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Senior Portfolio Manager

Fund	YTD 2025	Q4 2025	1 Year	3 Year	5 Year	Incept*
Starlight Global Infrastructure Fund, Series F	15.0%	-2.2%	15.0%	10.4%	6.2%	7.8%

*Inception date October 2018. Source: Starlight Capital, as of December 31, 2025.

Performance Summary

- Over the fourth quarter of 2025, Starlight Global Infrastructure Fund, Series F (the Fund) returned -2.2%. In 2025, the Fund is up 15.0%.
- Markets extended their advance, though leadership narrowed and volatility increased as investors began to differentiate more clearly between growth, quality and speculative momentum. Against this backdrop, the Manager trimmed positions where valuations reflected heightened optimism and adding selectively to infrastructure businesses where long-term fundamentals remain underappreciated by the market.
- Industrials and Information Technology were the top sector contributors to Fund performance in the quarter, which was offset by a decline in Communication Services, Utilities and Energy.
- Looking ahead to 2026, we expect infrastructure returns to be driven increasingly by asset-level fundamentals rather than broad macro tailwinds. The power-for-AI theme remains resilient and, in our view, is still in its early stages. We also see a growing disconnect between the critical role of midstream infrastructure and its current market valuation.

Market Overview

In the fourth quarter of 2025, markets extended their advance, though leadership narrowed and volatility increased as investors began to differentiate more clearly between growth, quality and speculative momentum. U.S. equities finished the year strongly, supported by continued resilience in corporate earnings and growing confidence that monetary policy had decisively shifted from restrictive to neutral, with the U.S. Federal Reserve formally beginning its easing cycle. Globally, equity performance remained constructive, though dispersion widened as capital increasingly rotated toward real assets, infrastructure, and cash-generative businesses offering earnings visibility and inflation resilience rather than pure multiple expansion.

The quarter was shaped by three key dynamics. First, central banks began to implement initial rate cuts, reinforcing expectations that the peak in policy restrictiveness is now firmly behind us. This shift supported risk assets and rate-sensitive sectors, while also lowering financing costs for capital-intensive infrastructure and real asset investments. Second, corporate earnings remained resilient, with AI-related capital expenditure and digital infrastructure investment continuing to underpin growth, even as investors became more selective around valuations. Third, global markets benefited from a softer U.S. dollar and improving sentiment toward international and small- and mid-cap equities, reflecting a gradual broadening of the market rally.

Despite constructive market conditions, investor sentiment in the fourth quarter was tempered by ongoing concerns around elevated equity valuations, the sustainability of AI-driven investment cycles, and geopolitical and trade-related uncertainty. Market leadership remained relatively narrow, underscoring the importance of disciplined portfolio construction and selective security selection. Against this backdrop, the Manager continued to actively rebalance the portfolio — trimming positions where valuations reflected heightened optimism and adding selectively to infrastructure businesses where long-term fundamentals remain underappreciated by the market.

Structural demand for infrastructure continued to be driven by the accelerating build-out of AI and data center capacity. Power availability and grid interconnection constraints remain a central bottleneck, reinforcing the long-term thesis around investment in regulated utilities, power generation, and enabling energy infrastructure. In the fourth quarter, data center developers increasingly pursued behind-the-meter and co-located generation solutions, including gas-fired and renewable capacity, to secure reliable and timely power. These trends further support sustained capital deployment across power, grid modernization, and distributed generation assets, even as some market participants have grown more cautious about near-term valuation excesses in certain AI-adjacent segments.

Energy midstream performance remained mixed during the quarter. While full-year returns remained positive, the sector continued to face headwinds from narrower regional differentials, ample supply, and more muted volume growth expectations. That said, long-term fundamentals remain supported by ongoing U.S. production strength, continued underinvestment in new midstream capacity, and the increasing strategic importance of energy infrastructure in supporting both traditional energy flows and incremental power generation required for data center and industrial demand. We continue to view periods of sector weakness as opportunities to selectively add exposure to high-quality operators with durable cash flows and disciplined capital allocation.

Overall, the portfolio remains positioned to benefit from the multi-year infrastructure investment cycle driven by energy transition, grid modernization, and AI-related power demand, while maintaining a focus on valuation discipline, balance sheet strength, and earnings durability. We believe this positioning is well-suited to navigate a market environment characterized by moderating growth, easing financial conditions, and elevated dispersion across sectors and individual securities.

Contributors and Detractors

Q4 2025 Top Five Contributors		
Stock	Average Weighting	Contribution to return
AECON GROUP INC	2.5%	0.8%
ENERFLEX LTD	1.7%	0.6%
DSV A/S	1.8%	0.4%
BLOOM ENERGY CORP- A	3.0%	0.3%
HELIOS TOWERS PLC	3.7%	0.3%

Q4 2025 Top Five Detractors		
Stock	Average Weighting	Contribution to return
COGENT COMMUNICATIONS HOLDINGS INC	2.1%	-1.7%
NORTHLAND POWER INC	1.8%	-0.7%
MATTR CORP	1.1%	-0.6%
DIGITALBRIDGE GROUP INC	1.8%	-0.4%
CHENIERE ENERGY INC	1.8%	-0.4%

Source: Starlight Capital & Bloomberg Finance L.P. As of December 31, 2025.

Aecon was a top contributor during the quarter as investor optimism increased around the company's record backlog, which continues to be driven by large-scale nuclear refurbishment work and accelerating investment in electric grid infrastructure. Strong order intake and improved backlog visibility reinforced confidence in long-term revenue durability and earnings normalization, particularly as public-sector spending on energy security, electrification, and infrastructure renewal remains elevated. The strength and quality of the backlog supported a re-rating of the shares as the market increasingly recognized Aecon's positioning as a core beneficiary of multi-year infrastructure investment cycles.

Enerflex also contributed positively as sentiment toward natural gas infrastructure improved and company-specific execution continued to gain traction. The market responded favorably to progress on balance sheet strengthening, improved free cash flow generation, and greater discipline around capital allocation following recent portfolio rationalization. Additionally, Enerflex's exposure to gas processing and compression positioned the business well amid rising demand for gas infrastructure tied to LNG exports and AI-driven power generation, supporting both earnings visibility and valuation.

Cogent Communications was a detractor during the quarter following the company's decision to reduce its dividend, which prompted a reassessment of the near-term capital allocation outlook. While management positioned the change as a means to preserve financial flexibility and support investment in the network and recent acquisitions, the reduction weighed on sentiment among income-oriented investors. Combined with ongoing concerns around competitive intensity and integration execution, the dividend cut contributed to multiple compression despite the company's strategically important network footprint and long-term demand for bandwidth remaining intact.

Northland Power underperformed during the quarter following updates provided at its investor day, where management revised long-term growth expectations lower. While the company reaffirmed the stability of its contracted operating portfolio, the more cautious outlook on future growth weighed on investor sentiment, particularly in a market increasingly focused on capital discipline, return on invested capital, and execution certainty. The revision prompted a reassessment of valuation assumptions, resulting in share price weakness despite no material deterioration in the underlying performance of existing assets.

Portfolio Update

Sector	Portfolio Weight %	Top %Q/Q Changes
Energy	25.3%	4.9%
Industrials	20.4%	4.0%
Financials	6.2%	-1.4%
Real Estate	0.0%	-1.9%
Utilities	17.6%	-2.0%

Source: Starlight Capital & Bloomberg Finance L.P. As of December 31, 2025. Excludes Cash and Cash Equivalents.

Energy exposure increased in the fourth quarter as we accumulated shares across several existing positions as significant commodity price weakness impacted share prices. We also added **Pembina Pipeline** back into the Fund after selling it in Q3 as it made significant progress toward a contract for a data center development at their Greenlight campus in Alberta. Performance in the fourth quarter of 2025 remained subdued as investor sentiment continued to be weighed down by concerns around near-term volume growth and narrow basin differentials, despite stable underlying fundamentals. While balance sheets and free cash flow profiles remained strong, equity performance lagged as capital continued to favor growth-oriented sectors tied more directly to AI and power infrastructure. The quarter was characterized by valuation compression rather than deterioration in asset quality or cash flow durability.

Exposure to the Industrial sector also increased in Q4 as we added **Waste Connection**, **CN Rail**, **InPost** and **Eiffage**. Overall, the industrial sector performed well in Q4 as investor focus shifted toward companies with visible backlogs and exposure to long-duration public-sector investment. Order flow tied to electric grid expansion, nuclear refurbishment, and large civil infrastructure projects supported sentiment, with backlog growth and improved revenue visibility offsetting ongoing concerns around execution risk and cost inflation. Performance in the sector was increasingly driven by confidence in multi-year project pipelines rather than short-term economic indicators.

Exposure to utilities declined as we eliminated the position in **Northland Power** after long-term growth guidance was unexpectedly lowered by the new management team. The Utilities sector was among the stronger-performing sectors in the fourth quarter as markets continued to price in structurally higher power demand driven by AI, electrification, and data center development. Investor attention focused on existing generation and grid assets with near-term availability, as supply constraints and long interconnection timelines underscored the scarcity value of operational capacity. While capital intensity and regulatory considerations remained in focus, utilities with exposure to incremental load growth and constructive regulatory frameworks were rewarded during the quarter.

Fund Outlook

Looking ahead to 2026, we expect infrastructure returns to be driven increasingly by asset-level fundamentals rather than broad macro tailwinds. The global power system is entering a multi-year, capital-intensive expansion as AI-driven demand, electrification, and industrial reshoring collide with aging grids, long permitting timelines, and constrained supply. In this environment, scarcity, speed to market, and reliability are becoming the dominant sources of value, elevating the importance of existing, well-located infrastructure assets with pricing power and durable utilization.

The power-for-AI theme remains resilient and, in our view, is still in its early stages. Capital spending required to support AI workloads continues to surprise to the upside, and power availability—not cost—is increasingly the binding constraint. This dynamic is shifting customer priorities toward solutions that offer certainty, dispatchability, and rapid deployment, reinforcing opportunities across generation, grid-adjacent assets, and alternative power solutions. Unlike prior technology cycles, today's AI build-out is physical, capital-intensive, and long-lived, anchoring returns to real assets with tangible cash flow requirements.

We also see a growing disconnect between the critical role of midstream infrastructure and its current market valuation. Natural gas is emerging as the marginal fuel required to bridge the gap between accelerating electricity demand and constrained power supply, particularly for AI-related load growth. Midstream assets—pipelines, processing, and storage—are essential enablers of this transition, yet continue to trade at a meaningful discount despite stable cash flows, high barriers to entry, and improving long-term growth visibility. We believe this valuation gap is unsustainable as capital increasingly rotates toward cash-generative infrastructure.

From a portfolio construction perspective, we enter 2026 with equity markets broadly expensive and infrastructure attractively valued. Listed infrastructure offers diversification from AI-dominated equity indices, inflation-linked revenues, and exposure to structural demand drivers that are increasingly independent of the economic cycle. As markets move from narrative-driven enthusiasm to execution, utilization, and return on invested capital, we believe high-quality infrastructure assets are well positioned to deliver compelling risk-adjusted returns.

Source: Starlight Capital

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