

WHITEHELM LOW CARBON CORE INFRASTRUCTURE FUND

Monthly fact sheet – AUD Unhedged

ARSN 631 299 084 APIR HOW7305AU

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CAPITAL

Monthly Fact Sheet June 2021

Fund Performance

Whitehelm Low Carbon Core Infrastructure Fund (the Fund) Performance (after fees) as at 30 June 2021.

Performance ¹	1 month %	Quarter %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception % ²
Fund return (net)	0.4	3.2	8.5	8.0	-	-	0.4
OECD CPI + 5% pa	0.9	2.9	5.6	9.1	-	-	7.7
FTSE Developed Core Infrastructure Index, TR	2.0	4.0	11.1	9.5	-	-	0.7
Active return	-0.5	0.3	2.9	-1.2	-	-	-7.3

Source: Fidante Partners Limited, 30 June 2021.

¹ Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. Past performance figures that are less than 12 months are for informational purposes only and are not to be relied upon when considering the likely future performance of the Fund.

² The inception date of the Fund is 29 August 2019.

Track Record of Investment Strategy

Historical performance of the investment strategy of the Fund³ - as at 30 June 2021.

Performance ³	1 month %	Quarter %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception % p.a. ³
Fund return (net)	0.4	3.2	8.5	8.0	6.8	8.4	8.2
OECD CPI + 5% pa	0.9	2.9	5.6	9.1	7.5	7.5	7.5
Active return	-0.5	0.3	2.9	-1.2	-0.6	0.9	0.7

³ The Fund was launched on 29 August 2019. For informational purposes only, we have set out the track record of the Fund's investment strategy by showing the historical performance of the Class A USD (Unhedged) shares of another fund, being the Whitehelm Capital Low Carbon Core Infrastructure Fund launched in Ireland on 30 May 2016 a sub-fund on the Fidante Partners Liquid Strategies ICAV (the ICAV Fund), on the basis that the ICAV Fund and the Fund are managed by the same investment manager and the investment strategy, process, methodology and universe of the ICAV Fund and of the Fund are identical. The Fund's investment strategy is represented here as the ICAV Fund's performance on an after fees basis whereby returns are adjusted to deduct the fees applicable to the Fund as if applied throughout the relevant performance period of the ICAV Fund. The ICAV Fund's performance is also adjusted to be expressed in Australian dollars (converted from US dollars by applying the MSCI AUD USD 4PM London closing spot rate on the last business day of each month, sourced from Reuters DataStream). Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.

An Overview of the Strategy of the Fund

- The 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

Fund Facts

Domicile	Australia
Inception date	29 August 2019
Portfolio manager	Ursula Tonkin, Whitehelm Capital
Base Currency	AUD Unhedged
Management fee	0.75% p.a.
Minimum investment	\$10,000
Fund size	\$0.71 million
Distribution frequency	Quarterly

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Fund Characteristics

Universe	Global Developed Markets: Infrastructure and Utilities Sectors
Number of stocks	30-60 equal weighted
Benchmark	OECD CPI +5% p.a.
Expected volatility	~20-30% less than global equities over the long term
Expected returns	OECD CPI +5% p.a. over a 5 year horizon
Expected dividend yield	3.3%
Expected distribution yield	2.8%

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.

Portfolio Characteristics and Construction

Value

	WHITEHELM LCCIF	FTSE DCI INDEX ⁴
Dividend yield	3.3%	3.0%
Price/book	1.8%	2.5%
EV/EBITDA	14.2%	15.1%
FCF yield	2.0%	2.1%

Quality

	WHITEHELM LCCIF	FTSE DCI INDEX
RoIC	6.1%	3.0%
RoA	2.1%	1.5%
Debt/equity	143%	191%
Payout ratio	63%	90%

Risk

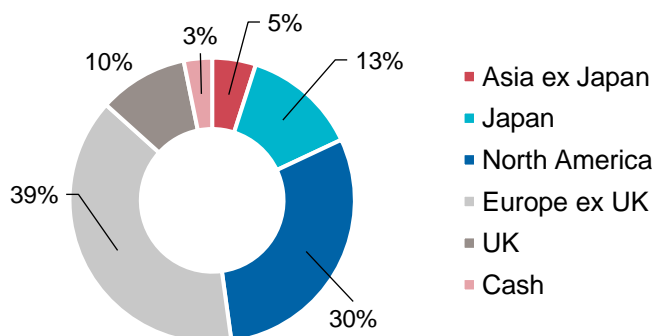
	WHITEHELM LCCIF	FTSE DCI INDEX
Tracking error	7.4%	
Beta vs. MSCI	0.53	0.61
Volatility	10.8%	12.0%
Concentration – Top 5	13.8%	24.8%

⁴ The FTSE Developed Core Infrastructure Index.

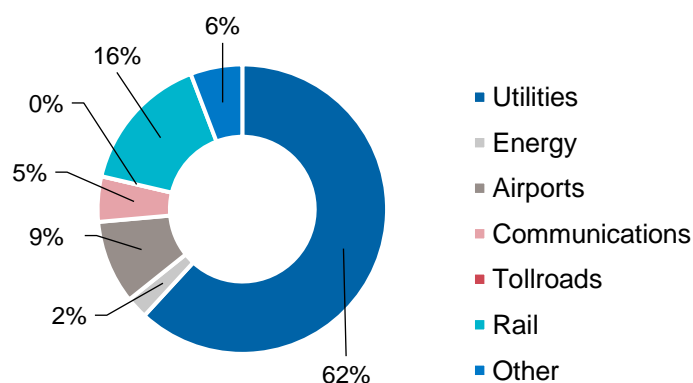
Sources: Whitehelm Capital Pty Limited, Bloomberg.

Asset Allocation	Actual %	Range %
Security	96.8	90-100
Cash	3.2	0-10

Country Exposure



Sector Exposure



Market Comment

The Whitehelm Low Carbon Core Infrastructure Fund (Australian unit trust unhedged) returned 0.4%, net of fees, in June. The Fund has returned 0.4% p.a, net of fees since its inception in August 2019.

The global equity market rally extended into June, with the MSCI World Index up 4.8%, as US and European equity markets continued to advance. Markets faced late month volatility, after the US Federal Reserve raised its expectations for inflation this year and brought forward the time frame on when it will next raise interest rates. Infrastructure indices were subdued, with European utilities (-2.6%), US utilities (-2.4%), US railroads (-3.5%) and global airports (-1.1%) providing negative monthly returns, while global toll roads were flat.

European transport stocks slid after the COVID-19 delta variant prompted Germany, Italy, and Spain to announce enhanced restrictions, largely related to travellers from the UK. Zurich Airport (-4.3%), Paris airport operator ADP (-3.1%), Italian air traffic controller ENAV (-4.0%) and Spanish airport operator AENA (-3.2%) finished the month in the red. ADP's performance was particularly volatile, gaining 8.2% on 9 June, before dropping 11.2% across the final three days of the month.

Other detractors included US multi utilities Consolidated Edison (-7.1%) and Avista (-5.9%). In late June, an extreme heatwave in the US Pacific Northwest and parts of south west Canada caused outages for over 8,000 Avista customers and forced the company to implement deliberate rolling blackouts. In New York, an East Coast heat wave caused outages for 3,000 Consolidated Edison customers. Heat waves can have significant impacts on many infrastructure assets, and while this event may have contributed to the short term underperformance of Consolidated Edison and Avista, the regulated nature of their operations offers significant earnings protection. As extreme events such as this increase in duration and frequency, it also highlights the increased capital expenditure required to harden grids and other infrastructure against these events.

UK water utility Pennon (+7.4%) was the Fund's best performing stock. During the month, Pennon announced the acquisition of Bristol Water Holdings UK and its subsidiaries for an equity value of £425 million, and an enterprise value of £814 million including assumed debt. The acquisition follows Pennon's sale of waste management business Viridor last year for £3.7 billion. Pennon also announced a return of capital to shareholders, consisting of a £1.5 billion special dividend, and a share buy-back programme of up to £400 million.

East Japan Railway (+3.6%), Central Japan Railway (+3.6%) and West Japan Railroad (+1.7%) provided solid returns, outperforming Japan's TOPIX, which finished the month flat. On 2 June 2021, the Fund's Japanese railroads gained 6.4% on average, after state of emergency restrictions were eased

for department stores, cinemas and amusement parks in Tokyo and the western prefecture of Osaka. A decision on whether to lift the remaining restrictions is expected before the 2020 Summer Olympics commence in mid-July.

The Fund's June performance was also strengthened by American Tower (+6.2%), Italian gas utility Snam (+4.5%) and Italian tower operator INWIT (+3.9%). Organic growth in communications infrastructure has been strong over the past 18 months. American Tower (AMT) has also grown inorganically with the purchase earlier this year of Telefónica's Telxius tower divisions in Europe and Latin America. AMT sold minority interests in this business to fund the acquisition and retain balance sheet flexibility for future M&A, and this month AMT agreed to sell a 10% stake to Allianz Capital Partners for €530 million, valuing American Tower Europe at more than €8.8 billion, with an implied enterprise value to earnings before interest, tax, depreciation and amortisation (EV/EBITDA) ratio of around 24.5x.

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Morningstar Rating™ of the ICAV Fund

	Morningstar Returns	Morningstar Risk	Morningstar Rating
5-Year	Above Average	Low	★★★★★
Overall	Above Average	Low	★★★★★

Morningstar category: Sector Equity Infrastructure

As at 30/06/2021

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URSULA TONKIN
Head of Listed
Strategies

- 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 Low Carbon 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.

For further information, please contact:

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