



---

# Annual Financial Statements

December 31, 2019

---

**Starlight Hybrid Global Real Assets Trust**

---

Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Comprehensive Income	4
Statements of Changes in Net Assets Attributable to Holders of Redeemable Units	5
Statements of Cash Flows	6
Schedule of Investment Portfolio	7
Notes to the Financial Statements	9-20

---

## Independent Auditor's Report

To the Unitholders of  
Starlight Hybrid Global Real Assets Trust (the "Trust")

### Opinion

We have audited the financial statements of the Trust, which comprise the statements of financial position and investment portfolio as at December 31, 2019 and 2018, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year ended December 31, 2019 and the period from December 13, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and investment portfolio of the Trust as at December 31, 2019 and 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and the period from December 13, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis of Operations and Financial Condition
- The information, other than the financial statements and our auditor's report thereon, in the Annual Information Form

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis of Operations and Financial Condition and the Annual Information Form prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Seiler.

*Deloitte* LLP

Chartered Professional Accountants  
Licensed Public Accountants  
March 30, 2020

# Starlight Hybrid Global Real Assets Trust

## Statements of Financial Position

As at December 31, 2019 and December 31, 2018

(In Canadian dollars)

	Notes	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		270,808	516,514
Investments (Cost: December 31, 2019 - \$40,512,420, December 31, 2018 - \$27,800,000)		43,082,004	27,795,664
Other assets		8,041	-
		<b>43,360,853</b>	<b>28,312,178</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Distributions payable		172,248	-
Accounts payable and accrued liabilities		224,861	497,061
Total liabilities (excluding net assets attributable to unitholders of redeemable units)		<b>397,109</b>	<b>497,061</b>
<b>Net assets attributable to holders of redeemable units per series</b>			
Series A		15,216,599	19,085,354
Series B		376,527	-
Series C		21,682,443	7,370,787
Series F		5,688,175	1,358,976
		<b>42,963,744</b>	<b>27,815,117</b>
<b>Number of redeemable units outstanding</b>			
Series A	4	1,491,955	2,034,901
Series B		35,650	-
Series C		2,036,385	750,000
Series F		538,543	141,000
<b>Net assets attributable to holders of redeemable units per unit</b>			
Series A		\$ 10.20	\$ 9.38
Series B		\$ 10.56	\$ -
Series C		\$ 10.65	\$ 9.38
Series F		\$ 10.56	\$ 9.64

Approved on behalf of the Board of Trustees

Signed "Denim Smith"

Trustee

Signed "Harry Rosenbaum"

Trustee

The accompanying notes are an integral part of the financial statements.

## Starlight Hybrid Global Real Assets Trust

### Statements of Comprehensive Income

For the year ended December 31, 2019 and the period from December 13, 2018 to December 31, 2018 (see Note 1)  
(In Canadian dollars)

	Notes	2019 \$	2018 \$
<b>Investment gain (loss)</b>			
Interest income for distribution purposes		4,523	-
Distributions from Partnership		1,570,684	-
Net realized gain (loss) on sale of investments		502,107	-
Net change in unrealized appreciation (depreciation) of investments		2,573,920	(4,336)
<b>Total gain (loss)</b>		<b>4,651,234</b>	<b>(4,336)</b>
<b>Expenses</b>			
Management fees		173,018	-
Legal expenses		128,842	-
Fund administration fees		47,481	3,773
Harmonized sales tax and other taxes		35,109	5,691
Trustee fees		32,260	7,562
Audit fees		29,463	25,000
Insurance fees		23,330	1,150
Transaction costs	2	13,750	-
Filing fees		10,961	5,000
Other expenses		71,113	10,000
		<b>565,327</b>	<b>58,176</b>
<b>Net investment gain (loss)</b>		<b>4,085,907</b>	<b>(62,512)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>4,085,907</b>	<b>(62,512)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per series</b>			
Series A		2,834,154	(46,809)
Series B		(19,099)	-
Series C		1,330,451	(12,912)
Series F		(59,599)	(2,791)
		<b>4,085,907</b>	<b>(62,512)</b>
<b>Weighted average number of units for the period</b>			
Series A		2,146,972	2,002,943
Series B		35,650	-
Series C		975,818	750,000
Series F		199,462	141,000
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit</b>			
Series A		\$ 1.32	\$ (0.02)
Series B		\$ (0.54)	\$ -
Series C		\$ 1.36	\$ (0.02)
Series F		\$ (0.30)	\$ (0.02)

The accompanying notes are an integral part of the financial statements.

## Starlight Hybrid Global Real Assets Trust

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2019 and the period from December 13, 2018 to December 31, 2018 (see Note 1)  
(In Canadian dollars)

	Notes	Series A 2019 \$	Series B 2019 \$	Series C 2019 \$	Series F 2019 \$	Total 2019 \$
<b>Net assets attributable to holders of redeemable units at beginning of year</b>		<b>19,085,354</b>	<b>-</b>	<b>7,370,787</b>	<b>1,358,976</b>	<b>27,815,117</b>
Increase (decrease) in net assets attributable to holders of redeemable units per series		<b>2,834,154</b>	<b>(19,099)</b>	<b>1,330,451</b>	<b>(59,599)</b>	<b>4,085,907</b>
<b>Distributions to holders of redeemable units</b>						
Return of capital		<b>(986,934)</b>	<b>(1,485)</b>	<b>(462,999)</b>	<b>(34,190)</b>	<b>(1,485,608)</b>
		<b>(986,934)</b>	<b>(1,485)</b>	<b>(462,999)</b>	<b>(34,190)</b>	<b>(1,485,608)</b>
<b>Redeemable unit transactions</b>						
Redesignation of units	4	<b>(5,547,979)</b>	<b>-</b>	<b>6,967,721</b>	<b>(1,419,742)</b>	<b>-</b>
Proceeds from sale of units		<b>-</b>	<b>399,993</b>	<b>6,589,110</b>	<b>5,886,275</b>	<b>12,875,378</b>
Reinvestments		<b>1,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,799</b>
Cost of issuance of units		<b>(169,795)</b>	<b>(2,882)</b>	<b>(112,627)</b>	<b>(43,545)</b>	<b>(328,849)</b>
		<b>(5,715,975)</b>	<b>397,111</b>	<b>13,444,204</b>	<b>4,422,988</b>	<b>12,548,328</b>
<b>Net assets attributable to holders of redeemable units at end of year</b>		<b>15,216,599</b>	<b>376,527</b>	<b>21,682,443</b>	<b>5,688,175</b>	<b>42,963,744</b>
		<b>Series A 2018 \$</b>	<b>Series B 2018 \$</b>	<b>Series C 2018 \$</b>	<b>Series F 2018 \$</b>	<b>Total 2018 \$</b>
<b>Net assets attributable to holders of redeemable units at beginning of period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Decrease in net assets attributable to holders of redeemable units per series		<b>(46,809)</b>	<b>-</b>	<b>(12,912)</b>	<b>(2,791)</b>	<b>(62,512)</b>
<b>Redeemable unit transactions</b>						
Proceeds from sale of units	4	<b>20,349,010</b>	<b>-</b>	<b>7,500,000</b>	<b>1,410,000</b>	<b>29,259,010</b>
Cost of issuance of units		<b>(1,216,847)</b>	<b>-</b>	<b>(116,301)</b>	<b>(48,233)</b>	<b>(1,381,381)</b>
		<b>19,132,163</b>	<b>-</b>	<b>7,383,699</b>	<b>1,361,767</b>	<b>27,877,629</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>		<b>19,085,354</b>	<b>-</b>	<b>7,370,787</b>	<b>1,358,976</b>	<b>27,815,117</b>

The accompanying notes are an integral part of the financial statements.

## Starlight Hybrid Global Real Assets Trust

### Statements of Cash Flows

For the year ended December 31, 2019 and the period from December 13, 2018 to December 31, 2018 (see Note 1)

(In Canadian dollars)

	2019	2018
	\$	\$
<b>Operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	4,085,907	(62,512)
Adjustments:		
Purchase of investments	(22,204,560)	(27,800,000)
Proceeds from disposition of investments	9,994,247	-
Net realized (gain) loss from investment transactions	(502,107)	-
Net change in unrealized (appreciation) depreciation on investments	(2,573,920)	4,336
	(11,200,433)	(27,858,176)
Net change in non-cash working capital	(280,241)	497,061
Net cash used in operating activities	(11,480,674)	(27,361,115)
<b>Financing activities</b>		
Issuance of units	12,875,378	29,259,010
Distributions paid to holders of redeemable units	(1,311,561)	-
Cost of issuance	(328,849)	(1,381,381)
Net cash from financing activities	11,234,968	27,877,629
Net (decrease) increase in cash	(245,706)	516,514
Cash at beginning of period	516,514	-
<b>Cash at end of period</b>	<b>270,808</b>	<b>516,514</b>
Interest received	\$ 4,523	\$ -
Distribution received from Partnership	\$ 1,570,684	\$ -

The accompanying notes are an integral part of the financial statements.



## Starlight Hybrid Global Real Assets Trust

### Schedule of Investment Portfolio

As at December 31, 2019

(In Canadian dollars)

Number of Shares	Description	Average Cost \$	Fair Value \$	Net Assets %
	<b>Fund(s)</b>			
2,963,073	Starlight Global Real Assets LP	30,522,860	32,617,601	
		30,522,860	32,617,601	75.92
	<b>Private Placements</b>			
550	EagleCrest Infrastructure Canada LP	5,500,000	5,711,194	
44,896	Starlight Canadian Residential Growth Fund (Series C)	4,489,560	4,753,209	
		9,989,560	10,464,403	24.36
	<b>Total Investments</b>	<b>40,512,420</b>	<b>43,082,004</b>	<b>100.28</b>
	Other assets less liabilities		(118,260)	(0.28)
	<b>Total Net Assets</b>		<b>42,963,744</b>	<b>100.00</b>

## Starlight Global Real Assets LP

Schedule of Investment Portfolio of underlying partnership as at December 31, 2019

Number of Shares	Description	Average Cost \$	Fair Value \$	Net Assets* %
	<b>Real Estate</b>			
3,923	Alexandria Real Estate Equities Inc.	658,594	821,980	
1,711	American Tower Corporation	491,494	509,910	
22,187	Americold Realty Trust	943,210	1,008,710	
63,021	Aroundtown S.A.	711,504	732,401	
26,896	Brookfield Property Partners LP	711,952	638,242	
5,922	Camden Property Trust	780,442	814,778	
18,456	Canadian Apartment Properties Real Estate Investment Trust	871,252	978,353	
46,887	CT Real Estate Investment Trust	700,642	756,756	
21,811	Duke Realty Corporation	934,186	980,584	
659	Equinix Inc.	494,436	498,805	
210,404	European Residential Real Estate Investment Trust	939,585	978,379	
64,646	Goodman Group	869,787	787,870	
12,216	Granite Real Estate Investment Trust	737,712	806,012	
17,122	Hudson Pacific Properties Inc.	717,351	835,940	
9,042	Kilroy Realty Corporation	927,448	983,744	
44,471	Minto Apartment Real Estate Investment Trust	863,696	1,029,502	
8,520	Prologis Inc.	818,344	984,845	
9,567	Vonovia SE	621,493	668,437	
		13,793,128	14,815,248	45.42
	<b>Industrials</b>			
10,496	Brookfield Business Partners LP	546,963	563,950	
2,375	Canadian Pacific Railway Ltd.	618,295	786,196	
7,225	Cargojet Inc.	573,722	746,559	
6,003	CSX Corporation	546,087	563,278	
7,511	Deutsche Post AG	295,890	371,833	
3,973	Eiffage S.A.	495,304	589,878	
20,798	Ferrovial S.A.	618,079	816,480	
40,684	Transurban Group	491,426	552,946	
4,629	Vinci S.A.	555,729	667,061	
5,533	Waste Connections Inc.	599,586	652,617	
		5,341,081	6,310,798	19.35

The accompanying notes are an integral part of the financial statements.

**Starlight Hybrid Global Real Assets Trust**  
**Schedule of Investment Portfolio (continued)**

As at December 31, 2019  
(In Canadian dollars)

**Starlight Global Real Assets LP**

Schedule of Investment Portfolio of underlying partnership as at December 31, 2019 (continued)

Number of Shares	Description	Average Cost \$	Fair Value \$	Net Assets* %
<b>Utilities</b>				
31,684	Boralex Inc.	589,086	774,991	
12,551	Brookfield Infrastructure Partners LP	646,899	814,058	
4,988	CMS Energy Corporation	368,512	406,460	
1,293	NextEra Energy Inc.	340,045	406,028	
23,008	Northland Power Inc.	528,675	625,818	
2,047	Sempra Energy	350,521	402,095	
		<b>2,823,738</b>	<b>3,429,450</b>	<b>10.51</b>
<b>Energy</b>				
15,914	Enbridge Inc.	764,141	821,640	
27,403	Gibson Energy Inc.	729,631	728,646	
16,895	Pembina Pipeline Corporation	828,833	813,156	
		<b>2,322,605</b>	<b>2,363,442</b>	<b>7.25</b>
<b>Financials</b>				
12,900	Brookfield Asset Management Inc.	871,313	967,887	
26,794	New Residential Investment Corporation	559,510	559,743	
17,510	Starwood Property Trust Inc.	516,965	564,472	
		<b>1,947,788</b>	<b>2,092,102</b>	<b>6.41</b>
<b>Communication Services</b>				
14,265	Comcast Corporation	745,246	831,860	
		<b>745,246</b>	<b>831,860</b>	<b>2.55</b>
	Brokerage commissions	(28,756)	-	
	<b>Total Investments</b>	<b>26,944,830</b>	<b>29,842,900</b>	<b>91.49</b>
	Other assets less liabilities		2,774,701	8.51
	<b>Total Net Assets</b>		<b>32,617,601</b>	<b>100.00</b>

\* Percentage of net assets shown relates to the amounts at fair value to the Partnership's net assets attributable to holders of redeemable securities.

The accompanying notes are an integral part of the financial statements.

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 1. Establishment of the Trust

Starlight Hybrid Global Real Assets Trust (the “Trust”) is an investment trust established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust amended and restated dated as of December 17, 2019. Starlight Global Real Assets LP (the “Public Portfolio LP”) is a limited partnership formed pursuant to a Limited Partnership Agreement dated November 28, 2018, governed by the laws of the Province of Ontario. The Trust will be the only limited partner of the Public Portfolio LP. The Trust is authorized to issue an unlimited number of Series A, Series B, Series F and Series C units (the “Units”). The Trust can also issue preferred units (“Preferred Units”) from time to time after the later of (i) January 1, 2021 and (ii) the net asset value of the Trust reaches \$500 million. The Trust was inactive until, it issued a final prospectus dated November 28, 2018, whereby the Trust offered a minimum of 2,000,000 and a maximum of 10,000,000 Series A units and/or Series C units and/or Series F units to the public (the “Offering”). See Note 4 *Redeemable Units*.

Concurrent with the Offering, the original declaration of trust dated October 11, 2018 was amended and restated effective December 13, 2018, and subsequently amended and restated effective December 17, 2019.

The manager and investment manager of the Trust is Starlight Investments Capital GP Inc. (the “Manager”) and Starlight Investments Capital LP (the “Investment Manager”), respectively. The Investment Manager is responsible for providing investment management advice, including advice in respect of the Trust asset mix and security selection for the public portfolio in the Public Portfolio LP, subject to the Trust’s investment restrictions.

The Trust is listed on NEO Exchange Inc. (the “Exchange”) under the symbol SCHG.UN. The Trust’s registered address is 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario M8X 2X3. RBC Investor Services Trust acts as custodian and administrator of the Trust. The Trust is currently offered in Canadian-dollar-denominated units.

The Trust’s investment objective is to provide unitholders with stable monthly cash distributions and long-term capital appreciation through exposure to institutional quality real assets in the global real estate and global infrastructure sectors.

#### *Financial Reporting date*

The information provided in these financial statements and notes thereto is as at December 31, 2019 or for the year ended December 31, 2019. The prior period information is as at December 31, 2018 or for the period from December 13, 2018 to December 31, 2018. The Trust commenced operations on December 13, 2018 (the closing date of the Offering). There were no operations prior to December 13, 2018.

The Financial Statements were authorized for issuance by the Board of Trustees on March 30, 2020.

### 2. Significant accounting policies

The significant accounting policies adopted by the Trust for the preparation of these financial statements are set out below.

#### **Statement of compliance and basis of presentation**

These financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board (“IASB”).

Items included in the financial statements of the Trust are measured in the currency of the primary economic environment in which the Trust operates (the “functional currency”). The financial statements are presented in Canadian dollars, which is the Trust’s functional and presentation currency. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities (including derivative financial instruments) that have been measured at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Trust’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed, where applicable, in the *Critical accounting estimates and judgements* note.

The significant accounting policies of the Trust are as follows:

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 2. Significant accounting policies (continued)

#### Financial Instruments

##### (a) Classification and measurement

Classification and measurement categories under IFRS 9, *Financial Instruments* (“IFRS 9”) are amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). To determine the appropriate classification and measurement category, IFRS 9 requires an entity to consider the business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments.

The Trust’s business model is one in which financial assets are managed with the objective of realizing cash flows through the sale of assets. Decisions are made based on the assets’ fair values and assets are managed to realize these fair values. This business model is aligned with a FVTPL classification and measurement category. Debt securities are measured at FVTPL under IFRS 9 as the Trust does not expect to hold the assets to collect contractual cash flows based on its business model. Collection of the contractual cash flows is not integral to achieving the Trust’s business model objective but is instead incidental to it.

The carrying value less impairment provision of other receivables and payables are assumed to approximate fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

##### (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Specifically, IFRS 9 requires the Trust to recognize a loss allowance for expected credit losses on financial assets measured at amortized cost. The Trust’s credit loss on its financial assets measured at amortized cost is not material.

##### (c) Recognition

The Trust’s financial instruments may include investments at fair value through profit and loss, cash, subscriptions receivable, dividends receivable, receivable for investments sold, redemptions payable, payable for investments purchased, and distributions payable. All financial assets and liabilities are recognized in the Statement of Financial Position when the Trust becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Trust has transferred substantially all risks and rewards of ownership.

The Trust recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost when the Trust becomes party to the contractual provisions of the instrument. Investment transactions are accounted for on the trade date where the purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned. The Trust’s obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. The Trust’s accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value (“NAV”) for transactions with unitholders, except in circumstances where the last traded market price is not within the bid-ask spread as the NAV used for unitholder transactions is measured using the last traded market price. As at December 31, 2019, there were no such differences.

##### (d) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or to realize the asset and settle the liability simultaneously.

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 2. Significant accounting policies (continued)

#### (e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Trust uses the close prices for both financial assets and financial liabilities where the close price falls within that day's bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Investment Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Trust may use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs.

For instruments for which there is no active market, the Trust may use externally provided pricing or internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of the model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair value of financial instruments other than investments at fair value through profit and loss closely approximates their carrying values, given their short-term maturities.

Refer to Note 3 for further information about the Trust's fair value measurements.

#### (f) Due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted out but not yet settled or delivered on the reporting date.

#### (g) Foreign currency translation

The Trust's subscriptions, redemptions, and certain elements of performance are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Income and expense items in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the respective dates of such transactions.

The portion of the results of operations arising from changes in foreign exchange rates on portfolio investments is not isolated from the fluctuations arising from changes in market prices. Realized foreign exchange gains and losses relating to cash are presented as "Realized foreign exchange gain (loss) on cash" and those realized gains (losses) relating to other financial assets and liabilities are presented within "Net realized gain (loss) on sale of investments" and those unrealized gains (losses) relating to cash and other financial assets and liabilities are presented within "Net change in unrealized appreciation (depreciation) of foreign currency" in the Statement of Comprehensive Income.

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 2. Significant accounting policies (continued)

*(h) Foreign exchange forward contracts*

Foreign exchange forward contracts may be used by the Trust, from time to time, to attempt to minimize the risk to the Trust from adverse changes in the relationship between the Canadian dollar and other currencies. Foreign exchange forward contracts held by the Trust, if any, are traded over the counter. These contracts are valued at the gain or loss that would arise as a result of closing the position on the close of each business day. Any gains on outstanding foreign exchange contracts are disclosed as "Unrealized gain on currency forwards and spot contracts" in the Statement of Financial Positions. Upon closing of a contract, the gain or loss is included in "Net foreign currency gain (loss) on foreign currency and other assets" in the Statement of Comprehensive Income.

*(i) Unit valuation*

The NAV per unit is determined by dividing the aggregate fair value of the net asset value of the series by the total number of units of that series outstanding before giving effect to redemptions or subscriptions for units on that day.

*(j) Income recognition*

Dividend income is recorded on the ex-dividend date. Realized gains and losses on the sale of investments and unrealized appreciation or depreciation in the value of investments are calculated with reference to the average cost of the related investments.

*(k) Brokerage commissions and transaction costs*

Transaction costs including brokerage commissions, incurred in the purchase and sale of securities, are included in "Transaction costs" in the Statements of Comprehensive Income.

*(l) Cash and cash equivalents*

Cash and cash equivalents include cash with financial institutions and short-term investments with maturities less than 90 days from the date of acquisition. Short-term investments are carried at amortized cost plus accrued interest, which approximates fair value.

*(m) Other assets and liabilities*

Subscriptions receivable, due from brokers, accrued interest and dividends receivable, and prepaid expenses are carried at amortized cost. Distributions payable, redemptions payable, due to brokers, management fees payable and accrued expenses payable are measured at amortized cost. Due to their short-term nature, the carrying value of these financial assets and financial liabilities approximates fair value.

*(n) Increase (decrease) in net assets attributable to holders of redeemable units per unit*

Increase (decrease) in net assets attributable to holders of redeemable units per unit represents the increase (decrease) in net assets divided by the weighted average number of units outstanding per series during the period.

*(o) Investments in associates, joint ventures, subsidiaries and structured entities*

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding, who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Manager has determined that underlying funds or exchange-traded funds ("ETFs") held typically by the Trust meet the definition of structured entities. The Trust accounts for their investments in non-consolidated structured entities at FVTPL.

The Trust invests in underlying funds and is subject to the terms and conditions of the respective underlying fund's offering documents and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. All of the underlying funds in the investment portfolio are managed by portfolio managers who are compensated by the respective underlying fund for their services. Such compensation generally consists of an asset-based fee and is reflected in the valuation of each of the underlying funds, except when the Trust invest in certain classes of the underlying funds where the compensation to portfolio managers is negotiated and paid outside of respective underlying fund. The underlying funds finance their operations by issuing units that entitle the holders to an equal beneficial interest in a respective underlying fund.

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 2. Significant accounting policies (continued)

#### (o) Investments in associates, joint ventures, subsidiaries and structured Entities (continued)

The Trust's investments in underlying funds or ETFs are accounted for at FVTPL and included in "Investments" in the Statement of Financial Position. All unrealized gains (losses) arising from these investments are recorded as part of "Change in unrealized appreciation (depreciation) in value of investments" in the Statement of Comprehensive Income until these investments are sold, at which time the gains (losses) are realized and reflected in the Statement of Comprehensive Income in "Net realized gain (loss) on sale of investments".

The Trust's maximum exposure to loss from their interest in ETFs and underlying funds is equal to the total fair value of their investments in these non-consolidated structured entities. See Note 9 - Non-consolidated structured entities.

#### (p) Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 Consolidated Financial Statements are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Manager has concluded that the Trust meets the characteristics of an investment entity, in that it has more than one investment; the ownership interests are in the form of securities similar to equities to which a proportionate share of the net assets of the Trust are attributed; it has more than one investor and its investors are not related parties.

The conclusion will be reassessed on an annual basis, if any of these criteria or characteristics changes.

#### (q) Critical accounting estimates and judgments

The preparation of these financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingencies, as well as the reported amounts of investment income and expenses during the year. Actual results could differ from those estimates. The most significant accounting judgements and estimates made in preparing the financial statements include the fair value measurement of financial assets and liabilities in Note 2 (e) and Note 3, the classification of financial assets and liabilities in Note 2 (a), the functional currency as disclosed in Note 2, and the classification of outstanding units in Note 4.

##### a. Fair value measurement of securities not quoted in an active market and over-the counter derivative instruments

The Trust may hold financial instruments that are not quoted in active markets, including private placements. As discussed in the *Fair Value Measurements* note, the Manager uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in active markets and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Where no market data is available, the Trust may value positions using valuation models generally recognized as standard within the industry. The resulting values may materially differ from values that would have been used had a readily available market existed for the investments and the prices at which the investments may be sold.

##### b. Functional currency

The Manager considers the currency of the primary economic environment in which the Trust operates to be the Canadian dollar, as it is the currency which the Trust measures its performance and issues and redeems its redeemable securities.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changes.

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

### 3. Fair value disclosure

The Trust's financial assets measured at fair value have been categorized based upon a fair value hierarchy. The Trust has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows.

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

There were no transfers between levels during the period ended December 31, 2019. The Trust's policy is to recognize transfers in and out and between Levels 1 and 2 as per the value at the end of the reporting period and for transfers in and out of Level 3 as per the value at the date of transfer.

	Level 1	Level 2	Level 3
	\$	\$	\$
Investments as at December 31, 2019	–	32,617,601	10,464,403
Investments as at December 31, 2018	–	27,795,664	–

All fair value measurements above are recurring. The carrying values of cash, dividends receivable approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded, and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The table below summarizes the movement in financial instruments classified as Level 3.

For the year ended December 31, 2019:

	Balance at December 31, 2018	Purchases	Sales	Net transfers	Realized gain (loss)	Unrealized gain (loss)	Balance at December 31, 2019
	\$	\$	\$	\$	\$	\$	\$
Equities	–	9,989,560	–	–	–	474,843	10,464,403
<b>Total</b>	<b>–</b>	<b>9,989,560</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>474,843</b>	<b>10,464,403</b>

If the value of these investments were to increase or decrease by 10%, the value of the Fund would increase or decrease in fair value of approximately \$1,046,440.

### 4. Redeemable units

The Trust's outstanding Units are classified as a financial liability since the Trust has a contractual obligation to repurchase or redeem its Units for cash or another financial asset and to distribute their income to minimize taxes such that they have no discretion to avoid cash distributions.

The capital of the Trust is divided into an unlimited number of units of each series, consisting of Series A Units, Series B Units, Series C Units and Series F Units. The Trust may offer additional classes or series of Units, including Preferred Units, at the discretion of the Manager, subject to any necessary regulatory approval.

As a result of the Offering, the Unitholders subscribed for 1,959,000 Series A units, 141,000 Series F units and 750,000 Series C units at a subscription price of \$10.00 per unit at the closing on December 13, 2018. The over-allotment option for the Offering was exercised and an additional 75,901 Series A units at a subscription price of \$10.00 per unit were issued on December 21, 2018.

Each unitholder is entitled to one vote for each unit held. Each series of units entitles the holder to the same rights as a Unitholder in another series of unit and no Unitholder is entitled to any privilege, priority or preference in relation to any



# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

### 4. Redeemable units (continued)

other holder of units' rights. As there are varying economic values per series of units, the net liabilities attributable to Unitholders will be distributed disproportionately on a per unit basis upon liquidation.

In accordance with the objectives and the risk management policies outlined in the Financial Risk Management notes (Note 8), the Trust endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being managed by investing sufficient assets in investments that can be readily disposed.

#### *Annual redemption*

Beginning in 2020, up to 5% of the aggregate outstanding Redeemable Units may be surrendered annually (the "Annual Redemption"), during the period from the first day of June until the tenth business day before the last business day in June (the "Annual Notice Period") for redemption.

#### *Monthly redemption*

Up to \$50,000 of the Redeemable Units may also be surrendered at any time other than during the Annual Notice Period to the registrar and transfer agent for redemptions (a "Monthly Redemption").

#### *Redeemable unit transactions*

On March 29, 2019 Series F Units were redesignated as Series A Units with a net asset value of \$1,419,742. Series F unitholders received 144,746 Series A Units with a NAV of \$9.81 in exchange for 141,000 Series F Units with a NAV of \$10.07.

On July 5, 2019, pursuant to a private placement 446,412 Series C Units were issued at a NAV of \$10.28 for gross proceeds of \$4,589,115.

On December 17, 2019, pursuant to a private placement 35,650 Series B Units, 538,543 Series F Units, and 183,486 Series C Units were issued at a NAV of \$11.22, \$10.93 and \$10.90, respectively for gross proceeds of \$8,286,265.

On December 31, 2019, 687,871 Series A Units were redesignated as Series C Units with a net asset value of \$6,967,721. Series A unitholders received 656,487 Series C Units with a NAV of \$10.61 in exchange for 687,871 Series A Units with a NAV of \$10.13.

Unit transactions of the Trust for the period ended December 31, 2019 and December 31, 2018 were as follows:

	December 31, 2019			
	Series A	Series B	Series C	Series F
Units outstanding, beginning of period	2,034,901	–	750,000	141,000
Units redesignated	(543,125)	–	656,487	(141,000)
Units issued	–	35,650	629,898	538,543
Dividends reinvested	179	–	–	–
Units outstanding, end of period	1,491,955	35,650	2,036,385	538,543
	December 31, 2018			
	Series A	Series B	Series C	Series F
Units outstanding, beginning of period	–	–	–	–
Units issued	2,034	–	750,000	141,000
Units outstanding, end of period	2,034,901	–	750,000	141,000

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 5. Expenses

The Trust is responsible for the Trust's operating costs. Operating expenses payable by the Trust include agents' fees, expenses of the offering, management fees, legal and audit fees, fund administration fees, trustee fees, portfolio transaction costs, as applicable and other operating expenses in connection with the administration and management of the Trust. Fees to the Investment Manager will be payable by the Manager, and not the Trust.

The Trust pays a management fee of 1.25% of the market capitalization of the Trust based on the NAV of the Trust calculated and accrued daily and paid by the Trust to the Manager monthly in arrears. Any management fees charged by an underlying investment vehicle will reduce the amount of the Management Fee paid to the Manager at the Trust level attributable to the portion of the portfolio allocated to the respective underlying investment vehicle. The Manager waived the Management Fee for the period ended December 31, 2018.

### 6. Commitments

As at December 31, 2019, the Trust had \$1.0 million in commitments. As at December 31, 2018, the Trust had no commitments.

On March 4, 2019 the Trust entered into a subscription agreement for a \$5.5 million commitment in the Private Portfolio to invest in Starlight Canadian Residential Growth Fund ("Starlight Residential Fund"). The commitment is callable on demand on a pro-rata basis with other investors. As of December 31, 2019, \$4.5 million has been called. On January 10, 2020, the Trust received a capital call for the remaining commitment amount of \$1.0 million which was paid on February 4, 2020.

### 7. Capital risk management

Units issued and outstanding are considered to be the capital of the Trust. The Manager manages the capital of the Trust in accordance with the Trust's investment objectives. The Trust does not have any specific externally imposed capital requirements.

### 8. Financial risk management

The Trust's activities expose it to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The risks include market risk (including other price risk, currency risk, and interest rate risk), credit risk, liquidity risk and concentration risk. The Trust has established and maintains a governance structure that oversees the Trust's investment activities and monitors compliance with the Trust's stated investment objective and guidelines. These risks and related risk management practices employed by the Trust and the Public Portfolio LP are discussed below.

#### (a) Market risk

Market risk represents the potential loss that can be caused by a change in the fair value of a financial instrument. The investments of the Trust are subject to normal market fluctuations and the risks inherent in investments in the global markets. The Public Portfolio LP's investment portfolio is monitored on a daily basis by the Investment Manager.

#### (b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. The investments of the Public Portfolio LP are subject to market fluctuations and the risks inherent in financial markets. The maximum risk resulting from financial instruments held by the Trust, including that of the Public Portfolio LP, is determined by the fair value of the financial instruments. The Investment Manager moderates this risk through a careful selection of securities within specified limits and the Trust's other price risk is managed through diversification of the Trust's investments. The Investment Manager monitors the Public Portfolio LP's overall market positions on a daily basis. As at December 31, 2018 the Trust's, including that of the Public Portfolio LP overall market exposure was \$nil. As at December 31, 2019 the overall market exposures of the Trust, including that of the Public Portfolio LP, were as follows:

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

### 8. Financial risk management (continued)

	December 31, 2019	
	Fair Value \$	% of Total Net Assets
Investments	40,307,303	93.82%
Total market exposure	<b>40,307,303</b>	<b>93.82%</b>

As at December 31, 2019, had the prices on the respective stock exchanges for the securities increased or decreased by 5%, with all other variables held constant, net assets would have increased or decreased by approximately \$2,015,365 or 4.69% of total net assets (December 31, 2018 - \$nil or 0.0%).

In practice, the actual trading results may differ, and the difference could be material.

#### (c) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Trust and the Public Portfolio LP, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Trust's functional currency in determining fair value.

The Public Portfolio LP holds assets and liabilities, including cash and investments in equities that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

As at December 31, 2018 the Trust and the Public Portfolio LP did not hold assets and liabilities that are denominated in currencies other than the Canadian Dollar.

As at December 31, 2019, the Trust did not hold assets and liabilities that are denominated in currencies other than the Canadian dollar. The Trust does indirectly bear the currency risk exposure of the Public Portfolio LP and the EagleCrest Infrastructure Canada LP. The table below summarizes the Public Portfolio LP's exposure to currency risk as of December 31, 2019:

Currency type	December 31, 2019	
	Currency Exposure \$	% of Total Net Assets of the Public Portfolio LP %
United States Dollar	11,249,149	34.49%
Euro	3,854,003	11.81%
Australian Dollar	1,358,583	4.16%
British Pound	3	0.00%
<b>Total</b>	<b>16,461,738</b>	<b>50.47%</b>

As at December 31, 2019, if the exchange rate between the Canadian Dollar and the foreign currencies increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$164,617 (December 31, 2018 - \$nil).

In accordance with the Trust's policy, the Investment Manager monitors currency positions as part of the overall portfolio construction and may hedge currencies.

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 8. Financial risk management (continued)

#### (d) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Trust invests in interest-bearing financial instruments. The Trust is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Public Portfolio LP invests in equities and Real Estate Investment Trusts (REITs) and the Private Portfolio invests in direct real estate and infrastructure investments. An increase in interest rates would increase the borrowing cost on the investment properties and have an adverse effect on net income. Availability of financing and fluctuations in borrowing rates will also restrict the real estate companies' ability to acquire attractive properties and hinders their returns. This would indirectly impact distributions and dividends paid to the Public Portfolio LP and the Trust.

The majority of the Trust's and Public Portfolio LP's financial assets and liabilities are non-interest bearing as at December 31, 2019 and December 31, 2018. As a result, the Trust is not subject to a significant amount of direct interest rate risk due to fluctuations in the prevailing level of market interest rates.

#### (e) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Trust or the Public Portfolio LP. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

As at December 31, 2019 and December 31, 2018 the Trust and the Public Portfolio LP had no significant investments in debt instruments and/or derivatives; therefore, credit risk is considered minimal.

#### (f) Liquidity risk

The Trust's main liquidity risk exposure is in meeting redemption and expense requirements on a monthly basis. The Trust's manager monitors cash needs on a regular basis. The Trust has daily liquidity with the Public Portfolio LP. Liquidity risk is managed in the Public Portfolio LP by investing sufficient assets of the Public Portfolio LP in investments that are traded in an active market and can be readily disposed of. In addition, the Trust either directly or indirectly through the Public Portfolio LP aims to retain sufficient cash to maintain liquidity.

There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly. In addition, the Trust or Public Portfolio LP will, from time to time, enter into unlisted securities or may invest into over-the-counter derivative contracts, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified on the Schedule of Investment Portfolio. The proportion of illiquid securities to the NAV of the Trust is monitored by the Manager to ensure it does not significantly affect the liquidity required to meet the Trust's financial obligations. The proportion of illiquid securities to the NAV of the Public Portfolio LP is monitored by the Investment Manager to ensure it does not significantly affect the liquidity required to meet the Public Portfolio LP's financial obligations.

The Trust is exposed to monthly cash redemptions and beginning in June 2020 annual cash redemptions. However, the monthly redemptions are limited to a fixed dollar amounts and the annual redemption is limited to a fixed percentage of the Trust's assets reducing the liquidity requirements of the Trust. The Trust's investments in the Public Portfolio LP are considered readily realizable and highly liquid, therefore the Trust's liquidity risk is considered minimal.

As at December 31, 2019 the Trust's accounts payable and accrued liabilities are expected to be liquidated within 90 days.

The Trust's liquid investments are considered to be in excess of the redemption and expense requirements.

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

### 8. Financial risk management (continued)

#### (g) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. As at December 31, 2019 and December 31, 2018, the Trust's exposure to concentration risk, including that of the Public Portfolio LP, is summarized in the table below.

Portfolio by Industry Classification	December 31, 2019	December 31, 2018
	% of Total Net Assets	% of Total Net Assets
Real Estate	34.48	-
Private Placements	24.36	-
Industrials	14.69	-
Utilities	7.98	-
Energy	5.50	-
Financials	4.87	-
Communication Services	1.94	-
Other Assets Less	6.17	100.00
Liabilities		
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### 9. Interest in non-consolidated structured entities

	December 31, 2019	
	Fair Value of investment in Underlying Funds \$	Percentage of ownership %
<b>Non-consolidated structured entities</b>		
Starlight Global Real Assets LP	32,617,601	100
EagleCrest Infrastructure Canada LP	5,711,194	<1
Starlight Canadian Residential Growth Fund (Series C)	4,753,209	<2

	December 31, 2018	
	Fair value of investment in Underlying Funds \$	Percentage of ownership %
Non-consolidated structured entities		
Starlight Global Real Assets LP	27,795,664	100

# Starlight Hybrid Global Real Assets Trust

## Notes to the Financial Statements

December 31, 2019

(In Canadian dollars)

---

### 10. Related parties

#### (a) Management fees

The Manager, the general partner of the Investment Manager and a wholly-owned subsidiary of Starlight Group Property Holdings Inc., is the manager of the Trust and is responsible for the investment activities of the Trust. The management fees for the year ended December 31, 2019 amounted to \$173,018 (December 31, 2018: \$nil), with \$35,685 in outstanding accrued management fees due to the Manager at December 31, 2019 (December 31, 2018: \$nil).

#### (b) Investments

The Investment Manager is responsible for providing investment management advice for the Public Portfolio LP. To achieve its objectives, the Trust invests no less than 60% of the net capital raised in the Public Portfolio LP. As at December 31, 2019 the fair value of the amount invested was \$32,617,601 (December 31, 2018 - \$27,795,664). The Trust is a limited partner of the Starlight Residential Fund, the general partner of which is a wholly-owned subsidiary of Starlight Group Property Holdings Inc. The Trust entered into a subscription agreement for a \$5.5 million commitment callable on demand on a pro-rata basis with other investors. As of December 31, 2019, \$4.5 million has been called.

#### (c) Unit transactions with related parties

Officers, directors and related entities of the Manager invest in Units from time to time in the normal course of business on the same basis as arms-length investors. As at December 31, 2019, the Manager, including officers and directors, owned 515,365 (December 31, 2018 - 510,000) Units.

### 11. Taxation

The Trust qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Trust's net income for tax purposes and sufficient net capital gains realized in any period will be distributed to unitholders such that no income tax is payable by the Trust. As a result, the Trust does not record income taxes. Since the Trust does not record income taxes, the tax benefit of capital and noncapital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset. In certain circumstances, the Trust may distribute a return of capital. A return of capital is not taxable to unitholders but will reduce the cost base ("ACB") of the unitholder's units held.

As at December 31, 2019, the Trust had nil non-capital losses available for carry-forward (December 31, 2018: \$11,354).

### 12. Subsequent Events

The recent spread of coronavirus disease (COVID-19) has caused volatility in the global financial markets, resulted in significant disruptions to global business activity and threatened a slowdown in the global economy. Such impacts could also cause substantial market volatility, exchange trading suspensions and closures, affect the investment portfolio's performance and significantly reduce the value of an investment in Units.