



# WHITEHELM CAPITAL LISTED CORE INFRASTRUCTURE FUND

Monthly fact sheet Class A USD

WHITEHELM CAPITAL

July 2019

## Fund features

<b>Umbrella fund name</b>	Fidante Partners Liquid Strategies ICAV
<b>Structure</b>	Irish ICAV; UCITS-compliant
<b>Domicile</b>	Ireland
<b>Launch date</b>	30 May 2016
<b>Fund size</b>	\$105,497,216.77
<b>Custodian and Trustee</b>	JP Morgan Bank (Ireland) plc
<b>Administrator and Transfer Agent</b>	JP Morgan Administration Services (Ireland)
<b>Auditor</b>	KPMG
<b>Liquidity</b>	Daily
<b>Base currency</b>	USD
<b>Share class</b>	Class A: USD (unhedged)
<b>Investment Management fee</b>	Class A: 0.75%
<b>Subscription and redemption fees</b>	Nil
<b>Platform management fee</b>	Capped at 0.15%
<b>Fund registrations</b>	UK, Belgium, Denmark, Finland, France, Germany, Iceland, Netherlands, Norway, and Sweden
<b>Tax reporting</b>	UK (Reporting Fund Status) Germany

<b>Fund Share Class</b>	<b>A USD</b>
ISIN:	IE00BYW3445
SEDOL:	BYW344
Bloomberg:	WHLCAUU

## Fund characteristics

<b>Universe</b>	Global Developed Markets: Infrastructure and Utilities Sectors
<b>Number of stocks</b>	30-60 equal weighted
<b>Benchmarks</b>	1. OECD CPI +5% p.a. 2. FTSE Developed Core Infra Index, TR
<b>Expected volatility</b>	~20-30% less than global equities over the long term
<b>Expected returns</b>	OECD CPI +5% p.a. over a 5 year horizon
<b>Expected dividend yield</b>	3.4%
<b>Expected distribution yield</b>	2.5%

## Strategy overview

- The Whitehelm Capital Listed Core Infrastructure Fund provides investors with exposure to a diversified portfolio of global core infrastructure stocks.
- The fund invests in assets that protect the real value of the investment whilst providing predictable cash returns; this is achieved through investing in high quality assets that have clear and measurable cash flows.
- A thorough investment process ensures that each stock is assessed against the same core infrastructure criteria used to assess infrastructure in private markets:
  - Stable operational cash flows
  - Inflation linkage
  - High capital cost, high operating margin
  - Monopoly characteristics
  - Low correlation with economic activity

## Investment philosophy

- Whitehelm adopts a strict investment philosophy and approach to listed infrastructure that shapes the way it invests:
  - Only invest in core infrastructure
  - Build diversified portfolios of quality assets
  - Ensure every acquisition has a conservative capital structure and a sustainable cash yield
  - Don't overpay, and be a patient investor
- This investment philosophy has been built on the decades of experience Whitehelm has in investing and managing infrastructure assets.

## Performance since inception<sup>1</sup>

### Net returns, USD Unhedged

	1m	3m	6m	YTD	1y	2y	3y	Since inception % p.a. (30 May 2016)
Whitehelm LCIF (net)	-1.0%	1.8%	5.1%	12.4%	7.0%	4.9%	8.9%	10.1%
OECD CPI + 5% pa	0.4%	1.5%	4.0%	4.4%	7.1%	7.6%	7.4%	7.3%
FTSE Developed Core Infrastructure Index <sup>2</sup>	-0.2%	2.0%	9.6%	18.3%	13.4%	10.3%	9.9%	11.6%
S&P Global Infra	-2.0%	2.0%	8.3%	17.8%	8.0%	4.1%	7.1%	8.7%
MSCI World	0.5%	1.1%	9.4%	18.0%	4.2%	8.3%	11.0%	11.5%

All data is in USD.

## Morningstar Rating™

	Morningstar Return	Morningstar Risk	Morningstar Rating
3-Year	High	Below Average	★★★★★
Overall	High	Below Average	★★★★★

Morningstar category: Sector Equity Infrastructure  
As at 31/07/2019

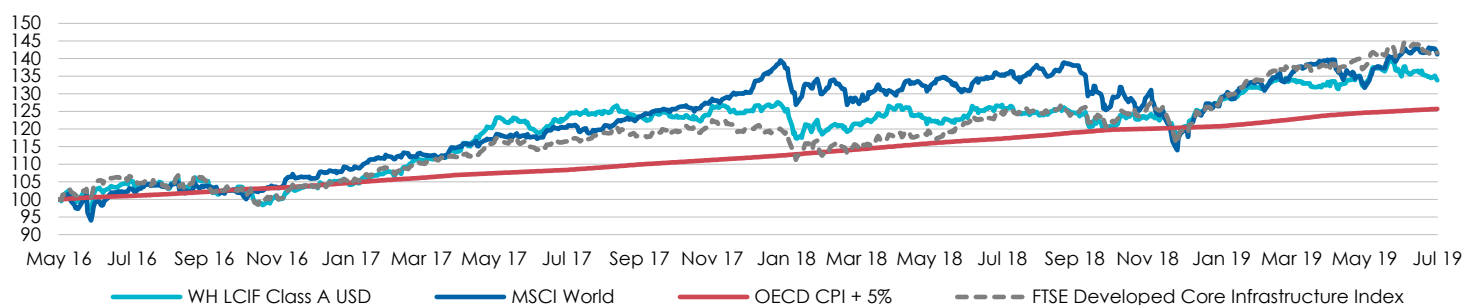
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### Performance since inception continued<sup>1</sup>

#### Net returns, USD Unhedged



### Manager commentary

The Whitehelm Listed Core Infrastructure Fund (Class A USD Unhedged) returned -1.0%, net-of-fees, in July. The fund has returned 10.1% p.a. since its inception, compared to the benchmark OECD CPI +5% p.a. return of 7.3% and the 11.6% p.a. return provided by the FTSE Developed Core Infrastructure Index over the same period. During July, the Class A USD Unhedged performance was weakened by the significant appreciation of the USD against the pound sterling (+3.9%) and Euro (+2.3%).

Global equities were subdued in July, with the MSCI world index returning 0.5%. The modest gains were led by the US, as the S&P 500 gained 1.4%, while the MSCI world ex US index dropped 1.2%. On 31 July, the US Federal Reserve made its first rate cut since 2008, bringing the target rate down by 0.25%, to a range of 2% to 2.25%. The cut was widely anticipated, however investors were disappointed from US Federal Reserve chairman Powell's comments that appeared to downplay the likelihood of a prolonged easing cycle, and the Dow Jones and S&P500 slid 1.2% and 1.1%, respectively, over the day. The rate cut comes amidst mixed economic data. The US economy grew 2.1% in the second quarter of 2019, above expectations, but a marked slowdown from the 3.1% growth from the first quarter. The US manufacturing PMI fell to 50.4 in July (50.6 in June), indicating the slowest expansion in the manufacturing sector since September 2009.

The Euro Stoxx 600 gained 0.2% in July, as the major European country indices posted mixed returns: Italy (+1.1%), UK (+2.2%), France (-0.3%), Germany (-1.7%) and Spain (-2.0%). Boris Johnson's appointment as British prime minister and the increased prospect of a hard Brexit pressured the pound sterling, which lost 3.8% against the USD over the month. Germany's manufacturing PMI index contracted further to 43.1 in July (45.2 in June), the worst rating in seven years. The European Central Bank's July meeting signalled that future quantitative easing was likely. In Asia, Japan's Nikkei gained 1.2% over the month, while the Hang Seng dropped 2.7% as protests continued against the Hong Kong extradition bill, and China - US trade tensions continued.

Dutch oil and gas storage company Vopak was the fund's standout performer, returning 10.0% over the month. On 31 July, the company reported a 65% increase in net profit for the second quarter of 2019. Vopak's share price gained 3.0% following the announcement. Other significant contributors during the month included Tokyo Gas (+7.3%) and Osaka Gas (+6.8), US railroad Union Pacific (+6.4%) and US water utility SJW (+6.8%).

US railroad CSX was the fund's largest detractor in July, down 9.0%. CSX's share price fell on 17 July, in response to weaker than expected second quarter earnings. The company stated coal shipments were subdued from lower coal demand, and that this trend was likely to continue in the second half of the year. Spanish utilities Enagas (-12.8%) and Naturgy (-4.3%), and Spanish grid operator Red Elctrica (-6.6%) also detracted from the fund's performance over the month. The losses coincided with the publication of consultation papers from Spain's competition regulator CNMC, proposing tariff cuts for the use of gas and electricity distribution.

UK water utility United Utilities and Italian gas utility Italgas were added to the fund during the month. United Utilities is the largest listed water utility in the UK with a market cap of £5.8 billion. The company generates 100% of its EBIT and cash flows from regulated water and wastewater services. Italgas is an Italian regulated natural gas distribution company. It operates a national distribution network of about 70,000 kilometres serving more than 7.5 million customers.

### Portfolio characteristics and construction

#### Value

	WHITEHELM LCIF	FTSE INDEX <sup>2</sup>
Dividend yield	3.7%	3.2%
Price/book	1.8	2.2
EV/EBITDA	10.3	13.5
FCF yield	2.9%	0.3%

#### Quality

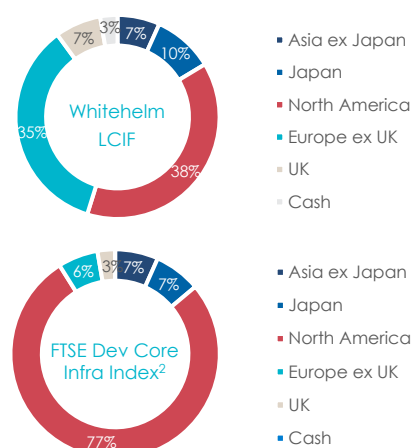
	WHITEHELM LCIF	FTSE INDEX <sup>2</sup>
RoIC	5.9%	5.8%
RoA	3.7%	2.7%
Debt/equity	118%	153%
Payout ratio	59%	80%

#### Risk

	WHITEHELM LCIF	FTSE INDEX <sup>2</sup>
Tracking error	5.1%	
Beta vs. MSCI	0.47	0.52
Volatility	8.9%	9.2%
Concentration	12.9%	21.8%

- Top 5

### Geographical Allocation vs FTSE Dev Core Infra Index



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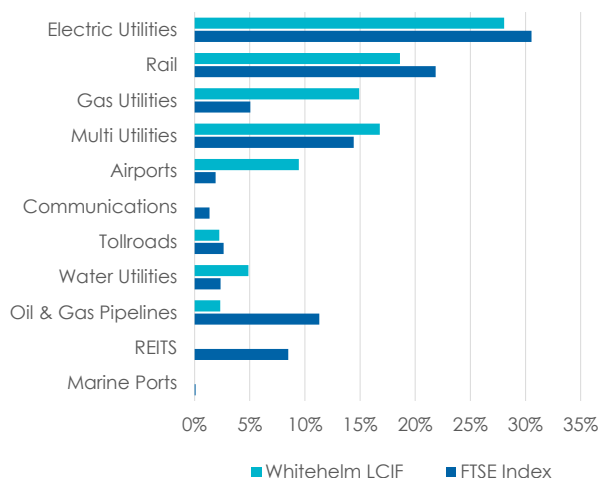


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### Sector Allocation vs FTSE Dev Core Infra Index



Benchmark: FTSE Developed Core Infrastructure Index.

### Top 10 portfolio holdings<sup>3</sup>

HOLDINGS	WEIGHT
1 FRAPORT AG FRANKFURT AIRPORT SERVICES	2.54%
2 UNION PACIFIC CORP	2.53%
3 NORTHWEST NATURAL HOLDING CO	2.53%
4 OSAKA GAS CO LTD	2.52%
5 NATIONAL GRID PLC	2.52%
6 SSE PLC	2.49%
7 AMEREN CORP	2.49%
8 AVANGRID INC	2.47%
9 EAST JAPAN RAILWAY CO	2.46%
10 DUKE ENERGY CORP	2.45%

### Morningstar Sustainability Rating™



Out of 250 Sector Equity Infrastructure funds as of 31-05-19. Based on 84% of AUM. Data is based on long positions only

Historical Sustainability Score as of 30 April 2019. Sustainability Rating as of 31 May 2019. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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### About Whitehelm

- Whitehelm Capital is one of the largest independent global infrastructure fund managers, with an outstanding track record spanning over 21 years, \$3.4 billion of funds under management and \$14.0 billion in funds under advice.
- The firm applies a strict investment philosophy with the same focus on core infrastructure applied to both public and private markets.
- The team has 40 investment professionals in total, with the investment committee and portfolio manager supported by 24 infrastructure equity and debt specialists located across London and Sydney.
- Infrastructure assets, by their nature, face greater ESG risks than other sectors, and Whitehelm seeks to minimise these risks where possible. As a signatory to the principles of the United Nations Principles for Responsible Investing (UNPRI), Whitehelm actively incorporates the following ESG factors into portfolio management:
  1. UNPRI Signatory since 2017 - Actively support and follow UNPRI obligations
  2. Robust Internal Policies and Guidelines - Comprehensive ESG policy & code
  3. Investment Process Integration - including market leading third party research
  4. Carbon Intensity - Emissions assessed as part of the analysis
  5. Proxy Voting - All proxies actively voted with ESG overlay

**Investment Committee:** Graham Matthews - Chief Executive, Justin Webb – Head of Investment Solutions and Saji Anantakrishnan - Head of Australia and Asia.



**Portfolio Manager**  
Ursula Tonkin

- 15 years' extensive portfolio management and analytical experience in Australian and global equities.
- Prior roles include portfolio manager of an international equity fund targeting investment in companies involved in global sustainable energy supply and use, and lead analyst responsible for covering energy infrastructure, natural gas and renewable energy.
- The Listed Core Infrastructure team is embedded in Whitehelm's broader unlisted team and is overseen by the Whitehelm Listed Strategies Investment Committee which comprises the most experienced investors in the firm.

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### End notes

<sup>1</sup> Data as at 31 July 2019, in USD, and net of 0.9% p.a. fees from 1 June 2018, and net of 1.1% p.a. fees prior to 1 June 2018. All charts sourced Whitehelm Capital. Past performance is not a guide to future performance. Future returns are not guaranteed and a loss of original capital may be incurred.

<sup>2</sup> Benchmark: FTSE Developed Core Infrastructure Total Return Index.

<sup>3</sup> Top 10 holdings as at end-July 2019.

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