Starlight Private Global Infrastructure Pool 2024 Outlook

February 22, 2024

Dennis Mitchell, MBA, CFA, CBV

Chief Executive Officer and
Chief Investment Officer

The Starlight Private Global Infrastructure Pool is designed to provide accredited investors with access to institutional-quality, private assets in a solution that provides both liquidity and income. The unique design (target 80% private asset funds, target 20% public listed securities) allows investors to partner with best-in-class, global institutional managers of private assets and invest alongside some of the largest pension funds, insurance companies and wealth managers in the world.

2023 Year in Review

In 2023 the Starlight Private Global Infrastructure Pool ("Infrastructure Pool") delivered a -3.4% total return (Series F). The major detractor from performance in 2023 was currency, reducing returns by approx. 400 bps. Currency was very volatile during most of the year and especially in November and December of 2023. The Infrastructure Pool was not hedged during most of the year and US dollar weakness at year end was driven by a rally in risk assets and the anticipation of up to six rate cuts in 2024.

The listed securities portfolio experienced 32 dividend and distribution increases with an average increase of 10.9%. The listed securities portfolio generated positive total returns in 2023 however, the lower weighting in the listed securities means that this portfolio contributed less than 30 bps to overall performance.

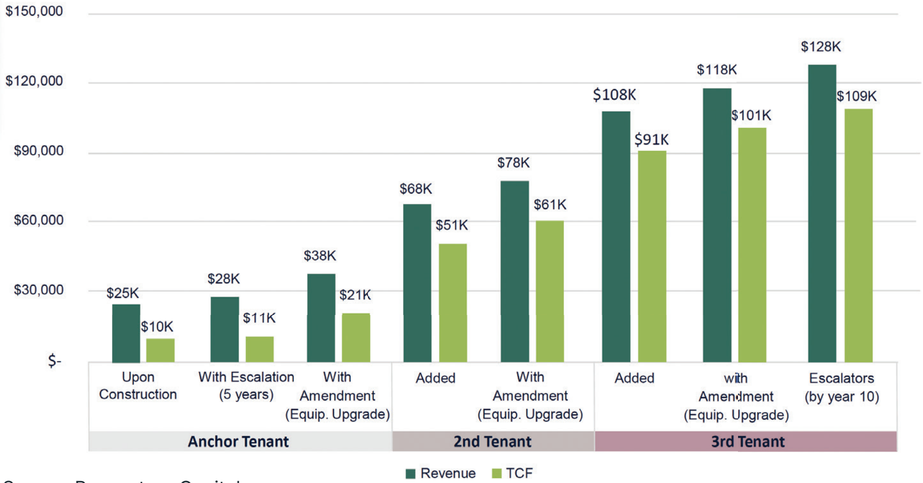
Peppertree Capital Fund IX

Peppertree Capital is the dominant developer of cell towers in the United States. Towers are developed for approx. $300K and space on the tower is leased to US telecom firms (Verizon, AT&T, T-Mobile). Tower Cash Flow ("TCF") growth is driven by annual lease escalators, lease amendments due to equipment upgrades and adding additional telecom tenants to the tower. These towers are then sold to strategic buyers (American Tower, Crown Castle, SBA Communications) at 30 – 40x TCF. **Historically Peppertree has generated a 1.89x net return on invested capital and a 16.6% net IRR.**

The Infrastructure Pool has allocated US $10 million to Peppertree Capital Fund IX ("PCF IX") and as of December 31, 2023, 88.6% of this commitment has been called. During 2023, Peppertree called 50.1% of our commitment and through the first three quarters of 2023, PCF IX developed 486 towers, to bring the total number of towers built to 2,558. As of September 30, 2023, PCF IX has 1,491 cell towers under construction (up 308 from the end of 2022) and 798 pending acquisition (up 369 from the end of 2022).

Through December 31, 2023, PCF IX delivered an approx. 21.7% total return which contributed approx. 140 bps to the Infrastructure Pool's performance. PCF IX has now generated a net return on invested capital of 1.22x and our Net IRR is now 23.4% in the Infrastructure Pool.

Exhibit 1 – Example of Modeled TCF Growth Over Extended Time Period



Source: Peppertree Capital.

Peppertree reports the demand for new towers continues to be driven by population growth, connected device growth, data-intensive application development and network evolution (from 4G to 5G). US telecom firms (Verizon, AT&T & T-Mobile) continue to offer unlimited data plans and free Apple products (iPhones, iPads and/ or Apple Watches) to new subscribers, further increasing the utilization of their existing networks and driving demand for new cell towers. Further, the telecom firms are in the midst of upgrading their networks from 4G to 5G, which will make their networks faster and support more devices and more data.

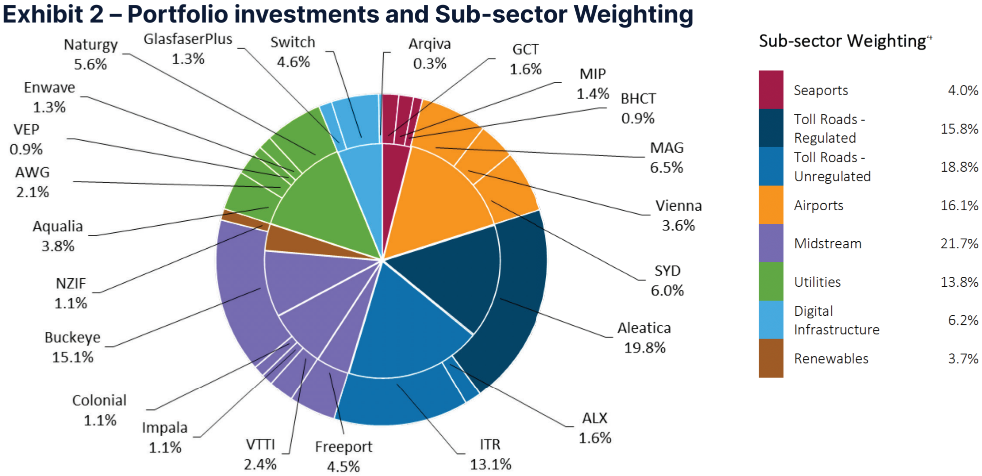
For 2024, the expectation for PCF IX is for similar total returns to 2023 driven by additional tower development, annual contractual rent escalators, lease amendment rental gains and increased tenant intensity on existing towers.

IFM Global Infrastructure Fund

IFM Investors ("IFM") is a US $148.0 billion global asset manager based in Australia and founded over 25 years ago by a conglomerate of pension funds. IFM manages US $75.0 billion of global Infrastructure assets, including the US $59.0 billion open-end, IFM Global Infrastructure Fund ("GIF"). GIF targets core infrastructure in developed markets and currently has interests in 23 infrastructure investments across the globe. **Since inception, GIF has generated an 11.2% annualized total return in their Canadian feeder fund.**

The Infrastructure Pool has allocated CAD $15 million to GIF in their Canadian feeder fund and as of December 31, 2023, 100.0% of this commitment has been deployed. **In 2023, the Infrastructure Pool's investment in GIF has generated an 7.2% total return which contributed approx. 90 bps to the performance of the Infrastructure Pool in 2023.**

Exhibit 2 – Portfolio investments and Sub-sector Weighting



Source: IFM Global Infrastructure Fund. Quarterly Investor Report. As at December 31, 2023.

Airport assets comprise 16.1% of GIF's portfolio and despite headwinds from high energy prices, slowing global trade and geopolitical turmoil, global aviation traffic continues to recover back to pre-pandemic levels. GIF's airport assets have seen November 2023 traffic levels recover to 90%+ of 2019 levels, compared to just 77.9% of 2019 levels in November 2022. Vienna Airport in Austria stood out as the best performer in GIF's airport portfolio with 2023 passenger levels at 94% of 2019 levels. Revenues, EBITDA and Net Profit all exceeded 2019 levels by 9%, 6% and 14% respectively. The International Air Transport Association expects 2024 traffic levels to continue to recover, supported by the introduction of new airlines, the resumption of previous airline services, the continued recovery of tourism and the eventual re-opening of the Chinese market.

Toll Road assets continue to demonstrate steady performance, driven by the continued return to work trend (in the markets their assets are located in) and higher congestion levels on competing roads. Several concession arrangements also support the escalation of toll prices in line with inflation. Aleatica in Mexico stood out as the best performer in GIF's toll road portfolio with 2023 traffic levels 7% above 2022 levels and 13% above pre-pandemic 2019 levels. This performance is mainly attributed to assets in Mexico, Italy and the UK.

Seaport assets continue to suffer from slowing global trade and increased geopolitical turmoil. To date, GIF's ports have not been materially impacted by Houthi attacks and the impact on volumes has been negligible. Baltic Hub Container Terminal ("BHCT") is the largest container port in Poland and the Baltic Sea and stood out as the best performer in GIF's seaport portfolio. BHCT's 2023 Revenues and EBITDA are up 9.4% and 3.7% compared to 2022.

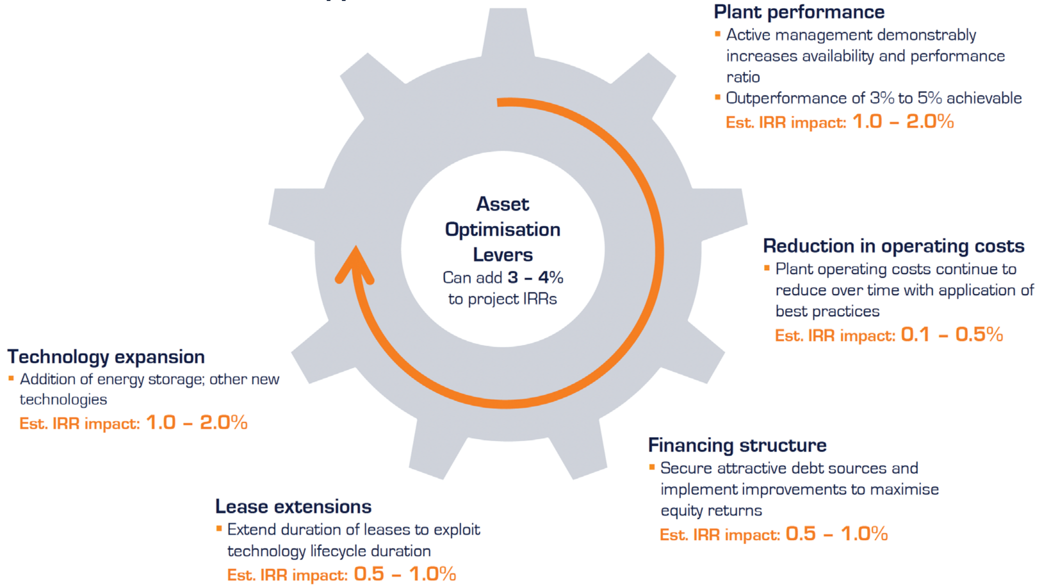
Midstream assets have generated mixed results with strong jet fuel demand (air travel strength) offset by lower diesel demand (lower freight and construction activity). GIF's midstream assets continue to actively invest in energy transition initiatives to meet governmental policies. Colonial Pipeline Company ("Colonial") is the largest refined petroleum products pipeline in the US, transporting gasoline, kerosene, diesel and aviation fuels from Gulf Coast refineries to major markets along the US east coast. Colonial stood out as the best performer in GIF's Midstream portfolio with 2023 Revenues and Adjusted EBITDA up 23.8% and 19.1% compared to 2022.

For 2024, GIF should experience positive performance from its Toll Road, Airport, Utilities & Renewables and Digital assets, which represent 74.4% of the GIF portfolio. In contrast, economic weakness should weigh on the Seaport and Midstream assets, which represent 25.7% of the GIF portfolio. GIF's weighted average leverage continues to decline and sits at 33.8% with a weighted average debt maturity of 8.6 years. **GIF management has guided to full year 2023 total returns of 10.0%+ and similar total returns in 2024.**

NextPower Capital Fund III

NextEnergy Group ("NextEnergy") was founded in 2007 and is a leading developer, owner and manager of utility-scale, global solar PV energy assets. NextEnergy has US $3.9 billion of assets under management invested in 407 solar plants comprising 1,542 MWp of production capacity in operation and 1,056 MWp of production capacity under development. NextEnergy's strategy is twofold – acquire existing assets and optimize their performance and win Request for Proposals for the right to develop new solar assets. **Historically, NextEnergy has generated Net IRR's of 15.3% and 25.5% in the NextPower Capital series of funds.**

Exhibit 3 – Value Creation Opportunities

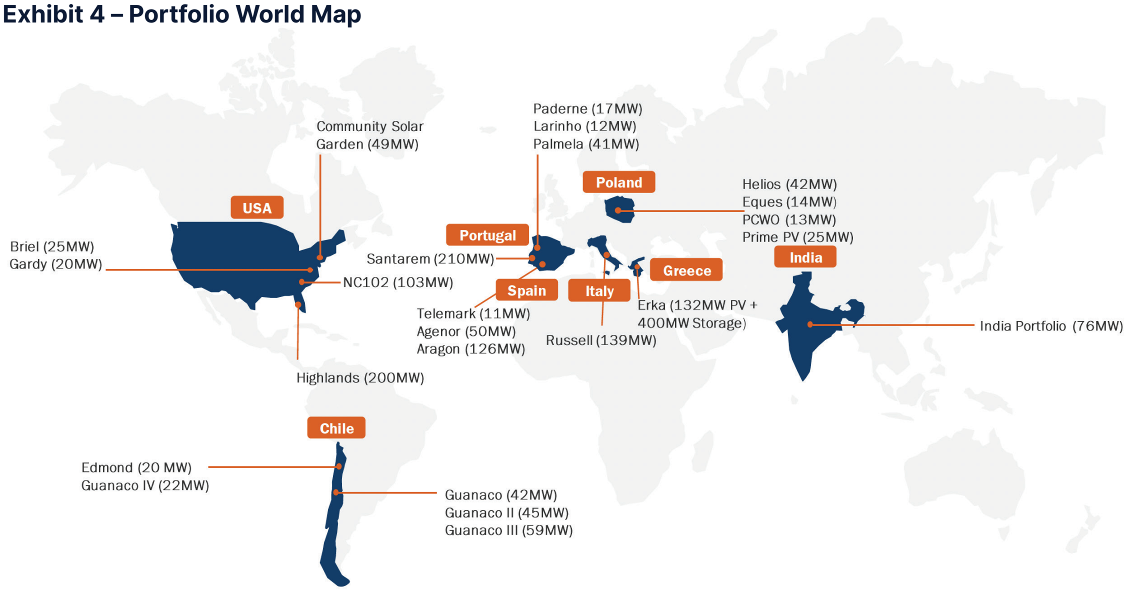


Source: NextPower III. Investor Presentation. Q1/24.

The Infrastructure Pool has allocated US $20 million to NextPower Capital Fund III ("NPCF III") and as of December 31, 2023, 100% of this capital has been deployed. NPCF III raised a total of US $894 million and has created a portfolio of 26 assets totaling 167 plants across the US, India, Portugal, Spain, Chile, Poland, Italy and Greece. The portfolio has a production capacity of 1,515.3 MWp however, only 357.9 MWp of this capacity is fully operational, the rest is under construction or subject to NextEnergy's value optimization process. **Through December 31, 2023, the Infrastructure Pool's investment in NPCF III has generated a 1.2% total return which contributed approx. 30 bps to the performance of the Infrastructure Pool in 2023.**

In 2023 NextPower focused heavily on construction and value-add activities to bring assets into commercial service. Approx. 60% of the portfolio is under construction/optimization with approx. 30% of the portfolio near final construction. In 2023, NPCF III entered Italy with a large (138.8 MWp) development project and entered Greece with the acquisition of a large (132.0 MWp) development project, including battery storage assets. In Portugal, the portfolio's largest asset (Santarem, 210.0 MWp) is nearing completion and will be fully connected to the grid in March 2024. In Chile, a collection of smaller assets totaling 190 MWp were almost fully completed in 2023. Finally, in Poland assets totaling 96 MWp were completed and 15-year, inflation-indexed, Power Purchase Agreements were signed with the federal government. These assets will likely be refinanced up to 40-50% during 2024.

Exhibit 4 – Portfolio World Map



Source: NextPower III. ESG Quarterly Reporting. Q3 2023 Update.

Rising rates in 2023 impacted NPCF III's Chilean assets negatively however, the rest of the portfolio had secured long term financing prior to rates rising substantially. The impact on discount rates however, negatively impacted the entire portfolio in 2023. Moderating policy rates in 2024 should provide a tailwind for valuations in 2024.

Power price curves spiked in Europe after the Russian invasion of Ukraine. They remain elevated above their pre-invasion levels but off their two-year highs. European gas prices and new energy supply (especially new solar) will be the marginal drivers of solar pricing in 2024. NPCF III benefited from in-house construction and procurement teams and capex costs actually declined in 2023 as pricing was negotiated with Chinese suppliers in 2022.

NPCF III refinanced assets in Portugal and Chile in 2023 to generate cash and will look to refinance assets in Poland and Spain in 2024. NextEnergy anticipates capital appreciation in the first half of 2024 as assets under construction and held at cost enter commercial service (upticks to 1.1x to 1.3x value). NextEnergy anticipates material distributions to investors in the second half of 2024 from the refinancing of assets that have completed the optimization process and from the refinancing of assets entering commercial service. **NextPower management has guided towards 10%+ total returns in 2024.**

Alinda Capital Fund IV

Alinda Capital Partners has re-branded to Astatine Investment Partners ("Astatine") but remains focused on mid-market private equity investments in the Utility, Transportation and Digital sectors of Infrastructure. Astatine's strategy is to focus on quality businesses in industries that are seeing growth and have the potential for consolidation. Astatine then takes a majority position in target companies and invests to increase capacity and consolidate smaller competitors. **Over 10+ years, Astatine has allocated $13 billion and produced a track record of an 8.3% Gross IRR and a 1.5x Gross MOIC (Alinda Capital Fund III, 15.0% Gross IRR and 1.8x Gross MOIC).**

The Infrastructure Pool has allocated US $25 million to Alinda Capital Fund IV ("ACF IV") and as of December 31, 2023, 95% of this capital has been deployed. ACF IV has generated a net multiple on invested capital of 1.4x and a net IRR of 26.9%. ACF IV is currently invested in four businesses with the potential to invest in a fifth business in the first half of 2024. The four current businesses are ACL Airshop ("ACL", global cargo logistics), Big Truck Rental ("BTR", waste collection), Everfast Fiber Networks ("Everfast", broadband fiber network) and McKeil Marine ("McKeil", marine transportation).

Through December 31, 2023, the Infrastructure Pool's investment in ACF IV has generated a -2.2% total return which contributed approx. -95 bps to the performance of the Infrastructure Pool in 2023. Returns in 2023 were negatively impacted by factors beyond the operational performance of the underlying investments. Specifically, Astatine conducted an unplanned extra close to raise additional capital which resulted in dilution to existing investors and with the material increase in investment value's they increased their tax provisions. Neither of these events will recur in 2024 as the fundraising period for ACF IV is closed and 95% of the total capital raised has been called and deployed.

Operationally, in 2023 ACL saw its valuation decline by $13.7 million or -6.7% in 2023. In contrast, BTR saw its valuation increase by $48.3 million or 23.1% in 2023. Astatine's management has guided to gains at BTR continuing to more than offset ACL declines. Everfast continues to be held at cost however, it was underwritten at a 20.0% target Gross IRR and a target Gross MOIC of 2.0x. McKeil is also held at cost and was underwritten at a 15.0% target Gross IRR and a target Gross MOIC of 2.0x.

Exhibit 5 – Alinda Capital Fund IV Underlying Valuation Changes

	Initial Value	Q1 2023	Q2 2023	Q3 2023	2023 Total Valuation Chage	
ACL Airshop	203,400	3,000	(11,200)	(5,500)	(13,700)	-6.7%
Big Truck Rental	209,400	14,100	17,900	16,300	48,300	23.1%
Combined	**412,800**	**17,100**	**6,700**	**10,800**	**34,600**	**8.4%**

Note: All figures in US thousands.
Source: Alinda Capital Fund IV quarterly reporting. Q1/24.

ACL is more economically-sensitive and the slowdown in global trade combined with pricing discounts to extend contract durations negatively impacted EBITDA and the valuation of this business in 2023. In 2024, Astatine expects pricing and EBITDA to stabilize and the valuation of the business to be flat to slightly up, year-over-year. In contrast, BTR generated strong EBITDA growth in 2023, which more than offset ACL's performance. In 2024, Astatine expects strong EBITDA growth and valuation gains from BTR. **BTR will be refinanced in early 2024 either to fund a new acquisition or to pay investors a sizeable distribution.**

The new acquisition is underwritten at a 20%+ IRR, including a 10%+ cash yield and Astatine is in exclusive negotiations to acquire the business. Everfast Fiber Networks was held at cost during 2023, despite adding new subscribers to the network. Astatine expects Everfast to experience valuation gains in early 2024 to reflect 2023 operating results. McKeil Marine was acquired in Q3/23 and will show modest valuations gains in 2024 as Astatine works to extend contracts and add vessels.

Exhibit 6 – Fund IV, Performance as of September 30, 2023 (in USD m)

Company	Contributions	Distributions	Fair Value[1]	Distributions Plus Fair Value	IRR to Date (US$)	Multiple to Date (US$)
ACL Airshop	$106.0	$26.4	$190.2	$216.6	40.4%	2.0x
BTR	150.8	25.9	236.1	262.0	38.7%	1.7x
Everfast	46.3	—	46.3	46.3	n.m.	1.0x
McKeil Marine	107.5	-	107.5	107.5	n.m.	1.0x
Total (Gross)	**$406.9**	**$67.3**	**$572.0**	**$639.4**	**34.5%**	**1.6x**
Net of Fees and Carry					**26.9%**	**1.4x**

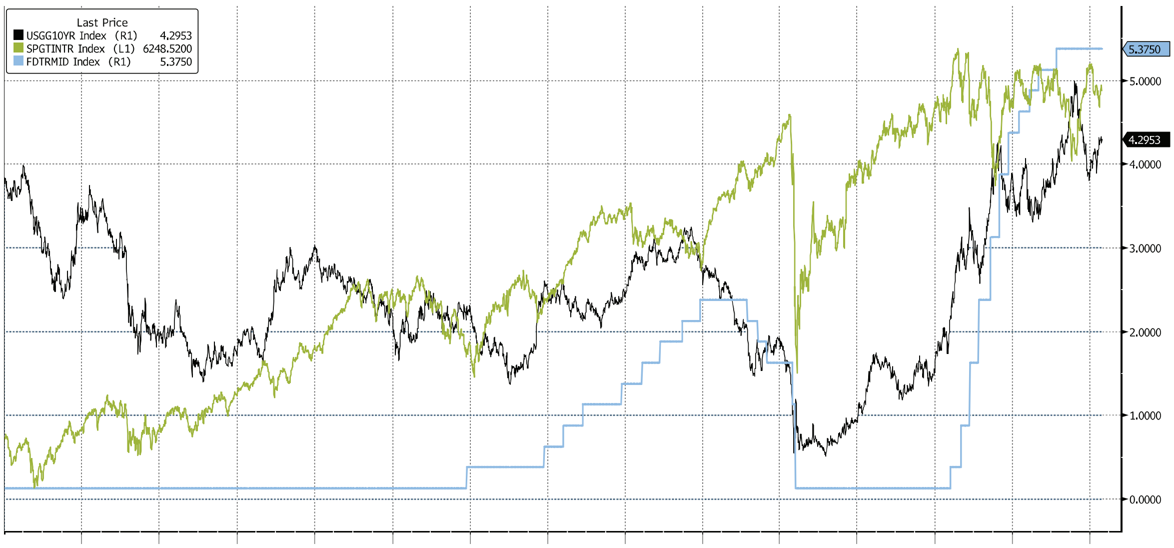
Source: Astatine Investment Partners. Alinda Infrastructure Fund IV.

For 2024, ACF IV should continue to experience strong performance from BTR with Everfast and McKeil seeing initial positive mark ups. ACL should deliver flat to positive performance with upside from declining rates and extended contracts offset by the expected slowdown in global trade and growth. The pending refinance of BTR provides additional upside in 2024 either through the payout of a large distribution to investors or the acquisition of Project Ribble. **Astatine management believes the current portfolio will generate 10.0%+ total returns in 2024.**

2024 Performance Outlook

Much of the underperformance of private global infrastructure in 2023 was driven by a synchronized global central bank hiking cycle from 2022 to 2023. These hiking cycles have ended, and central banks have indicated they will commence cutting policy rates in 2024. This has historically resulted in strong performance of infrastructure assets.

Exhibit 7 – US Interest Rates and Global Infrastructure Performance



Source: Bloomberg Finance L.P.

The market has moved from pricing in six rate cuts in 2024 to pricing in three rate cuts, with the US dollar strengthening in response. **We expect the Bank of Canada to cut rates sooner and by more than the Federal Reserve Bank, creating additional Canadian dollar weakness versus the US dollar.**

The asset allocation of the Starlight Private Global Infrastructure Pool should allow it to return to generating strong absolute performance in 2024:

- European return to work and US leisure and business travel
- Continued renewable energy demand to develop energy self sufficiency
- Resilience of the waste collection industry
- Data driven demand for more cell tower development in the US

The Infrastructure Pool has no exposure to energy exploration & development assets and has the exposure to emerging markets is very conservative and resilient (solar energy). All of our private infrastructure partners employ conservative leverage strategies and generate significant free cash flow from operations.

As we approach our six-year anniversary as a firm and the four-year anniversary of the Starlight Private Global Infrastructure Pool, we appreciate the support you have shown us. We appreciate the opportunity to compete for your client's capital and the Starlight Private Pools have played a significant role in our combined success.

Sincerely,

The Starlight Capital Team

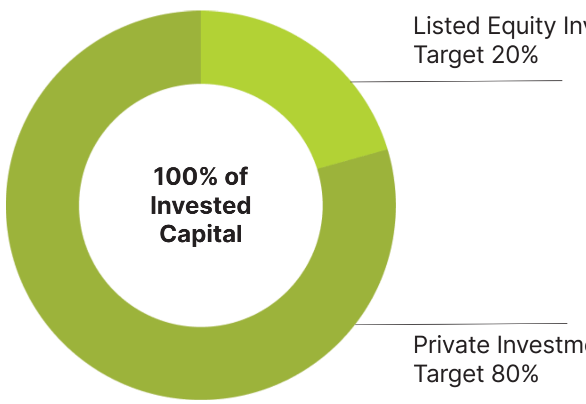
We invite you to partner with us.

Starlight Private Global Infrastructure Pool

Innovative Fund Structure

Access a diversified portfolio of best-in-class private investment partners managing institutional-quality, private infrastructure.

Target Asset Allocation



Total Return

- Target 12-14% Net IRR to investors
- Attractive long-term capital appreciation potential with a target 5% annual distribution paid quarterly

Innovative Fund Structure

- Access to institutional private assets that provide uncorrelated returns and long-term capital appreciation
- Concentrated portfolio of actively managed global listed securities support yield and liquidity

Liquidity

- Monthly subscriptions with quarterly redemption privileges
- Tax-efficient, quarterly distributions

Real Assets

Starlight Private Global Infrastructure Pool

Inception-2020

Investment Objective:
To achieve long-term capital appreciation and regular current income by investing globally in private infrastructure and infrastructure related investments and in publicly traded companies with direct or indirect exposure to infrastructure.

Fund Codes
Series A (SLC1102)
Series F (SLC1202)
Series I (SLC1902)

Distribution Frequency
Fixed Quarterly

Investment Management Team

Dennis Mitchell, MBA, CFA, CBV
Chief Executive Officer and Chief Investment Officer

Dennis Mitchell joined Starlight Capital in March 2018 as Chief Executive Officer and Chief Investment Officer. He has over 20 years of experience in the investment industry and has held executive positions with Sprott Asset Management, serving as Senior Vice-President and Senior Portfolio Manager, and Sentry Investments, serving as Executive Vice-President and Chief Investment Officer.

Mr. Mitchell received the Brendan Wood International Canadian TopGun Award in 2009, 2010, and 2011 and the Brendan Wood International 2012 Canadian TopGun Team Leader Award. He also received the Afroglobal Television Excellence Award for Enterprise in 2020 and the Black Business and Professionals Association's Harry Jerome President's Award in 2021.

Mr. Mitchell holds the Chartered Financial Analyst and Chartered Business Valuator designations and earned a Master of Business Administration from the Schulich School of Business at York University in 2002 and an Honors Bachelor of Business Administration degree from Wilfrid Laurier University in 1998.

Mr. Mitchell currently sits on the Board of the Toronto Foundation and is Co-Founder and Director of the Black Opportunity Fund.

About Starlight Capital

Starlight Capital is an independent Canadian asset management firm with over $1 billion in assets under management. We manage Global and North American diversified private and public equity investments across traditional and alternative asset classes, including real estate, infrastructure and private equity. Our goal is to deliver superior risk-adjusted, total returns to investors through a disciplined investment approach: Focused Business Investing. Starlight Capital is a wholly-owned subsidiary of Starlight Investments. Starlight Investments is a leading global real estate investment and asset management firm with over 360 employees and $28B in AUM. A privately held owner, developer and asset manager of over 66,000 multi-residential suites and over 7 million square feet of commercial property space. Learn more at www.starlightcapital.com and connect with us on LinkedIn at www.linkedin.com/company/starlightcapital/

Invest With Us

For more information on our investment solutions, learn more at **starlightcapital.com** or speak to our Sales Team.

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