2020 COMMENTARY

Before we delve into Infrastructure PLUS's 2020 performance, we would like to take a moment to thank all our early investors. Our strategy was developed and launched in the second quarter of 2020 which, given the outbreak of COVID-19, was a period of extreme volatility and uncertainty. Our goal was to craft an equity strategy that could not only survive, but prosper, during such periods and we are grateful to those who entrusted us with their capital. Although we invest with a focus on longer-term performance, we believe that Infrastructure PLUS's first eight months have validated our approach, at least so far.

That a properly diversified portfolio of infrastructure investments can achieve desirable outcomes is not exactly revolutionary. Examples of the asset class's many attractive attributes include long-lived assets, steady cash flows and stability in the face of economic downturns. However, what our research showed at the very beginning was that few, if any, marketed public infrastructure products (mutual funds, ETFs, and other SMA strategies) had much exposure to what we refer to as "new economy" infrastructure. Rather, most are heavily weighted to the very industries that struggled in 2020, such as energy pipelines and utilities – classic "old economy." If 2020 taught us anything, it is that the world can continue to function without people driving to the bank, flying to business conferences, or commuting to a busy metropolis. We believe this experience confirms our view regarding the broadening of the definition of infrastructure beyond "bridges and tunnels." Examples of our *new economy* exposure include data centers, telecom, payments processors and software infrastructure.

2020 also proved to be a pivotal year for renewable energy. While still dominant, it is becoming increasingly clear that our societal dependance on hydrocarbon-based energy is beginning to fade. The argument for renewable energy adoption has shifted away from climate activism towards one of cost competitiveness. Wind and solar power are now cheaper than coal and natural gas throughout much of the world. We freely admit our own initial skepticism towards investing in renewable energy (both Dylan and I come from midstream energy backgrounds), but we try to be open minded when the data leads us to new ideas. In this case, the data led us to make sizable allocations to renewable energy companies early in the year. These investments have been among the greatest contributors to our strong 2020 performance. We continue to expect renewable energy adoption to accelerate in 2021 and beyond, thus remaining one of our largest sector allocations within Infrastructure PLUS.

We would like to note that we have not abandoned or dismissed "old economy" infrastructure. We continue to believe such infrastructure is vital to the function of a modern economy. Railroads, environmental services, utilities, and a handful of industrial companies comprise more than 60% of PLUS's holdings. These investments represent one end of our barbell allocation with the intention of lowering overall volatility and providing a modicum of low-risk dividend income. We did, however,

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remove all midstream energy companies from the portfolio in the fourth quarter. While we did reinstate one pipeline holding (Enbridge Inc. – ENB) in the first quarter of 2021, broadly speaking, the long-term investment case for these equities has weakened despite seemingly very attractive valuations. We have instead renamed the Pipelines segment to Industrial Infrastructure and added stocks such as Air Products and Chemicals (APD), which we believe has more exposure to thematic growth in areas such as green hydrogen. We also installed Quanta Resources (PWR) to position for the growing need for electricity grid improvements as the operating complexity rises with the rising percentage of renewable energy in the power generation mix.

We also wanted to point out that while we are delighted with the initial performance of our portfolio and believe we are well positioned for the coming years; we are also cognizant of the fact that on average three-quarters of all stocks follow the broader market. 2020 has been a remarkable year from a stock investing perspective, but we remind ourselves that there will be bad years too. While we believe our portfolio is well-positioned to take the bad with the good, it is difficult to predict what factor might send the market into a tailspin. Or for that matter, what technological development might send a particular sector or stock soaring or swooning. For example, we doubt that many investors at the beginning of 2020 were thinking about the onset of a global pandemic and all the subsequent economic lockdowns around the world. Such developments disrupted the investing outlook, and the way investors were thinking about how to position for the future. The global pandemic caused the travel and hospitality industry to swoon and the stay-at- home companies and industries to soar. Additionally, policy responses to Covid-19 provided a powerful backstop for markets in 2020 while policy changes to come are likely to boost some sectors and disrupt others.

Given all the changing variables which affect the allocation of precious capital, we are grateful for the trust you place in us and we also ask for your patience. Though we are very pleased with our initial results (and hope you are too), we will work to continue to position investment capital so that there is a good chance of realizing attractive risk-adjusted returns over the long term.

Infrastructure PLUS performance

We are pleased to report that our Infrastructure PLUS portfolio delivered a total return of 41.3% from our May 1, 2020 inception through the end of the year. This compares favorably to the S&P 500’s total return of 30.5% and our designated benchmark, the Dow Jones Brookfield Americas Infrastructure Index, which returned 5.2% over the same period. We believe that we also outperformed all other US and global listed infrastructure benchmarks by wide margins during the year.

The greatest contributors to our portfolio return derive from the renewable energy area where three of our holdings produced triple digit returns and a fourth position was up over 80% since it became part of our portfolio strategy. With such strong performance in such a short period of time, we recognize it is all too easy to become complacent regarding our investment allocation. We are trying very hard not to fall into this trap and so we try to be cognizant of whether there would be better places to allocate our clients hard-earned capital. So far, the fundamentals continue to back the performance of the stocks.

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For example, as we wrote following the third quarter, renewable energy's share of total electricity generation is expected to grow from 17% of the total to 38% by 2050 and comprise the greatest share of the total electric generation mix. Further, the battery storage market is expected to triple in size, from $1.7B in 2020, to over $5B in 2025. Looking to the global solar microinverter market, the serviceable market is expected to increase from the current $17B, to $45B by 2025. The microinverter duopoly of SolarEdge Technologies (SEDG) and Enphase Energy (ENPH) is about 20% of the US market and 13% of the global market. If the market share for SEDG and ENPH were to rise to 20% in the global market by 2025, we project revenue should rise fourfold to $8-$9B. Even if their collective market share fell to 10%, revenue could still double over the next five years. EPS growth rates are just shy of triple digits to 2022. These figures and forecasts are before factoring in the renewable energy stimulus proposed by the incoming Biden Administration of some $2 Trillion of infrastructure spending in just four years. (Biden's plan includes a goal of carbon-free electricity generation by 2035, rebuilding electricity grids, $400 billion during the next four years for increases in federal procurement of clean energy inputs such as batteries and electric vehicles, support research on grid scale battery technologies, and support for the production of hydrogen for use in transport). So, while we are not technical gurus on solar energy and microinverter technology, we at least know enough to realize that estimates made before the planned policy package are likely to go higher and helps explain the very strong stock price performance to begin 2021 in the renewable energy area.

The greatest detractors to our strategy were a mixed bag including a cell tower REIT, a utility, a telecom services provider, a pipeline company, and an industrial infrastructure company. That said, on an absolute basis the cell tower and data center stocks have been the laggards. Because of the concentration of the sustained underperformance by the companies in this sector we have taken some time to re-examine our investment thesis. The main reason for the underperformance this year, from our research, is that organic growth was reduced in 2020 in the US due to slower site build-out and expected churn from the T-Mobile and US Sprint merger. The other headwind has been some slowing down of telecom build-out in India due to the Indian government levying a tax on gross revenue. Looking ahead the FCC c-band spectrum auction is exceeding expectations and providers are eager to deploy new licenses for 5G which should be positive for tower operators. The launch of the 5G iPhone in 4Q20 is also a positive and should help drive a multi-year ramp in 5G adoption and increase further cell site densification. Moreover, Dish continues with its nationwide network build-out and T-Mobile is likely to increase its investment in meeting nationwide coverage requirements per regulations.

Fortunately, our underperformers had much lower weights than the outperformers. Three of the underperformers have already been divested, as upon a relook at the investment thesis, we believed that redeploying the capital into other emerging opportunities was worth the change. In the case of Air Products and Chemicals (APD), which lagged because management indicated that they were withdrawing from a planned joint venture, we increased our allocation to take advantage of the pullback based on our conviction that one of APD's major projects, which supports the production and distribution of "green" hydrogen, is a game changer in terms of fuel alternatives compared to the internal combustion engine. We also believe that modern infrastructure should include cyber security and we continue to evaluate opportunities in financial and enterprise technology, renewable energy,

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environmental services, and industrial infrastructure. Sometimes the best strategy is to just be patient to improve the probability of realizing attractive long-run returns.

We are continuing our work in finding solid investment opportunities in companies that support the thesis of infrastructure for a modern economy and we look forward to communicating with you, our clients, regarding our progress and performance following the 1Q. We thank you again for the trust and confidence you place in us.

John Edwards, CFA

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