
Starlight Hybrid Global Real Assets Trust

Management's Discussion and Analysis of Operations and Financial Condition

For the three and six months ended June 30, 2020

August 13, 2020

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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 August 13, 2020, should be read in conjunction with the Trust's annual audited financial statements for the year ended December 31, 2019 and the unaudited condensed interim financial statements for the three and six months ended June 30, 2020 and 2019 and accompanying notes thereto. These documents are available on www.starlightcapital.com and on SEDAR at www.sedar.com.

Certain time periods used in this MD&A are used interchangeably such as three and six months ended June 30, 2020 ("Q2 2020") and ("YTD 2020"), respectively, three months ended March 31, 2020 ("Q1 2020"), three months ended March 31, 2019 ("Q1 2019") and three and six months ended June 30, 2019 ("Q2 2019") and ("YTD 2019"), respectively. In this report, "we", "us" and "our" refer to Starlight Investments Capital GP Inc. (the "Manager") and Starlight Investments Capital LP (the "Investment Manager" and together with the Manager "Starlight Capital").

With respect to the novel coronavirus ("COVID-19") pandemic, the Trust is monitoring the situation closely and its impact on the global financial markets and the Portfolio (defined below). The Manager and Investment Manager have deployed their business continuity plan and will continue to monitor and adjust their plans as the COVID-19 pandemic evolves.

Additional information relating to the Trust, including the Trust's Annual Information Form, can be found 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 B units ("Series B Units"), series C units ("Series C Units") or series F units ("Series F Units"), of the Trust (collectively the "Units") and any risks related to the uncertainties surrounding the novel COVID-19 pandemic and the potential adverse effect or the perception of its effects, 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

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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 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); the Investment Manager 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 given this unprecedented period of uncertainty, including the impact of COVID-19 on the Trust's business, operations and performance.

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 securities laws, 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 unaudited condensed interim financial statements for the three and six months ended June 30, 2020 have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting. The Trust's presentation currency is the Canadian dollar.

OVERVIEW AND INVESTMENT OBJECTIVES

The Trust is an investment trust established under the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust ("DOT") dated as of May 15, 2020. 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 holds 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 Canadian 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, 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.

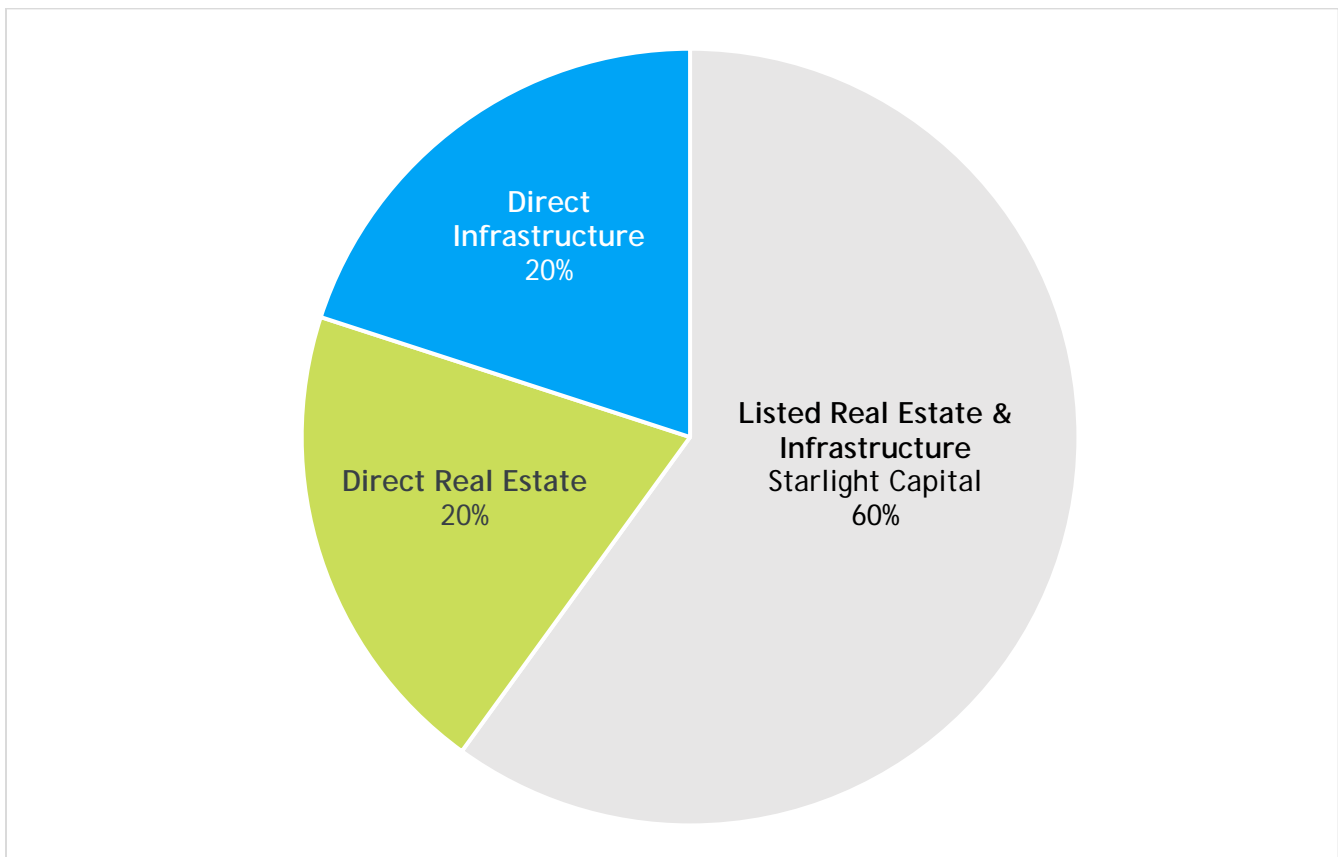
The objectives of the Trust are to provide holders of Units (the "Unitholders") with stable monthly cash distributions and long-term capital appreciation through exposure to institutional quality real assets in the global real estate and global infrastructure sectors.

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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 Organization for Economic Cooperation and Development (“OECD”) countries. 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 Starlight Canadian Residential Growth Fund (the “Starlight Residential Fund”), a fund managed by an affiliate of Starlight Group Property Holdings Inc., and EagleCrest Infrastructure Canada LP (“EagleCrest LP”), managed by Fiera Infrastructure Inc. (“Fiera”). The Starlight Residential Fund holds direct investments in Canadian multi-residential real estate properties. EagleCrest LP holds investments in infrastructure assets located in Canada, the United States (“U.S.”), the United Kingdom 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 (a) 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, (b) the Public Portfolio LP, or (c) 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 (a) January 1, 2021 and (b) 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;
- (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 (a) 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, (b) 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 (c) 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 of the Trust (the "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".

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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
Leonard Drimmer ⁽²⁾ Toronto, Ontario	Independent Trustee	President and Chief Executive Officer, Property Vista Software Inc.
Glen Hirsh Toronto, Ontario	Trustee, Chairman	Chief Operating Officer, Starlight Group Properties Holdings Inc. Vice-President Strategy and Finance, Oxford Properties Managing Director, Head of Real Estate Investment Banking, National Bank Financial
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 Vice-President, Finance and Information Officer, Sentry Investments
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
Harry Rosenbaum ⁽²⁾ Toronto, Ontario	Independent Trustee	Principal, The Great Gulf Group of Companies Director, Starlight U.S. Multi-Family (No.1) Core Plus Fund
Denim Smith ⁽²⁾ Toronto, Ontario	Independent Trustee	Managing Director, Investment Banking, Laurentian Bank Securities Inc. Consultant Interim Chief Financial Officer, The Nationwide Group of Companies Head of Real Estate investment Banking Practice, Blackmont Capital

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.

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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.

PORTFOLIO SUMMARY

As at June 30, 2020 the Trust's portfolio was comprised of units of the Public Portfolio LP and three investments in the Private Portfolio:

Number of Units	Description	Average Cost	Fair Value	% of Net Assets
2,473,051	Starlight Global Real Assets LP	\$25,475,100	\$24,634,234	61.96%
550	EagleCrest Infrastructure Canada LP	5,500,000	5,974,544	15.03%
55,000	Starlight Canadian Residential Growth Fund (Series C)	5,500,000	5,954,020	14.97%
400,000	Starlight Private Global Real Estate Pool	4,000,000	3,995,520	10.05%
Total		\$40,475,100	\$40,558,318	102.01%

As at December 31, 2019 the Trust's portfolio was comprised of units of the Public Portfolio LP and two investments in the Private Portfolio:

Number of Units	Description	Average Cost	Fair Value	% of Net Assets
2,963,073	Starlight Global Real Assets LP	\$30,522,860	\$32,617,601	75.92%
550	EagleCrest Infrastructure Canada LP	5,500,000	5,711,194	13.29%
44,896	Starlight Canadian Residential Growth Fund (Series C)	4,489,560	4,753,209	11.07%
Total		\$40,512,420	\$43,082,004	100.28%

As at June 30, 2019 the Trust's portfolio was comprised of units of the Public Portfolio LP and two investments in the Private Portfolio:

Number of Units	Description	Average Cost	Fair Value	% of Net Assets
2,039,665	Starlight Global Real Assets LP	\$20,396,620	\$20,944,703	73.53%
550	EagleCrest Infrastructure Canada LP	5,500,000	5,500,000	19.31%
22,205	Starlight Canadian Residential Growth Fund (Series C)	2,220,497	2,220,497	7.80%
Total		\$28,117,117	\$28,665,200	100.64%

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Trust Performance

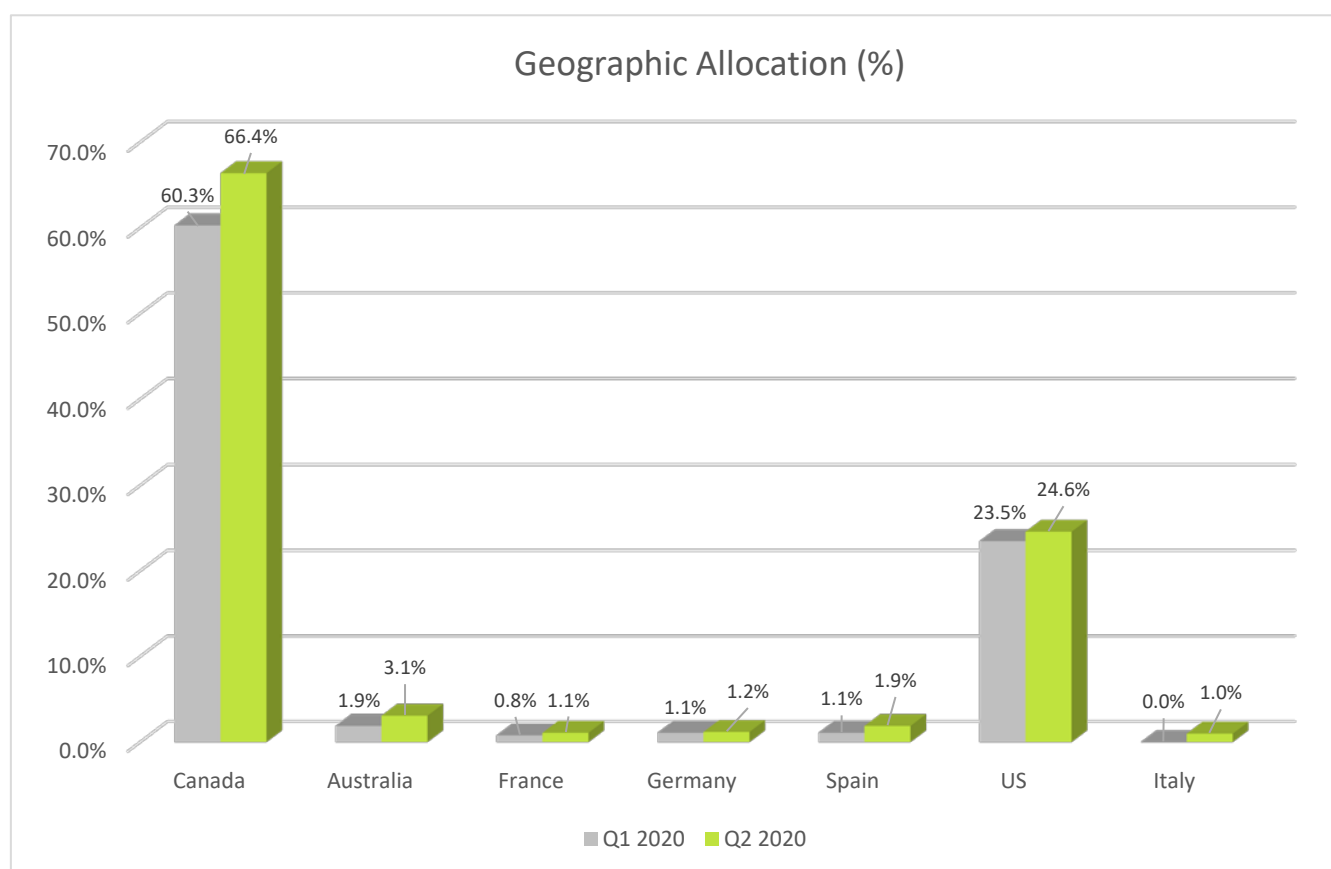
	Q2 2020	Q2 2019	YTD 2020
Trust - Series C Units	10.0%	-0.4%	-3.3%
S&P Global Infrastructure Index (CAD)	9.3%	3.2%	-15.4%
FTSE EPRA/NAREIT Developed Total Return Index (CAD)	5.9%	-1.9%	-17.0%
Blended Benchmark	7.1%	0.5%	-16.0%

Source: Bloomberg LLP. The Blended Benchmark is represented by 50% FTSE EPRA NAREIT Developed Total Return Index (CAD) and 50% by S&P Global Infrastructure Index (CAD).

The Investment Manager has deployed capital into a diversified portfolio of public global real estate and infrastructure securities along with allocations to the Starlight Residential Fund, EagleCrest LP and Starlight Private Global Real Estate Pool (the "Starlight Private Pool"). As at June 30, 2020, the Public Portfolio LP held 46 positions (December 31, 2019 – 41 positions), with three companies increasing their dividends or distributions by an average of 4.9% during the three months ended June 30, 2020 and one company initiating a dividend (with 32 companies increasing their dividends or distributions by an average of 6.9% during the twelve months ended June 30, 2020 and one company initiating a dividend).

The Trust's investment portfolio geographic and sector allocations as at June 30, 2020 are shown below:

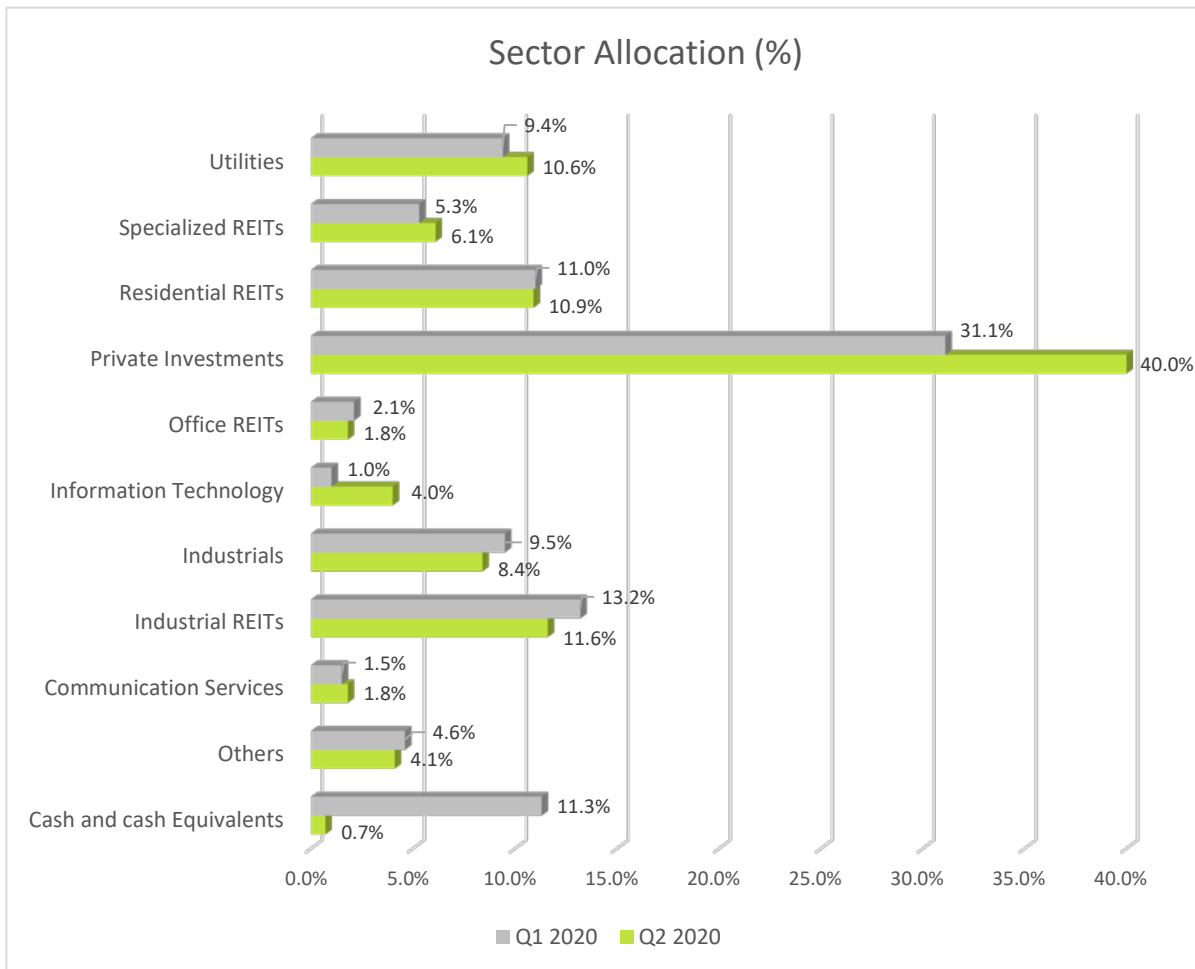
Geographic Allocation (%)*



*Excludes cash and cash equivalents. Private investments have been classified in Canada based on the domicile of the legal entity.

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Sector Allocation (%)



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PUBLIC PORTFOLIO LP

In Q2 2020 and YTD 2020, the Public Portfolio LP returns were 13.6% and -5.5%, respectively (Q2 2019 – 0.4%, YTD 2019 – 5.7%) delivering both downside protection and upside participation relative to its benchmark indices. In Q2 2020 and YTD 2020, the Blended Benchmark returns were 7.1% and -16.0%, respectively (Q2 2019 – 0.5%, YTD 2019 – 12.6%). Since the latter part of February 2020, financial markets have experienced significant volatility in response to COVID-19 and equity markets in particular have experienced elevated volatility. In Q1 2020, the progressive shutdown of large global economies resulted in significant broad market selloffs of global equity markets. Equity correlations have increased across sectors resulting in higher downside capture as equity securities in general moved in the same direction. Q2 2020, saw equity markets partially recover from the broad sell-off in Q1 2020.

Public Portfolio LP Upside/ Downside Capture – YTD 2020

Public Portfolio LP	Upside Capture	Downside Capture
S&P Global Infrastructure TR	113%	82%
FTSE EPRA/NAREIT Developed TR	180%	83%
Blended Benchmark	171%	87%

Public Portfolio LP Upside/ Downside Capture – 12 months ended June 30, 2020

Public Portfolio LP	Upside Capture	Downside Capture
S&P Global Infrastructure TR	119%	73%
FTSE EPRA/NAREIT Developed TR	148%	73%
Blended Benchmark	158%	79%

Source: Bloomberg LP & Starlight Capital. The Blended Benchmark is represented by 50% FTSE EPRA NAREIT Developed Total Return Index (CAD) and 50% by S&P Global Infrastructure Index (CAD). Upside capture ratios are calculated by taking the Public Portfolio LP's monthly return during months when the benchmark had a positive return and dividing it by the benchmark return during that same month. Downside capture ratios are calculated by taking the Public Portfolio LP's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return.

Geographic overweights to Canada and the U.S. and the underweight allocation to continental Europe was maintained over the three months ended June 30, 2020. In Q2 2020, cash positions in the Public Portfolio LP decreased to 4.3% of NAV (December 31, 2019 - 8.5%). The Investment Manager feels comfortable allocating capital to businesses with assets in countries that will be capable of providing meaningful fiscal and monetary stimulus during the COVID-19 outbreak. Significant sector allocations included Industrials and Utilities (average portfolio weight of 13.9% and 15% respectively) on the infrastructure side and Industrial REITs and Residential REITs (average portfolio weight of 18.6% and 16.9% respectively) on the real estate side. The Investment Manager has arrived at these sub-sector allocations by examining the performance of individual companies during periods of market turmoil, their balance sheet liquidity and the resilience of their revenue during the current COVID-19 outbreak.

With the depreciation of the Canadian dollar relative to the U.S. dollar, the Investment Manager closed its currency hedges used to reduce the effects on the Public Portfolio of changes in the values of such foreign currencies relative to the Canadian dollar. The Investment Manager may increase or decrease the foreign currency hedges.

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The Public Portfolio LP entered into foreign currency forward contracts to exchange a fixed amount of U.S. dollars for Canadian dollars on a monthly basis in order to reduce the Public Portfolio's exposure to fluctuations in the Canadian dollar/U.S. dollar foreign exchange rate. As at June 30, 2020 the Public Portfolio LP had Nil% (December 31, 2019 – Nil%) of its net assets invested in foreign currency forward contract with an unrealized loss of \$38,591 (December 31, 2019 - \$Nil) on its foreign currency forward agreements.

Foreign Currency Forward Contract(s) (0.16%)

Contract(s)	Counterparty	Credit Rating of the Counterparty	Settlement Date	Contract Rate (\$)	Pay (\$)	Receive (\$)	Unrealized Gain (Loss) (\$)
1	Royal Bank of Canada	AA	August 28, 2020	0.7469	(1,783,750) USD	2,388,345 CAD	(40,792)
1	Royal Bank of Canada	AA	August 28, 2020	0.7350	(2,426,965) CAD	1,783,750 USD	2,201
Total Foreign Currency Forward Contract(s) Value							(38,591)

As at June 30, 2020 the Public Portfolio LP had 95.7% (June 30, 2019 – 95.9%) of its net assets invested in equities. The top 10 holdings of the Public Portfolio LP as at June 30, 2020 were:

Number of Shares	Description	Average Cost (\$)	Fair Value (\$)	% of Net Assets
24,367	Boralex Inc. Class A	470,719	752,940	3.1%
15,747	Canadian Apartment Properties Real Estate Investment Trust	739,529	765,144	3.1%
10,778	Granite Real Estate Investment Trust	646,255	755,107	3.1%
8,611	QTS Realty Trust Inc. Class A	701,115	751,664	3.1%
6,082	Waste Connections Inc.	668,594	773,570	3.1%
3,187	Alexandria Real Estate Equities Inc.	541,455	704,282	2.9%
40,005	Killam Apartment Real Estate Investment Trust	837,543	700,888	2.9%
35,352	Minto Apartment Real Estate Investment Trust	685,758	703,505	2.9%
47,307	InterRent Real Estate Investment Trust	696,432	677,909	2.8%
20,077	Northland Power Inc.	481,069	682,216	2.8%
Total		6,468,469	7,267,225	29.8%

Two of the top contributors to the Public Portfolio LP's performance in Q2 2020 were Cargojet Inc. ("Cargojet"), with a total return of 58.5%, and Goodman Group ("Goodman"), with a total return of 33.5%¹.

Cargojet is Canada's leading provider of time sensitive overnight air cargo services and carries over 1,300,000 pounds of cargo each business night. Cargojet also provides dedicated aircraft to customers on an aircraft, crew, maintenance and insurance (ACMI) basis, operating between points in Canada and the U.S. Cargojet's outperformance can be attributed to its competitive position in the Canadian cargo market and the favourable secular tailwinds behind the company's e-commerce exposure. It's status as an 'essential service' provider has helped to insulate the business from the impact of COVID-19, while the momentum and growth of e-commerce has been accelerated. This is expected to result in strong performance not only through the economic recovery from COVID-19, but well beyond, as secular tailwinds will further boost the Canadian cargo market for several years. However, in light of the very strong performance, we have trimmed our position on valuation considerations but may add to the position on any undue weakness.

Goodman is a vertically-integrated, internally-managed global property group specializing in industrial property ownership, funds management, property development, project and development management, and property services. Goodman is one of the world's largest industrial property groups, with a global network spanning 17 countries and more than US\$34 billion of assets under management. Goodman's outperformance can be attributed to i) strong Q1 2020 earnings with fiscal year 2020 guidance being

¹ Source: Bloomberg LP

revised higher, and ii) Goodman's significant exposure to prime industrial land/warehouses around the world is expected to benefit from the increased demand for logistics space as a result of COVID-19 (early signs of this already visible in recent large development deals (like Amazon at Oakdale, Pennsylvania, U.S.A).

One of the top detractors from the Public Portfolio LP's performance in Q2 2020 was Allied Properties Real Estate Investment Trust ("Allied"). Allied is a leading owner, manager and developer of distinctive urban workspace in Canada's major cities and network-dense urban data centres in Toronto. Allied has underperformed on concerns over demand for future office space as a result of COVID-19, including announcements by large technologies companies regarding long-term work-from-home possibilities. We see three near-term catalysts with Q2 2020 results, which should help recover the recent underperformance (leasing update, rent collection, and urban datacentre leasing and disclosure). The Trust acquired a position in Allied as it was trading at a rare discount to its NAV (only 15% of the time since 2003), and see unit price upside over the long-term.

PRIVATE PORTFOLIO

Starlight Residential Fund²

As at June 30, 2020 Starlight Canadian Residential Fund owns 6,123 leases across 46 properties in and around the economic centres of Toronto, Southwestern Ontario and Vancouver. The Starlight Canadian Residential Fund has already deployed ~\$29 million on common area improvements and repositioned 666 units, representing 21% annualized turnover. The clustering of the asset base in Ontario and B.C. will allow the Starlight Residential Fund to capitalize on economies of scale and scope. As a result of these investments and net operating income growth, the portfolio fair value has increased by ~\$112M, representing a 16.4% gain over equity invested since launch. As at June 30, 2019 \$2.22 million of the Trust's \$5.5 million commitment in the Starlight Residential Fund had been called.

EagleCrest LP³

In January 2019 Fiera secured a right of first offer to EllisDon Inc.'s future public-private partnership projects, providing an attractive growth pipeline for the EagleCrest LP going forward. As at June 30, 2020 EagleCrest LP had grown to 35 assets with a fair value of \$1.4 billion. Managing the impact of COVID-19 was a large focus during the end of Q1 2020 and Q2 2020. The portfolio has performed well and remained resilient due to the long term contractual frameworks and essential nature of the assets within the portfolio.

During Q2 2020, the EagleCrest LP investment value decreased by \$32.4 million. This consists of fair value gains of approximately \$19.8 million and \$5.9 million in capital calls, which was offset by negative foreign exchange movements of \$50.2 million and \$7.9 million in project distributions. Distributions to limited partners equated to a cash yield of 0.6% during the three months ended June 30, 2020 (over 5% during the year 2019). As at June 30, 2019 \$5.5 of the Trust's \$5.5 million commitment in EagleCrest LP had been called.

Starlight Private Pool

The Starlight Private Pool invests up to 80% of its assets in a global portfolio of private real estate investments and a minimum of 20% in global publicly listed real estate investment trusts (REITs). The Starlight Private Pool pays a 5% distribution. On May 31, 2020, the Trust invested \$4,000,000 in the Starlight Private Pool.

² Source: Starlight Canadian Residential Growth Fund, Report to Investors, As at June 30, 2020.

³ Source: EagleCrest Infrastructure Canada, Q2 2019 to Q2 2020 Performance Overview, Fiera Infrastructure and June 2, 2020 AGM.

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Q2 2020 AND YTD HIGHLIGHTS

PORTFOLIO INVESTMENTS

As at June 30, 2020, the Trust had an investment of \$24,634,234 (December 31, 2019 - \$32,617,601) in the Public Portfolio LP and \$15,924,084 in three investments in the Private Portfolio (December 31, 2019 - \$10,464,403 in two investments). The Public Portfolio LP had 46 investments (December 31, 2019 – 41 investments) with a market value of \$23,564,524 (December 31, 2019 - \$29,842,900) in publicly traded global real estate and infrastructure securities.

DISTRIBUTIONS

On January 14, 2020, Starlight Capital announced the 2020 monthly distributions for the Trust. The Trust will pay a \$0.52 gross distribution per Unit per annum (2019 - \$0.50 per Unit per annum), to be paid on a monthly basis. Beginning January 2020, unitholders of record began receiving a monthly cash distribution of \$0.0433 per Unit (beginning in February 2019 - \$0.04166 per Unit). In addition, the distributions declared include a component funded by the Trust's distribution reinvestment plan ("DRIP").

As at June 30, 2020, the Trust declared six distributions of \$0.0433 per Series A, B, C and F Unit for a total distribution of \$0.2598 per Unit for each series of units. The following table shows the amount of distributions declared, non-cash distributions under the DRIP and cash distributions paid by the Trust.

Six months ended June 30, 2020	Series A	Series B	Series C	Series F	Total
Distributions declared	\$391,399	\$9,262	\$523,249	\$139,735	\$1,063,645
Less: DRIP	(4,356)	–	–	–	(4,356)
Cash distributions paid	\$387,043	\$9,292	\$523,249	\$139,735	\$1,059,289

Year ended December 31, 2019	Series A	Series B	Series C	Series F	Total
Distributions declared	\$986,934	\$1,485	\$462,999	\$34,190	\$1,485,608
Less: DRIP	(1,799)	–	–	–	(1,799)
Cash distributions paid	\$985,135	\$1,485	\$462,999	\$34,190	\$1,483,809

REDESIGNATION OF UNITS

Series B Units and Series F Units were automatically redesignated as Series C Units in accordance with their terms on June 30, 2020 at NAV. Series B Unitholders received 26,482 Series C Units with a NAV of \$10.0075 per unit in exchange for 35,650 Series B Units with a NAV of \$9.9119 per unit. Series F Unitholders received 529,432 Series C Units with a NAV of \$10.0075 per unit in exchange for 534,426 Series F Units with a NAV of \$9.914 per unit.

Series A Units were redesignated as Series C Units, at the option of the holder, in accordance with the DOT at NAV. On June 30, 2020, Series A Unitholders received 71,591 Series C Units with a NAV of \$10.0075 per unit in exchange for 75,023 Series A Units with a NAV of \$9.5498 per unit.

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

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ANNUAL REDEMPTION

On June 30, 2020, 43,020 Series A Units, 10,483 Series C Units and 4,117 Series F Units were redeemed in accordance with the DOT at NAV. Series A, Series C and Series F Unitholders received redemption proceeds of \$410,501, \$104,791 and \$40,772, respectively at a NAV of \$9.5498, \$10.0075 and \$9.9014, respectively.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	As at June 30, 2020	As at December 31, 2019
Current assets	\$40,633,993	\$43,360,853
Current liabilities	873,338	397,109
Net assets attributable to holders of redeemable units per series		
Series A	13,535,161	15,216,599
Series B	-	376,527
Series C	26,225,494	21,682,443
Series F	-	5,688,175
	\$39,760,655	\$42,963,744

ANALYSIS OF FINANCIAL PERFORMANCE

The Trust's financial performance and results of operations for the three and six months ended June 30, 2020 and 2019 are summarized below:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Investment gain (loss)	\$3,859,138	\$114,987
Expenses	(149,979)	(161,239)
Net Investment income (loss)	3,709,159	(46,252)
Increase in net assets attributable to holders of redeemable units	\$3,709,159	\$(46,252)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Investment gain (loss)	\$(1,232,985)	1,594,587
Expenses	(354,751)	(317,670)
Net Investment income (loss)	(1,587,736)	1,276,917
Increase in net assets attributable to holders of redeemable units	\$(1,587,736)	\$1,276,917

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. Management fees paid or payable to the Manager in Q2 2020 were \$98,013 (YTD 2020 were \$208,554). See "Related Party Transactions and Arrangements – Arrangements with Starlight Capital".

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ACCRUED EXPENSES

As at June 30, 2020, the Trust had \$142,021 in accounts payable and accrued liabilities (as at December 31, 2019, the Trust had \$224,861 in accounts payable and accrued liabilities).

LIABILITIES

LEVERAGE

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 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. The Private Portfolio may also 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 June 30, 2020 and December 31, 2019, the Trust had no leverage.

UNITHOLDERS' EQUITY

The Trust had the following Series A, B, C and F Units outstanding as of June 30, 2020 and December 31, 2019:

	June 30, 2020		December 31, 2019	
	Outstanding Units	Net assets attributable to holders of redeemable units (\$)	Outstanding Units	Net assets attributable to holders of redeemable units (\$)
Series A	1,417,571	13,535,161	1,491,955	15,216,599
Series B	–	–	35,650	376,527
Series C	2,621,052	26,225,494	2,036,385	21,682,443
Series F	–	–	538,543	5,688,175

The Trust has the following Series A, B, C and F Units outstanding as of August 13, 2020:

Series	Units			
	Series A	Series B	Series C	Series F
Balance, beginning of period	1,491,955	35,650	2,036,385	538,543
Units redesignated	(31,815)	(35,650)	595,150	(534,426)
Units redeemed	(43,020)	–	(10,483)	(4,117)
Units issued	–	–	–	–
Dividends reinvested	526	–	–	–
Units outstanding, end of period	1,417,646	–	2,621,052	–

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

Cash flows 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 30, 2020. 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.

Where the Trustees determine that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution that has been declared payable, or otherwise made payable, on the due date for such payment or for any other reason cannot pay the distribution in cash, or the Trustees otherwise elect in respect of any such distribution at the sole and absolute discretion of the Trustees, the payment will be distributed to the Unitholders in the form of additional Units, or fractions of Units, if necessary or desirable, having a value equal to the difference between the amount of such distribution declared to be payable and the amount of cash that has been determined by the trustees to be available for the payment of such distribution. Such additional Units will be issued based on the proportionate interest of each series and with respect to such series, pro rata in proportion to the number of Units held as of record by such Unitholder on such date. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. Immediately after a proportionate pro rata distribution of such Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution.

CASH FLOW

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash used in operating activities	\$539,632	\$265,655	\$846,024	\$(2,031)
Cash from financing activities	(530,980)	(243,895)	(1,056,285)	(487,722)
Increase (decrease) in cash	8,652	21,760	(210,261)	(489,753)
Cash at beginning of period	51,895	5,001	270,808	516,514
Cash at end of period	\$60,547	\$26,761	\$60,547	\$26,761

Cash used in operating activities primarily represents the net realized and unrealized gains and losses on investments.

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

COMMITMENTS

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 commitment was callable on demand on a pro-rata basis with other investors. In January 2020, the Trust received the final capital call for the remaining \$1.0 million of the capital committed to Starlight Residential Fund which was invested on Feb 4, 2020. As of June 30, 2020, the Trust does not have any outstanding capital commitments.

RELATED PARTY TRANSACTIONS AND SIGNIFICANT ARRANGEMENTS

Starlight Capital is considered a related party to the Trust as Starlight Capital is controlled by a significant Unitholder who owns more than 10% of 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 and Chief Investment Officer and its Chief Financial Officer and Chief Operating Officer in addition to 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 and Chief Investment Officer and its Chief Financial Officer and Chief Operating Officer as well as 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 fees on Series A Units, Series B Units, Series C Units and Series F Units for the period ended June 30, 2020 amounted to \$208,554, with \$33,013 in outstanding accrued fees on the Units due to the Manager at June 30, 2020.

PERFORMANCE FEE

Pursuant to the Investment Management Agreement, the Investment Manager is entitled to an annual performance fee equal to the product of: the weighted average number of Public Portfolio LP units outstanding on the calculation date for such year, and

- (a) 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"). The performance fee for Q2, 2020 was \$Nil (Q2, 2019 - \$Nil).

OPERATING EXPENSES

The Trust reimburses 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 reimburses 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 June 30, 2020, \$33,013 in management fees payable was included in accounts payable and accrued liabilities to the Manager (Q2 2019 were \$12,453). In addition, the Investment Manager has paid \$109,008 of the Trust's operating expenses included in accounts payable and accrued liabilities which is recoverable from the Trust (Q2 2019 were \$89,031).

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 AIF. The annual MD&A and AIF are available on SEDAR at www.sedar.com. Current and prospective Unitholders of the Trust should carefully consider such risk factors.

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The spread of coronavirus disease COVID-19 has caused volatility in the global financial markets, resulted in significant disruptions to global business activity and a slowdown in the global economy. Such impacts could continue and cause substantial market volatility, exchange trading suspensions and closures, affect the Portfolio's performance and significantly reduce the value of an investment in Units. See *Update on the Impact of COVID-19*.

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

Recent turmoil in the global energy market has impacted global commodity prices and global foreign currency markets and the effects could be substantial and long-lasting. Further, continued market concerns about, matters related to the United Kingdom's withdrawal from the European Union, COVID-19 or other pandemics, and matters related to the U.S. presidential election and global government debt limits and international trading relationships, 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, COVID-19 or other pandemics, 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 International Financial Reporting Standard ("IFRS") compliant financial reporting, the Trust's assets and liabilities are 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 is 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 values 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 U.S. 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 currency"), 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 do 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 and other reasons;
- 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.

SIGNIFICANT OWNERSHIP BY STARLIGHT CAPITAL

As of the date hereof, Daniel Drimmer and his affiliates hold an approximate 12.58 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.

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.

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.

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.

Starlight Hybrid Global Real Assets Trust
Management's Discussion and Analysis of Operations and Financial Condition
For the three and six months ended June 30, 2020

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 audited annual financial statements.

As at June 30, 2020, no material estimates were used in determining the recorded amount for assets and liabilities in the unaudited condensed interim financial statements.

SIGNIFICANT ACCOUNT POLICIES

There were no changes to the Trust's accounting policies as of June 30, 2020.

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 Chief Executive Officer and Chief Financial Officer 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) and concluded that the design and operation of the Trust's disclosure controls and procedures; and internal controls over financial reporting were effective and continue to be appropriate for the three months ended June 30, 2020.

UPDATE ON THE IMPACT OF COVID-19

Since the latter part of February 2020, financial markets have experienced significant volatility and weakness in response to COVID-19. In Q1 2020, the progressive shutdown of large global economies resulted in significant broad market selloffs of global equity markets. Equity markets have experienced elevated volatility in the face of rising unemployment and sharply declining economic output. The Public Portfolio has also experienced elevated volatility as equity investors have sought liquidity and safety in the face of uncertainty. As a result of COVID-19, trading volumes in the Public Portfolio have increased as the Investment Manager looks to take advantage of investment opportunities brought about by the elevated level of market volatility.

While the events surrounding the COVID-19 outbreak have resulted in unprecedented market volatility, the Trust is well positioned to navigate through this challenging time. The Private Portfolio has not experienced a significant impact from COVID-19. The Public Portfolio is currently positioned in sectors and geographies believed to be the most resilient during and after the COVID-19 outbreak and to realize significant upside potential upon an economic recovery. The Investment Manager continues to review the Portfolio on a daily basis and remains committed to owning high-quality businesses with long term growth potential.

In response to the global pandemic, governments and central banks have reacted with significant monetary and fiscal stimulus programs designed to stabilize economic conditions. At this time, the duration and magnitude of the COVID-19 outbreak is unknown, as is the efficacy of the government and central bank interventions. It is impossible to forecast the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the Trust's business, both in the short term and in the long term. The Public Portfolio could experience further equity market declines, which could materially adversely impact the performance of the Trust. While the situation continues to evolve, the Trust is confident the tactical measures implemented to date will allow it to provide long-term value creation to Unitholders.