WHITEHELM CAPITAL

SUSTAINABLE CORE INFRASTRUCTURE

DEFENSIVE POSITIONING IN AN UNCERTAIN WORLD

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DEFENSIVE 'CORE' INFRASTRUCTURE CHARACTERISTICS DRIVE SUPERIOR OUTCOMES

Over the short term, market beta will be the largest driver of listed returns. But over a 3-year time horizon, core listed and unlisted/private infrastructure returns start to converge.

CORE INFRASTRUCTURE BENEFITS

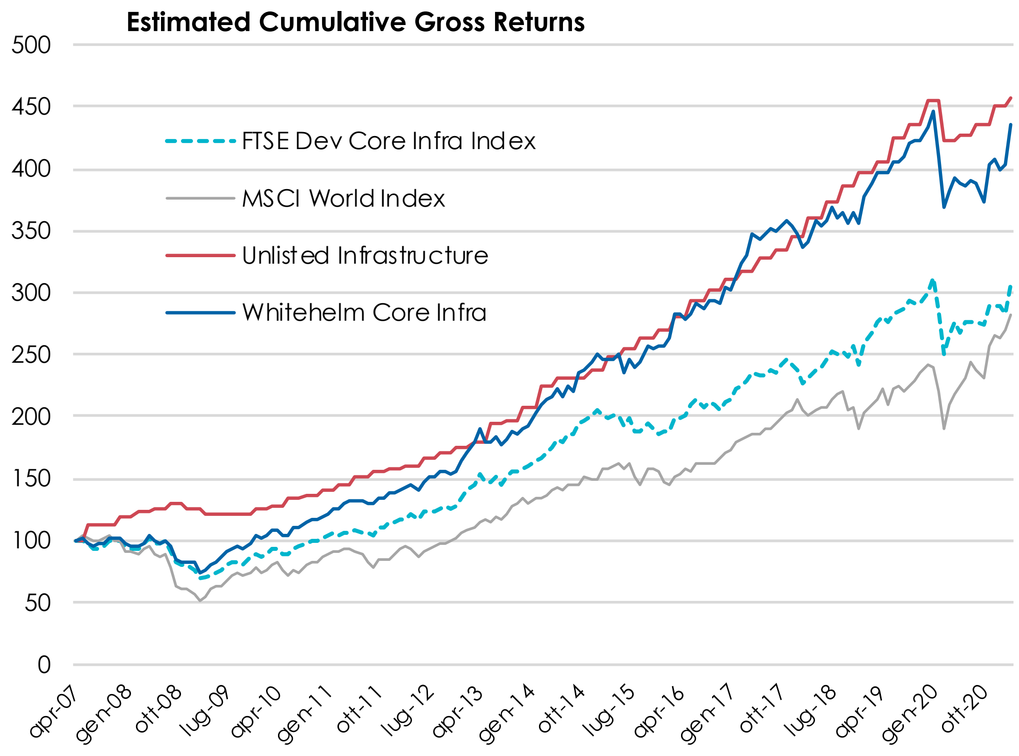
Defensive, low equity beta: 0.58

Downside protection

Dividend yield: 3.5% p.a.

Inflation linked cash flows

Long term stable growth



1. 'Whitehelm Core Infrastructure' is an index of stocks meeting Whitehelm's definition of core infrastructure.
Measured on monthly returns in AUD Hedged, gross of fees. The Fund has an investment management fee of 0.30% and a 0.15% Platform Management Fee. The impact of these fees over the 12 year time period would reduce total cumulative net returns by 5.5%.
Source: Whitehelm Capital, MSCI/IPD, Bloomberg, S&P ClariFI.

DOWNSIDE PROTECTION OF CORE INFRASTRUCTURE

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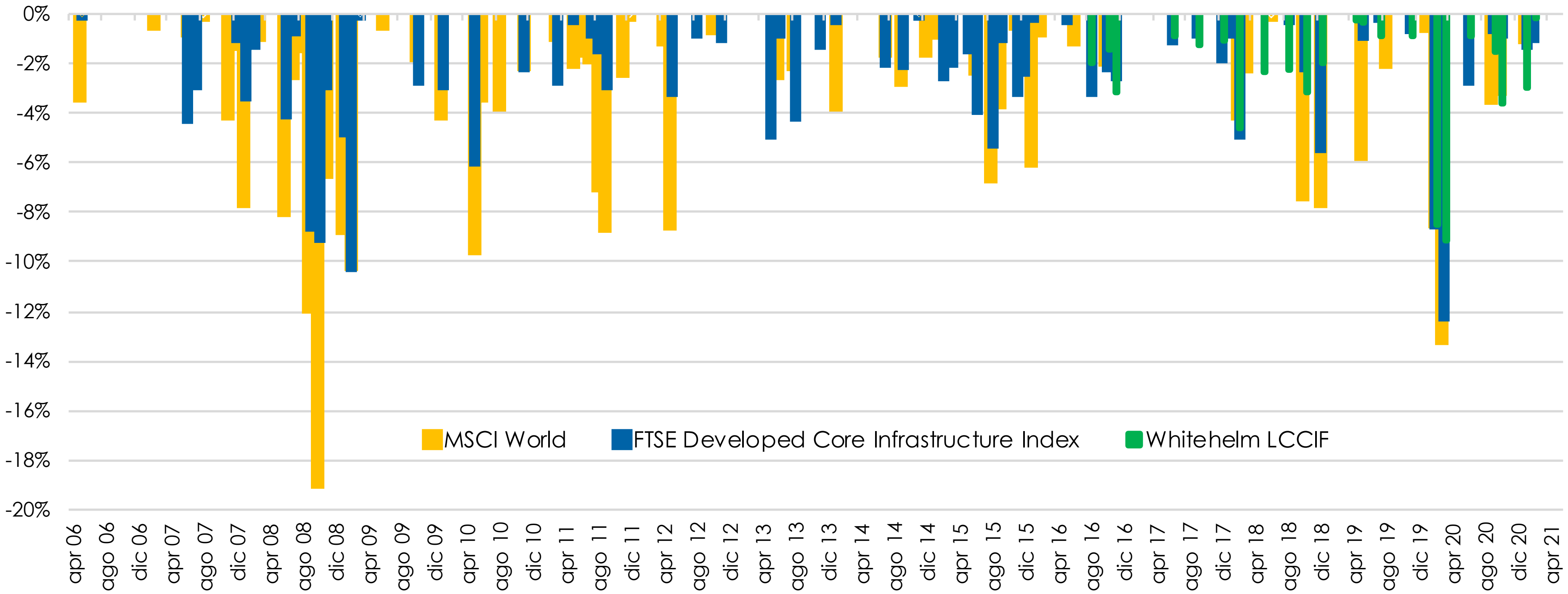
LISTED CORE INFRASTRUCTURE PROVIDES DOWNSIDE PROTECTION

Long-Term Downside Capture vs MSCI World = ~0.71

Long-Term Upside Capture vs MSCI World = ~0.89

All Negative Month Returns since 2006 (in USD)



Source: Bloomberg, Whitehelm Capital. . Gross returns, before fees but assuming distributions are reinvested.

DEFINING WHAT IS CORE SUSTAINABLE INFRASTRUCTURE

WHAT IS 'CORE' INFRASTRUCTURE?

1. Stable operating cash flows
2. Inflation linkage
3. High capital cost, high margin
4. Monopoly traits
5. Low stranded asst risk

CORE INFRASTRUCTURE EXAMPLES

› ASTM

Tollroads with long-term government concession. The ability to directly pass through costs results in stable cash flows.

› Pennon Group, SJW Corp

Water utility pipelines and treatment plants are costly to build, but very cheap to operate. EBITDA margins are 70-80%.

› Flughafen Zurich, ENAV

Airports and **Railways** serving large cities have natural monopoly positions and competing assets cannot be built nearby.

› Terna SpA, National Grid

Electricity distribution grids with regulated revenues increasingly decoupled from volumes, have limited sensitivity to economic activity.

› Netlink NBN, Infrastrutture Wireless Italiane

Communication tower and terrestrial network assets with long-term lease agreements with revenues directly linked to inflation.

WHAT IS STRANDED ASSET RISK?

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IEA: "Investments which, at some time prior to the end of their economic life are no longer able to earn an economic return, as a result of changes in the market and regulatory environment."[1]

SECTORS AT RISK

- Coal & gas power generation
- Oil & gas midstream assets
- Oil transmission pipelines
- Railroads and ports: Coal shipping and freight
- LNG facilities and shipping
- Diesel, LPG and oil distribution

1. https://www.iea.org/

STRANDED ASSET RISK: A 2°C PATHWAY APPROACH

In integrating climate change related risks in our portfolios, we take a maximum 2°C warming pathway compliance approach.

Companies that can adjust over time to the market changes to meet the 2°C warming target will be less subject to stranded asset risk and the destruction of investor capital.

Using the IEA's Sustainable Development Scenario.

Tons of CO_2 per USD $1 million of Revenue	Scope 1&2 Emissions	**Scope 3 Emissions**	Total Emissions
Whitehelm Listed Core Infra	552	**860**	1,412
FTSE Developed Core Infra Index	1,292	**2,523**	3,815
S&P Global Infra Index	1,060	**2,402**	3,462
Whitehelm LCI vs FTSE DCI Index	*-57%*	***-66%***	*-63%*

As a result, the carbon intensity of the Whitehelm strategy is 50% to 70% lower than listed infrastructure indices.

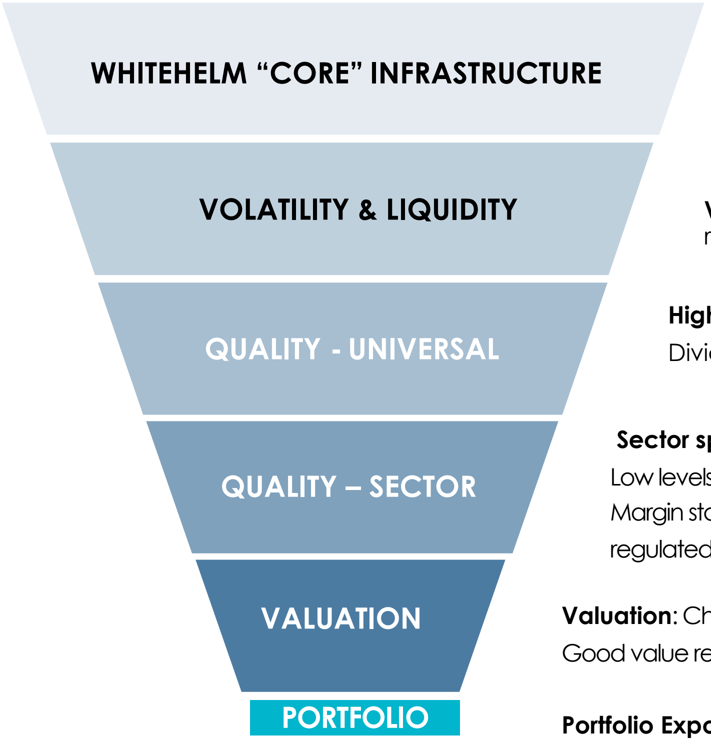
Source: ISS ESG, Bloomberg, Whitehelm Capital

LIKE PRIVATE INFRASTRUCTURE EQUITY, LISTED INFRASTRUCTURE EQUITY CAN BE A DEFENSIVE PART OF YOUR PORTFOLIO IF

- ***STRICTLY LIMITED TO REAL CORE INFRASTRUCTURE***
- ***THE STRANDED ASSET RISK IS MANAGED IN THE SAME WAY AS ON THE PRIVATE INFRASTRUCTURE SIDE***
- ***THE PORTFOLIO IS CONSTRUCTED WITH A ABSOLUTE RISK POINT OF VIEW***

1. https://www.iea.org/

CASE STUDY: A2A SPA



Core Infrastructure: A2A SpA is a multi-utility based in Brescia, Services include: regulated gas and electricity networks, district heating and waste treatment.

Growth: €16 billion planned investment in the circular economy and the energy transition by 2030.

Volatility: Good liquidity. Volatility is average, slightly above fully regulated energy distribution networks (16% p.a.).

High quality: High cash conversion rate. Significant FCF cover of Dividends. Good sustainability characteristics and reporting.

Sector specific quality:

Low levels of debt, excellent refinancing maturity profile.

Margin stability effected by the power generation and trading business, but regulated networks very stable. Stable regulator. No upcoming resets.

Valuation: Cheap relative to sector. 8x EV/EBITDA, 7% FCF yield, 1.6x P/B.

Good value relative to region. Good value relative to historic averages.

Portfolio Exposure: **2.4%**

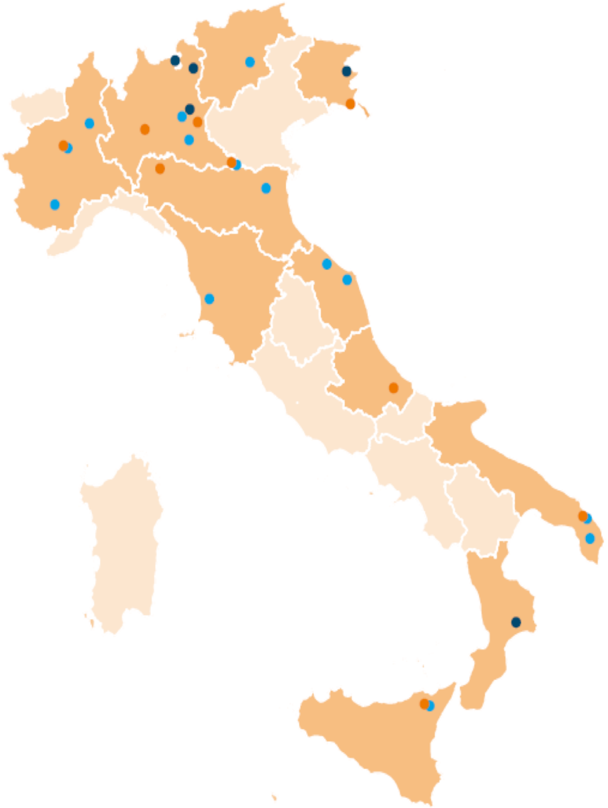
Well diversified assets. No regulatory resets in the short to medium term.

Some governance risks.

In 2020, earnings only dropped 7%; much of this recoverable.

Dividend yield 4.3% p.a.

10 years of consistent dividends.



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