securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“Tax Treaties”) to impose tax on dividends and interest paid or credited to persons who are not resident in such countries. While the Trust intends to make its investments in such a manner as to mitigate the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in selected foreign securities may subject the Trust to foreign taxes on dividends and interest paid or credited to the Trust or any gains realized on the disposition of such securities. Any foreign taxes incurred by the Trust will generally reduce the value of the Trust and amounts payable to Unitholders. To the extent that such foreign tax paid by the Trust exceeds 15% of the amount included in the Trust’s income from such investments, such excess may generally be deducted by the Trust in computing its net income for the purposes of the Tax Act. In addition, the Trust may designate in respect of a Unitholder a portion of its foreign source income that can reasonably be considered to be part of the Trust’s income distributed to such Unitholder and the corresponding portion of any foreign “business income tax” and “non-business income tax” (each as defined in the Tax Act) considered to have been paid by the Trust in respect of such income will be deemed to be foreign source income and foreign taxes paid by the Unitholder for purposes of the foreign tax credit rules in the Tax Act. However, although the foreign tax credit provisions in the Tax Act are designed to avoid double taxation, the availability of a foreign tax credit may be limited to the extent that a Unitholder does not have sufficient taxes payable under Part I of the Tax Act, or sufficient income from sources in the relevant foreign country (taking into account other income or losses from sources in that country) and is otherwise subject to the detailed rules in the Tax Act. Because of this, and because of timing differences in recognition of expenses and income and other factors, there is a risk of double taxation.

A Unitholder that is a Registered Plan will not be entitled to a foreign tax credit under the Tax Act in respect of any foreign tax paid by the Fund and designated in respect of the plan trust. As a result, the after-tax return from an investment in Units to a Unitholder that is a Registered Plan trust may be adversely affected.

Pursuant to rules in the Tax Act, if the Trust experiences a “loss restriction event” (i) it will be deemed to have a year-end for tax purposes (which could result in an unscheduled distribution of the Trust’s net income and net realized capital gains at such time to Unitholders so that the Trust is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Trust will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Trust, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications.

REGULATION

The Trust is subject to various laws and regulations governing its operations, taxes and other matters. It is possible that future changes in applicable federal, provincial or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the Trust (including with retroactive effect). Any changes in the laws to which the Trust is subject could materially adversely affect the Trust or its investments. It is impossible to predict whether there will be any future changes in the regulatory regimes to which the Trust will be subject or the effect of any such change on its investments.

SIGNIFICANT OWNERSHIP BY STARLIGHT CAPITAL

As of the date hereof, Daniel Drimmer and his affiliates hold an approximate 17.67% interest in the Trust through ownership of Series C Units. Starlight Capital has the ability to exercise influence with respect to the affairs of the Trust and significantly affect the outcome of Unitholder votes, including transactions in which an investor might otherwise receive a premium for its Units over the then current market price.

DEPENDENCE ON STARLIGHT CAPITAL

The Trust is dependent upon Starlight Capital for operational and administrative services relating to the Trust's business. Should Starlight Capital terminate the Management Agreement and/or the Investment Management Agreement, the Trust will be required to engage the services of an external investment asset manager. The Trust may be unable to engage an investment asset manager on acceptable terms, in which case the Trust's operations may be adversely affected. Further there is no certainty that the employees of the Investment Manager who will be primarily responsible for the management of the Public Portfolio will continue to be employees of the Investment Manager.

RELIANCE ON KEY PERSONNEL

The loss of the services of any key personnel, particularly Dennis Mitchell, the Chief Executive Officer and Chief Investment Officer of the Trust could have a material adverse effect on the Trust and materially adversely affect the Trust's financial condition and results of operations.

CONTROLS OVER FINANCIAL REPORTING

The Trust maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

CYBER-SECURITY RISK

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the Trust's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The Trust's primary risks that could directly result from the occurrence of a cyber-incident include operational interruption, including interruptions to its ability to manage the investment portfolio, and damage to its reputation. The Manager has implemented processes, procedures and controls to oversee its 3rd parties to help mitigate these risks, which include firewalls and antivirus programs on its networks, servers and computers, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that the Trust's financial results will not be negatively impacted by such an incident. The Investment Manager has secured cyber insurance coverage, however, there can be no guarantee that such coverage will respond or be sufficient to all threats incurred by the Trust.

FLUCTUATIONS IN NAV AND NAV FOR EACH SERIES OF UNIT

The NAV and series NAV for each series of Unit of the Trust will vary according to, among other things, the value of the investments held by the Trust. The Manager, the Investment Manager and the Trust have no control over the factors that affect the value of the investments held by the Trust, including factors that affect the equity and debt markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each issuer included in the investment portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

RISKS RELATED TO THE UNITS

RETURN ON INVESTMENT IS NOT GUARANTEED

There can be no assurance regarding the amount of income to be generated by the Trust's investments. The Units are equity securities of the Trust and are not fixed income securities. Unlike fixed-income securities, there is no obligation of the Trust to distribute to Unitholders a fixed amount or to return the initial purchase price of a Unit on a date in the future. The market value of the Series A Units will deteriorate if the Trust is unable to generate sufficient positive returns, and that deterioration may be significant.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the Trust's securities may decline even if the Trust's financial performance, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary. There can be no assurance that continuing fluctuations in price and volume will not occur.

SENSITIVITY TO INTEREST RATES

The market price of the Units may be affected by the level of interest rates prevailing from time to time. A rise in interest rates may have a negative impact on the market price of the Units and increase the cost of borrowing to the Trust, if any. Unitholders who wish to sell their Units will therefore be exposed to the risk that the market prices of the Units may be negatively affected by interest rate fluctuations.

DILUTION OF UNITS

The number of Units the Trust is authorized to issue is unlimited. The Trust may, in its sole discretion, issue additional Units from time to time subject to the rules of any applicable stock exchange on which the Units are then listed. The issuance of any additional Units may have a dilutive effect on the interests of Unitholders.

UNITHOLDER LIABILITY

The DOT provides that no Unitholders will be subject to any liability whatsoever to any person in connection with a holding of Units. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide Unitholders in those provinces with limited liability. However, there remains a risk, which is considered by the Trust to be remote in the circumstances, that a Unitholders could be held personally liable for the obligations of the Trust to the extent that claims are not satisfied out of the assets of the Trust. The affairs of the Trust are conducted in a manner to seek to minimize such risk wherever possible.

NATURE OF INVESTMENT IN UNITS

The Units represent a fractional interest in the Trust and do not represent a direct investment in the Trust's assets and should not be viewed by investors as direct securities of the Trust's assets, nor does a Unitholder hold a share of a body corporate. Unitholders, in such capacity, do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions against the Trust. The rights of Unitholders are based primarily on the DOT. There is no statute governing the affairs of the Trust equivalent to the *Canada Business Corporations Act*, which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the Trust may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

LIMITED CONTROL

Unitholders have limited control over changes in the Trust's policies and operations, which increases the uncertainty and risks of an investment in the Trust. The Manager determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to Unitholders. Generally, the Manager may amend or revise these and other policies without a vote of the Unitholders. Unitholders only have a right to vote in the limited circumstances described in the DOT. The Manager's broad discretion in setting policies and the limited ability of Unitholders to exert control over those policies increases the uncertainty and risks of an investment in the Trust.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is described in Note 2 to the audited financial statements.

USE OF ESTIMATES

The preparation of the Trust's financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties management believes will materially affect the methodology or assumptions utilized in making those estimates in its unaudited condensed consolidated interim financial statements.

As at December 31, 2018, no material estimates were used in determining the recorded amount for assets and liabilities in the annual audited financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Trust maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

All control systems have inherent limitations, including well-designed and operated systems. No control system can provide complete assurance the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors. As a growing enterprise, management anticipates that the Trust will be continually evolving and enhancing its systems of controls and procedures.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

The CEO and CFO evaluated the effectiveness of the Trust's disclosure controls and procedures (as defined in National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109")) and concluded that the design and operation of the Trust's disclosure controls and procedures were effective for the period from December 13, 2018 to December 31, 2018.

The CEO and CFO evaluated the design and effectiveness of the Trust's internal controls over financial reporting (as defined in NI 52-109) and concluded that the design and effectiveness of internal controls over financial reporting continue to be appropriate and were effective for the period from December 13, 2018 (date of formation) to December 31, 2018.

STARLIGHT HYBRID GLOBAL REAL ASSETS TRUST - MD&A

SUBSEQUENT EVENTS

PRIVATE PORTFOLIO COMMITMENTS

On January 11, 2019 the Trust entered into a subscription agreement for a \$5.5 million commitment in the Private Portfolio to invest in EICLP. On March 4, 2019 the Trust entered into a subscription agreement for a \$5.5 million commitment in the Private Portfolio to invest in the Starlight Residential Fund. The commitments are callable on demand on a pro-rata basis with other investors. As of March 26, 2019, no amount had been called.

DISTRIBUTIONS

On February 25, 2019, the Trust announced the 2019 monthly distributions for 2019. Unitholders of record will receive cash "per-unit" distributions as per the below schedules:

Series A (NEO:SCHG.UN)

Dividend Rate	Ex-Div Date	Record Date	Payable Date
\$ 0.0416667	27-Feb-19	28-Feb-19	15-Mar-19
\$ 0.0416667	28-Mar-19	29-Mar-19	15-Apr-19
\$ 0.0416667	29-Apr-19	30-Apr-19	15-May-19
\$ 0.0416667	30-May-19	31-May-19	14-Jun-19
\$ 0.0416667	27-Jun-19	28-Jun-19	15-Jul-19
\$ 0.0416667	30-Jul-19	31-Jul-19	15-Aug-19
\$ 0.0416667	29-Aug-19	30-Aug-19	13-Sep-19
\$ 0.0416667	27-Sep-19	30-Sep-19	15-Oct-19
\$ 0.0416667	30-Oct-19	31-Oct-19	15-Nov-19
\$ 0.0416667	28-Nov-19	29-Nov-19	13-Dec-19
\$ 0.0416667	30-Dec-19	31-Dec-19	15-Jan-20

Series C (Unlisted)

Dividend Rate	Ex-Div Date	Record Date	Payable Date
\$ 0.0416667	27-Feb-19	28-Feb-19	15-Mar-19
\$ 0.0416667	28-Mar-19	29-Mar-19	15-Apr-19
\$ 0.0416667	29-Apr-19	30-Apr-19	15-May-19
\$ 0.0416667	30-May-19	31-May-19	14-Jun-19
\$ 0.0416667	27-Jun-19	28-Jun-19	15-Jul-19
\$ 0.0416667	30-Jul-19	31-Jul-19	15-Aug-19
\$ 0.0416667	29-Aug-19	30-Aug-19	13-Sep-19
\$ 0.0416667	27-Sep-19	30-Sep-19	15-Oct-19
\$ 0.0416667	30-Oct-19	31-Oct-19	15-Nov-19
\$ 0.0416667	28-Nov-19	29-Nov-19	13-Dec-19
\$ 0.0416667	30-Dec-19	31-Dec-19	15-Jan-20
\$ 0.0416667	27-Feb-19	28-Feb-19	15-Mar-19

Series F (Unlisted)

Dividend Rate	Ex-Div Date	Record Date	Payable Date
\$ 0.0416667	27-Feb-19	28-Feb-19	15-Mar-19
\$ 0.0416667	28-Mar-19	29-Mar-19	15-Apr-19

DISTRIBUTIONS REINVESTMENT PLAN

On March 25, 2019, the Trust announced the distribution reinvestment and optional cash purchase plan (the "DRIP Plan"). The DRIP Plan provides eligible Unitholders of Series A Units and Series C Units of the Trust, an opportunity to acquire additional Series A Units at the greater of either the NAV per Series A Unit or 97% of the average market price (as such term is defined in the DRIP Plan). The DRIP Plan provides an efficient and cost-effective way for the Trust to issue additional equity to existing Unitholders.

Unitholders may choose to make optional cash purchases of Series A Units under the DRIP Plan at any time in amounts equal to or greater than \$1,000, but not to exceed \$100,000 per annum. The aggregate number of Series A Units issued pursuant to optional cash payments, in any financial year, cannot exceed 2% of the issued and outstanding Series A Units as at the beginning of that financial year.

OUTLOOK— FORWARD-LOOKING INFORMATION

MACROECONOMIC UPDATE

Heading into 2019, global risks are elevated but telegraphed. Policy risks remain the primary source of market risk as French protests, Brexit, U.S./China trade, German political succession, the Italian budget and China all pose challenges to global growth. Of these issues, U.S./China trade relations are by far the most important, given the size of the two economies and their contribution to global GDP growth. China has responded to domestic slowing by enacting over 50 unique stimulus measures (i.e. tax cuts, rate cuts, government spending, etc.), since June 2018. The U.S. has shifted from monetary stimulus to fiscal stimulus and the results have been positive to this point.

Rising global Purchasing Managers' Index (PMIs) on the back of global monetary stimulus and U.S. fiscal stimulus fueled global equity markets in 2017, as they gained 23.1%¹. However, 2017 also featured 100bps of rate hikes by the Federal Reserve Bank, which took their toll on global PMIs in 2018. Global PMIs fell for all or most of 2018² and global equity markets fell 8.8%³ (both returns in USD) in sympathy. Heading into 2019, a further 100bps of rate hikes in 2018 could weigh on global PMIs in 2019⁴ and induce further equity market volatility. Equity market weakness hit a cyclical climax in December of 2018 and the strong start to 2019 is part reflexive rebound from an oversold position and positive sentiment around the change in stance communicated by the Federal Reserve Bank.

Our belief is that 2019 will see elevated volatility as positive economic fundamentals (low unemployment, wage growth) contrast with deteriorating economic output trends (GDP growth, earnings growth). We think it unlikely that the U.S. tips into recession in 2019 and note that most recession indicators are not signaling recession. Rising high yield credit spreads are normal near the end of central bank tightening cycles as capital flows towards better credits. Similarly, yield curves tend to flatten as decreased inflation expectations reduce the long end of the curve. Chairman Powell's recent comments on patience and flexibility make it unlikely the Federal Reserve Bank will move to end the current expansion prematurely.

In the near term, the outcome of U.S./China trade negotiations will impact market performance. An extension that delays implementing new tariffs will be welcomed by the markets, however, a deal with the elimination of existing tariffs would boost global growth expectations and equity markets. We believe strong employment levels and rising wages will support continued consumption in the U.S. while Chinese stimulus measures will stabilize growth in China. Equity markets, while volatile, should deliver solid returns given normalized market multiples, attractive dividend yields and positive earnings growth.

In January, both global real estate and global infrastructure (7.0% and 4.9% total returns respectively), outperformed global equities and US equities (4.0% and 4.2% total returns respectively)⁵. This extends the long-term trend of global real estate and infrastructure equities outperforming global equities and underscores the need for advisors to add a strategic allocation to their client's portfolios.

Dated: March 26, 2018
Toronto, Ontario, Canada

¹ As at December 31, 2017. Source: Bloomberg LP. Global equity represented by MSCI World Index.

² Source: IHS Markit

³ As at December 31, 2018. Source: Bloomberg LP. Global equity represented by MSCI World Index.

⁴ Source: IHS Markit

⁵ As of January 31, 2019. Source: Bloomberg LP. Global real estate, global infrastructure, global equities, and U.S. equities represented by the FTSE EPRA/NAREIT Developed Total Return Index (CAD), S&P Global Infrastructure Index (CAD) MSCI World Index and S&P 500 Index, respectively.