

WHITEHELM LOW CARBON CORE INFRASTRUCTURE FUND

Monthly fact sheet – AUD Unhedged

ARSN 631 299 084 APIR HOW7305AU

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Monthly Fact Sheet December 2021

Fund Performance

Whitehelm Low Carbon Core Infrastructure Fund (the Fund) Performance (after fees) as at 31 December 2021.

Performance ¹	1 month %	Quarter %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception % ²
Fund return (net)	3.0	3.9	17.4	17.4	-	-	3.8
OECD CPI + 5% pa	1.2	3.6	12.0	12.0	-	-	8.7
FTSE Developed Core Infrastructure Index, TR	4.7	9.9	25.1	25.1	-	-	5.8
Active return	1.8	0.3	5.4	5.4	-	-	-4.9

Source: Fidante Partners Limited, 31 December 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 31 December 2021.

Performance ³	1 month %	Quarter %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception % p.a. ³
Fund return (net)	3.0	3.9	17.4	17.4	8.8	9.2	8.9
OECD CPI + 5% pa	1.2	3.6	12.0	12.0	8.5	8.1	7.9
Active return	1.8	0.3	5.4	5.4	0.3	1.1	1.0

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	\$0.66 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	3.0%	2.9%
Price/book	1.8	2.8
EV/EBITDA	13.7	15.5
FCF yield	2.2%	3.8%

Quality

	WHITEHELM LCCIF	FTSE DCI INDEX
RoIC	5.3%	1.2%
RoA	1.6%	1.3%
Debt/equity	138%	208%
Payout ratio	72%	83%

Risk

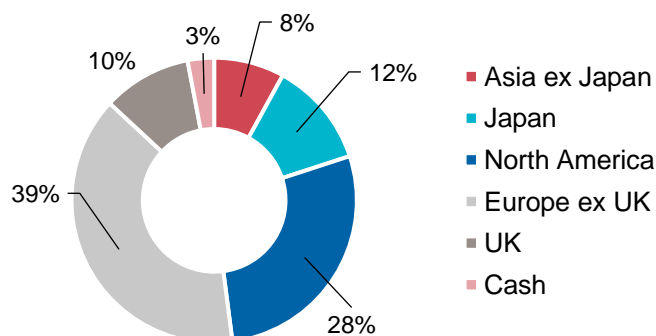
	WHITEHELM LCCIF	FTSE DCI INDEX
Tracking error	7.7%	
Beta vs. MSCI	0.60	0.65
Volatility	11.3%	12.4%
Concentration – Top 5	13.5%	26.1%

⁴ The FTSE Developed Core Infrastructure Index.

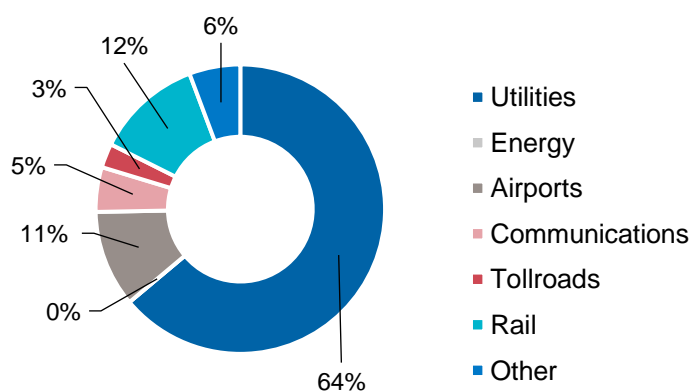
Sources: Whitehelm Capital Pty Limited, Bloomberg.

Asset Allocation	Actual %	Range %
Security	96.9	90-100
Cash	3.1	0-10

Country Exposure



Sector Exposure



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Market Comment

The Whitehelm Low Carbon Core Infrastructure Fund (AUD unhedged) returned 3.0%, net of fees, in December. The Fund has returned 17.4% for 2021, compared to the benchmark OECD CPI +5% p.a. return of 12.0% over the same period.

Global equity markets rallied strongly in December. The MSCI World Index returned 1.8% in December and ended the year 29.4% higher, in AUD terms. Investors looked past the Omicron threat as data from South Africa and the UK indicated that the new COVID variant poses a lower risk of severe disease. Likewise, the risk from rising inflation and the start of monetary policy normalisation announced by the Fed in December were offset by strong corporate results in the previous quarter and continued economic strength.

US stocks overall outperformed the European equities in 2021, with the S&P 500 Index returning 28.7%, led by the Oil & Gas (+50%), Tech (+33%) and Financials (+33%) sectors. The Euro Stoxx 600 Index increased 22.2% in 2021, with all countries posting double digit returns. In comparison, the returns provided by Asian markets were underwhelming, with the Nikkei 225 Index returning 4.9%. The Australian (+13.0%) and Singapore (+9.8%) markets also provided modest returns relative to US and Europe.

Within infrastructure, all sectors finished the year positive, with communication infrastructure stocks (+29.6%) the top performing sector in 2021, led by the US tower stocks which returned 33% on average. Within transport infrastructure, US freight railroads (+24.5%) outperformed the global toll road (+17.1%) and global airport (+13.2%) stocks. In the Utilities sector, US Utilities (+14.0%) significantly outperformed the European Utilities (+5.4%) over the year. The strong performance in 2021 included solid returns provided by all sectors during the month of December, with communication infrastructure (+10.1%), US utilities (+9.4%), US railroads (+8.2%), global airports (+6.3%), European utilities (+5.0%) and global toll roads (+4.4%) all ending the month higher.

In 2021, the Fund's holdings in US freight railroads (+20.2%), toll roads (+21.7%), global communication infrastructure (+18.3%), US utilities (+16.9%) and European & UK utilities (+19.6%) sectors provided strong double-digit returns. The Fund's holdings in Australian electric utility Ausnet (+51.7%) and US freight railroad Kansas City Southern (+44.5%) were the top returning stocks as both companies benefited from sharp rise in stock prices following their takeover bids. The Fund's exposure to Japanese stocks detracted the performance over the year. The Japanese passenger railroad holdings were flat over the year, while the Japanese gas stocks fell.

In December, the Fund's utility stocks across all regions were positive, with US utilities (+7.9%) outperforming the European (+5.7%) and Asian (+3.7%) exposure.

The German utility company E.ON (+11.9%) was the best performing stock as the company confirmed its earnings and growth targets to 2026 in end-November. In North American utilities, Fortis (+10.4%), Avista (+10.3%) and Consolidated Edison (+9.9%) were the top contributors. In non-utility sectors, US tower stock American Tower Corp was up 11.8% in December as it completed the acquisition of data centre management company CoreSite Realty Corp. US railroad Kansas City Southern came out of the Fund in mid-December after the completion of its merger with Canadian Pacific Railway Co. The Fund's European airport stocks bounced back in December, returning +7.9% on average during the month, with Paris Airport operator ADP rising +9.9% with improving traffic figures in November 2021.

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Morningstar Rating™ of the ICAV Fund

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

Morningstar category: Sector Equity Infrastructure

As at 31/12/2021

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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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This material has been prepared by Whitehelm Capital Pty Limited (ABN 68 008 636 717, AFSL 244434) Whitehelm, the investment manager of the Whitehelm Low Carbon Core Infrastructure Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (**Challenger Group**) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Whitehelm and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Whitehelm and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (**Challenger ADI**) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.