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Why It Matters:

- When policy rates are cut, GIC and HISA yields that were attractive during the rate hike cycle, begin to decline as well.
- Holding onto low-yield investments can result in lower distributions and missed opportunities for portfolio growth.
- Real estate, infrastructure and dividend growth stocks can offer rising and tax-efficient income as interest rates fall.

What is reinvestment risk?

For several years investors have enjoyed 5% yields from GICs, short-term bonds, and high interest savings accounts. However, with central banks cutting rates and global growth slowing, the entire yield curve is shifting down as rates decline.

The time is now to allocate capital into assets and asset classes that will benefit from falling interest rates. Delaying risks investing later at higher multiples, lower yields and lower total returns.

The benefits of acting early

Identify the Winners	Reinvest Today	Grow for the Long-Term
Identify sectors and assets poised to outperform as rates fall and global growth slows.	Invest today to capture higher yields, lower multiples and higher total returns.	Strategic reinvestment today can reduce risk and improve your clients' long-term, risk-adjusted total returns.

If not GICs, short-term bonds, and high interest savings accounts (HISAs), then what?

Here is a look at how different equity sectors have historically performed when interest rates are falling.

Sector	Example	Performance	Performance with Lower Interest Rates
Communication Services	Cell phone provider, Cable company, Internet service provider, Social media platform, Streaming service Meta Platforms (META), Walt Disney (DIS), Verizon (VZ)	Neutral	Declining rates can spur capital expenditures but lower growth impacts the ability to grow revenues in the short term.
Consumer Discretionary	Online retailer, Automaker, Athletic apparel company, Home improvement store, Entertainment company Amazon (AMZN), Tesla (TSLA), McDonald's (MCD)	Underperform	Slowing growth puts downward pressure on discretionary spending.
Consumer Staples	Food manufacturer, Beverage company, Household products company, Personal care products company, Grocery store chain Procter & Gamble (PG), Walmart (WMT), Coca-Cola (KO)	Outperform	Resilient demand supports revenues as global growth slows.
Energy	Oil & gas company, Refining company, Pipeline company Exxon Mobil (XOM), Schlumberger (SLB)	Neutral	Slowing growth reduces demand which puts downward pressure on prices.
Financials	Bank, Insurance company, Investment bank JPMorgan Chase (JPM), Berkshire Hathaway (BRK.A, BRK.B), Visa (V)	Neutral	Rising provisions puts downward pressure on earnings while slowing growth impacts lending.
Healthcare	Pharmaceutical company, Medical device company, Healthcare provider, Health insurer, Pharmacy chain UnitedHealth Group (UNH), Johnson & Johnson (JNJ), Medtronic (MDT)	Outperform	Very resilient demand and revenues supports continued growth even as global growth slows.
Industrials	Aerospace company, Construction equipment manufacturer, Chemical company Boeing (BA), Caterpillar (CAT), Union Pacific (UNP)	Neutral	The most diversified sub-sector will see results across the spectrum.

Information Technology (IT)	Computer hardware company, Software company, Internet company Apple (AAPL), Microsoft (MSFT), Nvidia (NVDA)	Neutral	Resilient demand however, capital expenditures may decline in a period of slowing growth.
Materials	Chemical company, Metals producer, Paper company Freeport-McMoRan (FCX), Dow (DOW), International Paper (IP)	Underperform	Highly cyclical sector tends to lag when global growth slows.
Real Estate	Real estate investment trust (REIT), Cell tower operator, Data centre operator American Tower (AMT), Prologis (PLD), Simon Property Group (SPG)	Outperform	Contractual revenues and essential services provide resilient revenues and cash flows.
Utilities	Electric utilities, Water utilities NextEra Energy (NEE), Duke Energy (DUK), Southern Company (SO)	Outperform	Contractual revenues and essential services provide resilient revenues and cash flows.

Starlight Capital Mutual Funds

Real estate, infrastructure, and dividend growth stocks have historically outperformed post rate-hike cycles. All three can provide investors with tax-efficient, rising cash flow streams at a time when yields from GICs, short term bonds and HISAs are declining.

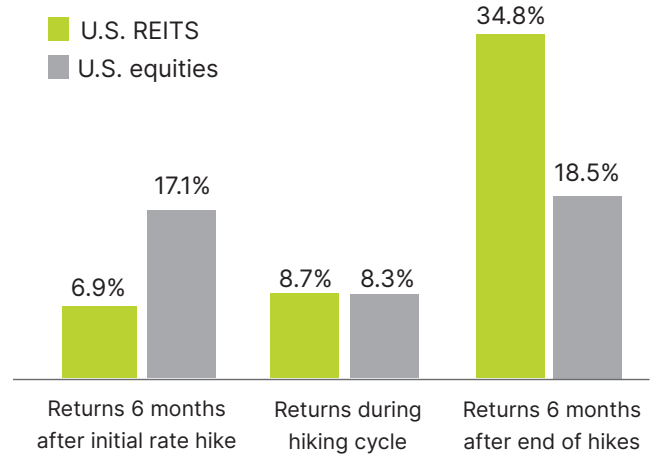
Real Estate

Real estate is currently trading at large discounts to NAV and with the conclusion of the rate hike cycle, stand to benefit from multiple expansion.

Why Invest in the Fund now?

- Equity-like returns, bond-like income
- Tax-efficient monthly distribution
- Tap into structural tailwinds like the housing shortage, global trade, and digital real estate

Real Estate Outperformance After Rate Hike Cycles



Source: Cohen & Steers calculations, Bloomberg, and Federal Reserve. As of August 31, 2022.

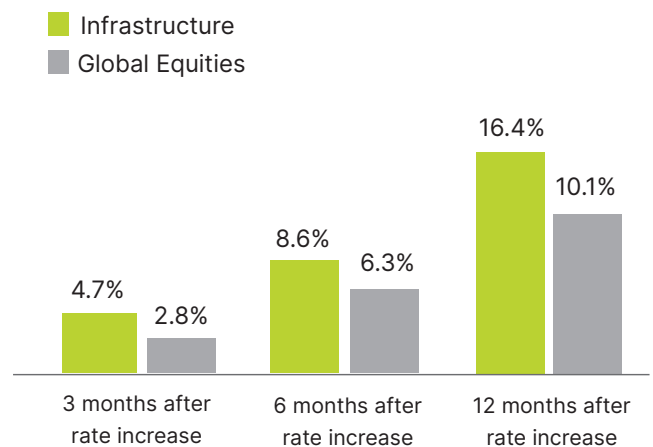
Infrastructure

Infrastructure has sold off as rates have risen and with the conclusion of the rate hike cycle, stand to benefit from multiple expansion.

Why Invest in the Fund Now?

- Equity-like returns, bond-like income
- Tax-efficient monthly distribution
- Tap into structural tailwinds like decarbonization, infrastructure renewal, and digital connectivity

Infrastructure Outperformance After Rate Hike Cycles



Source: Cohen & Steers calculations, Bloomberg, and Federal Reserve. As of August 31, 2022.

Dividend Growth Stocks

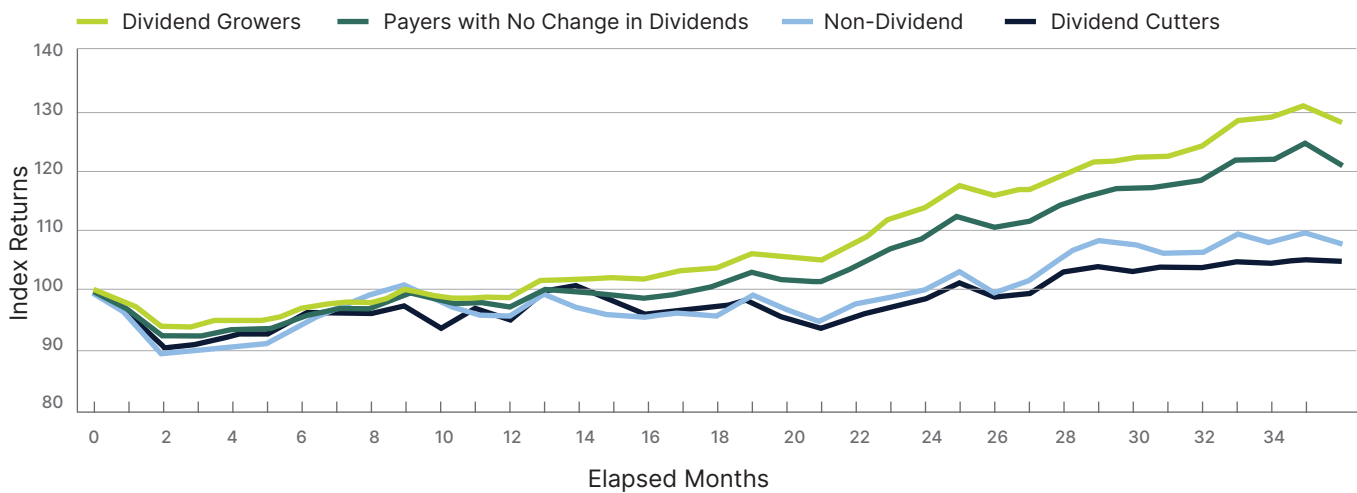
Dividend growers have historically outperformed after Federal Reserve (“Fed”) rate hike cycles.

Why Invest in the Fund now?

- Equity-like returns, bond-like income
- Monthly distribution
- The Starlight Dividend Growth Class is a concentrated portfolio of high-quality, dividend growing companies, targeting 10%+ annual dividend growth, which we expect to generate superior, risk-adjusted long-term total returns

Dividend Growers After FOMC Rate Hike Cycles

Subsets of S&P 500, All Rate Hikes Since 1972



Source: Ned Davis Research, Inc Past performance is no guarantee of future results. Data shown is based on the average 36 month performance after all rate hikes since 1972 which occurred on the following dates: 1/15/73, 8/31/77, 8/31/80, 9/4/87, 2/4/94, 6/30/99, 6/30/04, 12/16/15.

Learn more at starlightcapital.com or speak to our Sales Team.

Starlight Global Real Estate Fund

Series F: SLC201
Series ETF: SCGR

- ✓ Monthly Income
- ✓ Tax-Efficient Distribution
- ✓ Actively Managed Total Return Fund

Starlight Global Infrastructure Fund

Series F: SLC202
Series ETF: SCGI

- ✓ Monthly Income
- ✓ Tax-Efficient Distribution
- ✓ Actively Managed Total Return Fund

Starlight Dividend Growth Class

Series F: SLC517

- ✓ Monthly Income
- ✓ Target 10%+ Annual Dividend Growth
- ✓ Actively Managed Total Return 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 \$25B in AUM. A privately held owner, developer and asset manager of over 77,000 multi-residential suites and over 8 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.



Important disclaimer.

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