Starlight Global Infrastructure Fund
Q1-2024 Commentary

Fund	Q1 2024	1 Year	3 Year	5 Year	Incept*
Starlight Global Infrastructure Fund, Series F	1.9%	3.7%	3.3%	4.2%	5.9%

*Inception date October 2018.
Source: Starlight Capital, as of March 31, 2024.

Performance Summary

- Over the first quarter of 2024, Starlight Global Infrastructure Fund, Series F (the Fund) returned 1.9%.
- Fund performance was driven by stock selection in the information technology, energy, industrial and financial sectors. Selection from the United States, the Fund's top geography, also contributed to performance.

Contributors and Detractors

Q1 2024 Top Five Contributors		
Stock	**Contribution to Return**	**Average Weighting**
MICROSOFT CORP	+ 0.6%	3.9%
SBM OFFSHORE NV	+ 0.4%	2.3%
NASDAQ INC	+ 0.4%	3.3%
WASTE CONNECTIONS INC	+ 0.4%	2.3%
MASTERCARD INC - A	+ 0.4%	2.6%

Q1 2024 Bottom Five Contributors		
Stock	**Contribution to Return**	**Average Weighting**
RWE AG	- 0.7%	3.2%
SOLARIA ENERGIA Y MEDIO AMBI	- 0.7%	1.1%
BLOOM ENERGY CORP- A	- 0.5%	2.1%
ALTUS POWER INC	- 0.4%	1.8%
NORTHLAND POWER INC	- 0.3%	4.1%

Source: Starlight Capital & Bloomberg Finance L.P. As of March 31, 2024.

Microsoft was the top contributor to fund performance. The company's stock performed well following the release of strong first-quarter results and enthusiasm for continued future growth driven by the core secular growth drivers in technology spending, cloud computing and generative artificial intelligence.

RWE AG and Solaria were the largest detractors from performance, driven by weak power pricing in Western Europe mainly attributable to a mild winter, excess power production from renewable energy sources and faster than expected normalization of gas supply after Russia's invasion of Ukraine.

Portfolio Update

Sector	Portfolio Weight %	Top %Q/Q Changes
Energy	13.6%	+ 6.9%
Private Investments	15.9%	+ 1.4%
Real Estate	9.2%	-2.2%
Utilities	22.7%	- 3.4%
Industrials	17.4%	- 5.1%

Source: Starlight Capital & Bloomberg Finance L.P. As of March 31, 2024.

The Fund's allocation to the Energy sector rose by 6.9 percentage points as five new positions were added in the first quarter. Midstream energy is supply-constrained as demand for energy processing, storage and transportation services has been robust post-COVID. Balance sheets are strong as companies have delivered and are increasing return of excess capital to shareholders. Valuations remain attractive across the sector despite the outperformance of the sector relative to the overall market over the last three years.

The Fund's allocation to the Industrial sector fell by 5.1% mainly because the holdings in Aena and Eiffage were eliminated. Passenger traffic in Spain rebounded to pre-COVID levels faster than expected, driving up Aena's share price to a full valuation. The position in Eiffage was eliminated on concerns about capital allocation, higher taxation in France and maturity of the toll road portfolio.

The decrease in the Fund's allocation to Utilities is mainly attributed to the relative underperformance of the sector. Within utilities, the Fund is overweight renewables because of the global imperative to decarbonize the energy system. However, expectations of higher interest rates for longer resulting from persistently high inflation weighed on valuations in the sector, causing double-digit share price declines across the companies in the industry.

Fund Outlook

After the recovery in Q4 2023 driven by rising expectations of interest rate cuts followed by the reversal of those expectations in Q1 2024, we expect uncertainty around the trajectory of interest rate decreases to dominate the narrative in Infrastructure investments for most of the year. Despite the challenging environment, we see strong underlying dynamics across each of the key sub-sectors of infrastructure (midstream energy, utilities, transportation and digital infrastructure). Midstream energy benefits from a stable and growing North American energy supply with the ability to provide export capacity to global markets. Utilities benefit from growing electrification and computing demand. Current projections for electricity consumption by AI data centers are as high as 25% by 2030, compared with 4% today, most of which will likely be met by new renewable power generation. Digital infrastructure is not only driven by the adoption of AI but also the build 5G wireless networks.

While the decline of interest rates may be delayed, we believe the stability, inflation protection and reasonable valuation of infrastructure make it an attractive investment. Infrastructure companies can pass through higher inflation thereby generating revenue growth; government policy remains supportive of infrastructure build-out and improves project economics; and the sector will use the pricing adjustment mechanisms at its disposal to protect their returns.

Source: Starlight Capital.

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