Starlight Global Infrastructure Fund

Q1-2025 Commentary

Starlight™ CAPITAL Focused Investing

Fund	Q1 2025	1 Year	3 Year	5 Year	Incept*
Starlight Global Infrastructure Fund, Series F	2.7%	12.4%	3.7%	7.5%	6.9%

*Inception date October 2018. Source: Starlight Capital, as of March 31, 2025.

Performance Summary

- Over the first quarter of 2025, Starlight Global Infrastructure Fund, Series F (the Fund) returned 2.7%.
- Energy, Utilities, and Industrials were the top sector contributors to performance, which was slightly offset by a decline in Information Technology and Financials.

Contributors and Detractors

Q1 2025 Top Five Contributors		
Stock	Average Weighting	Contribution to return
RWE AG	3.7%	0.7%
EIFFAGE	2.0%	0.6%
VEOLIA ENVIRONNEMENT	2.7%	0.6%
HELIOS TOWERS PLC	2.7%	0.5%
AMERICAN TOWER CORP	2.4%	0.4%

Q1 2025 Top Five Detractors		
Stock	Average Weighting	Contribution to return
TRANSALTA CORP	2.3%	-0.9%
CAPITAL POWER CORP	2.1%	-0.5%
COGENT COMMUNICATIONS HOLDINGS INC	2.9%	-0.5%
DIGITALBRIDGE GROUP INC	1.8%	-0.5%
SEMPRA	1.6%	-0.4%

Source: Starlight Capital & Bloomberg Finance L.P. As of March 31, 2025.

The top 4 contributors to performance were all European-listed companies, which benefited from positive fund flows as global investors sought the relative stability of Europe's political environment amid the uncertainty surrounding US trade policies under the Trump administration.

RWE has benefited from the changing political landscape in Germany. The newly elected coalition government has prioritized investment in infrastructure with the creation of a €500 billion fund. The Company continues to represent exceptional value relative to peers thereby attracting interest from activist shareholder Elliott Investment Management, which has pushed for continued capital return to shareholders.

Eiffage continues to demonstrate strong operating performance while also benefiting from Germany's push to invest heavily in infrastructure renewal. Eiffage's order book has reached an all-time high, providing excellent revenue and earnings visibility for the Company well into the future.

Veolia Environment continues to benefit as a global leader in the wider environmental themes of decarbonization, environmental transformation, and the circular economy. The company faces minimal impact from US tariffs, and French political risks have significantly abated this year. The Company reported strong 2024 results with a 15% year-over-year increase in net income and has visibility into continued strength through 2025.

TransAlta and Capital Power, both Alberta power producers, were the primary detractors from performance. These Companies experienced an unwinding of last years' strong outperformance, which was driven by multiple data centre projects in the queue that would draw over 11 GW of potential power from the Alberta grid. It is uncertain whether trade tensions between Canada and the US have reduced the attractiveness of investments north of the border, which would lower the probability that projects in the queue will come to fruition and contribute to earnings.

Portfolio Update

Sector	Portfolio Weight %	Top %Q/Q Changes
Energy	20.0%	4.2%
Communication Services	8.1%	0.6%
Financials	7.8%	-0.6%
Utilities	26.4%	-1.5%
Real Estate	2.6%	-1.8%
Industrials	15.5%	-2.2%

Source: Starlight Capital & Bloomberg Finance L.P. As of March 31, 2025. Excludes Cash and Cash Equivalents.

Within the Utilities sector, we eliminated the position in Altus Power. While we remain constructive on the development potential of solar power due to cost advantages and short construction lead times, the higher-for-longer rate environment challenged Altus' commercial-scale focused business model and we ultimately believed that there were better opportunities for the Fund's capital.

The allocation to the Real Estate segment declined due to the elimination of the position in SBA Communications, a US-based provider of cellular tower infrastructure. We remain highly convicted in the tower infrastructure subsector but believed that Cellnex and Helios Towers represented better total return opportunities. Both Cellnex and Helios Towers are categorized in the Communication Services sector.

Within Industrials, Spanish transport infrastructure operators Ferrovial and Sacyr were eliminated from the Fund due to valuation concerns. The proceeds were reallocated to more attractively valued opportunities within the Energy sector.

Fund Outlook

As the new administration in the US has begun to implement the pro-business, pro-energy, pro-economic growth agenda they campaigned on, markets have responded with considerable turbulence. In addition to the possibility of a global trade war culminating from tariffs imposed by the US, markets are discounting heightened policy uncertainty, declining consumer sentiment and delayed capital spending plans. While the current volatility gives us pause, it is still early in this government’s term and other policies could be enacted later in the year to provide an offset. As trade negotiations are concluded, they may pivot to some of the other priorities they campaigned on, which included accelerated tax cuts and deregulatory efforts to boost the economy. However, in the near-term, the looming question is what will tariff policies ultimately look like and the extent to which they constrain trade.

If we are in for a protracted period of market turbulence driven by trade uncertainty, the market is likely to express increased preference for infrastructure’s defensive attributes which includes but is not limited to low price elasticity of demand, a contracted/regulated asset base and a visible growth outlook. As first quarter earnings gets underway, we are listening intently for management’s commentary on the impact of the changing environment on their growth outlook. We remain prepared to act tactically in response to volatility while maintaining a disciplined investment strategy focused on the intersection of quality and value within global listed infrastructure.

Source: Starlight Capital

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