

Creating Real Value.

GLIO – Infrastructure Investment Company view

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InfraRed: Income Strategies (Operational Focus)



London Listing: 2006
 Market Cap: £2.8bn
 Dividend Yield*: 4.5%



London listing: 2013
 Market Cap: £1.0bn
 Dividend Yield*: 6.0%

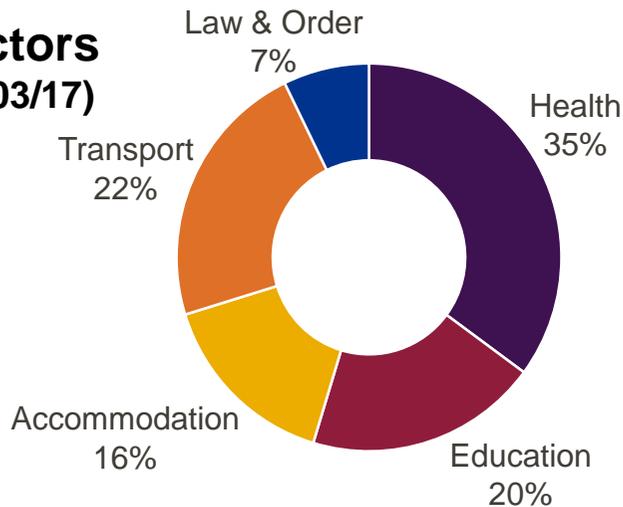
116

PPP, regulated & demand-based projects

Location

77% UK
 23% Other Europe/N America/Australia

**Sectors
 (31/03/17)**



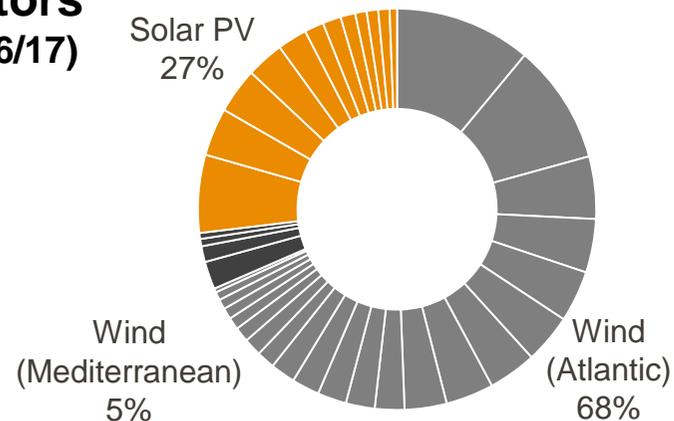
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Renewable energy infrastructure projects

Location

80% UK
 20% Northern Europe

**Sectors
 (30/06/17)**



Source: InfraRed Capital Partners / Thomson Reuters
 *Based on target dividend for next full company year and share price at 31 March 2017

Investment Companies and Trusts - background

- A form of collective investment found mostly in the United Kingdom
- Are closed-end funds and are constituted as public limited companies
- In many respects, the investment trust was the precursor of the investment company in the U.S.
- Investment trust shares are traded on stock exchanges, like other public companies.
- The share price does not always reflect the underlying value of the share portfolio held by the investment trust. In such cases, the investment trust is referred to as trading at a discount (or premium) to NAV (net asset value)
- First investment trust was the Foreign & Colonial Investment Trust, started in 1868 “to give the investor of moderate means the same advantages as the large capitalists in diminishing the risk of spreading the investment over a number of stocks”
- Can also be called Investment Companies (usually when based offshore in places like Guernsey and Jersey)
- Around 440 Investment trusts (or similar) today with market cap of circa £150bn¹

1. Source : AIC website data, September 2017

Investment Trusts – launch of Infrastructure sector in 2006

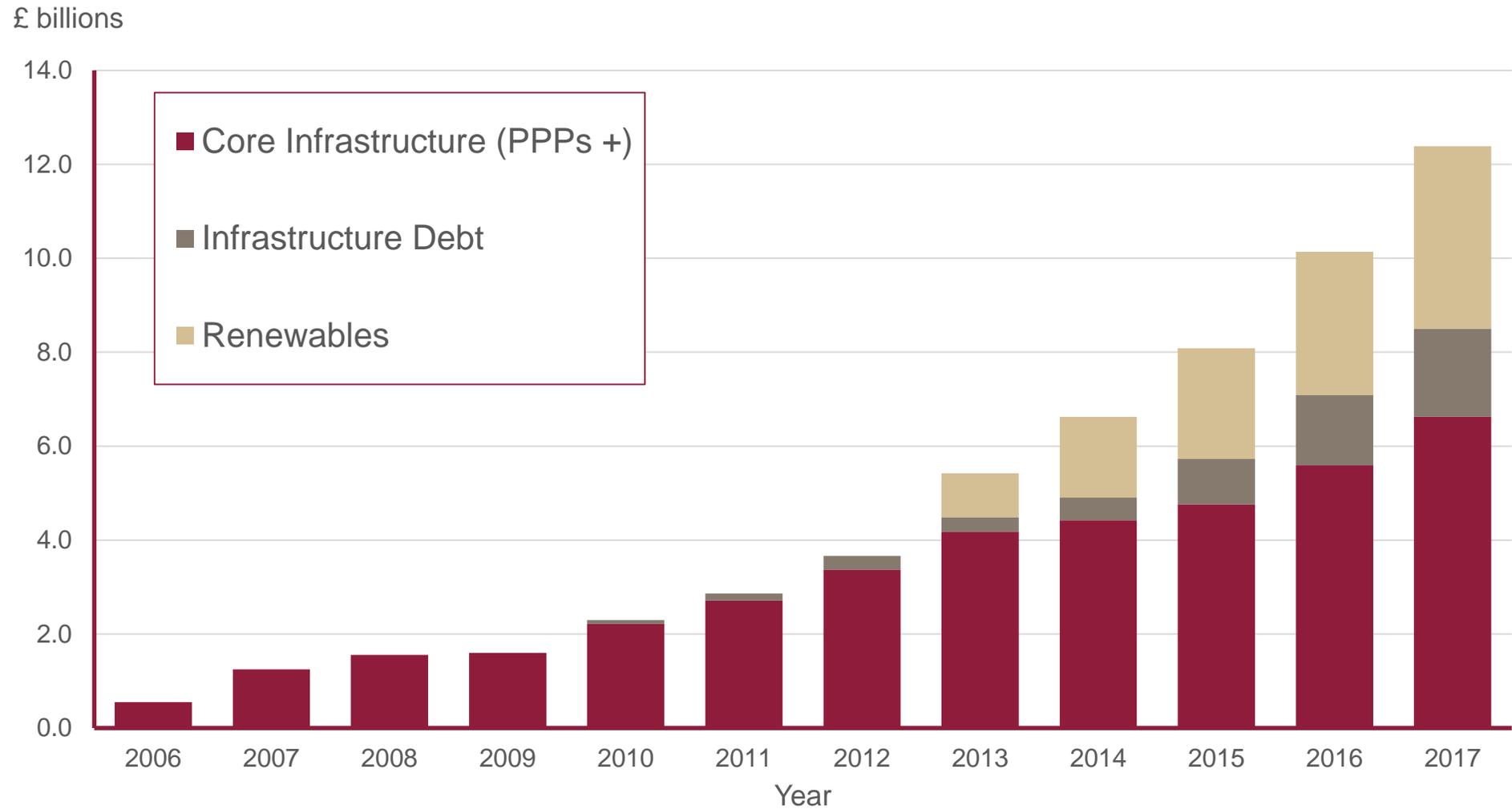
- Investment Trusts until 2006 predominantly either funds of listed investments or property funds
- In March 2006, InfraRed successfully designed and launched the first Investment Trust to focus on infrastructure
- IPO of HICL raised £250m and was 50% oversubscribed
- Whilst shares in HICL are listed and tradeable, underlying investments are in private, unlisted infrastructure assets
- Gave certain investors, including retail, their first proper exposure to the infrastructure asset class
- Further IPOs followed in 2006 and 2007 leading to infrastructure sector within Investment Trust universe¹
- In 2013, first launch of Investment Trust focused on renewable energy assets. InfraRed successfully launched TRIG in July 2013
- These Investment Trusts typically offered cash covered dividend, transparent structures and published portfolio valuations and NAV

¹ International Public Partnerships (November 2006); 3i Infrastructure (March 2007). Source: InfraRed research.

² Greencoat UK Wind. Source: InfraRed research.

UK Infrastructure Investment Trust sector

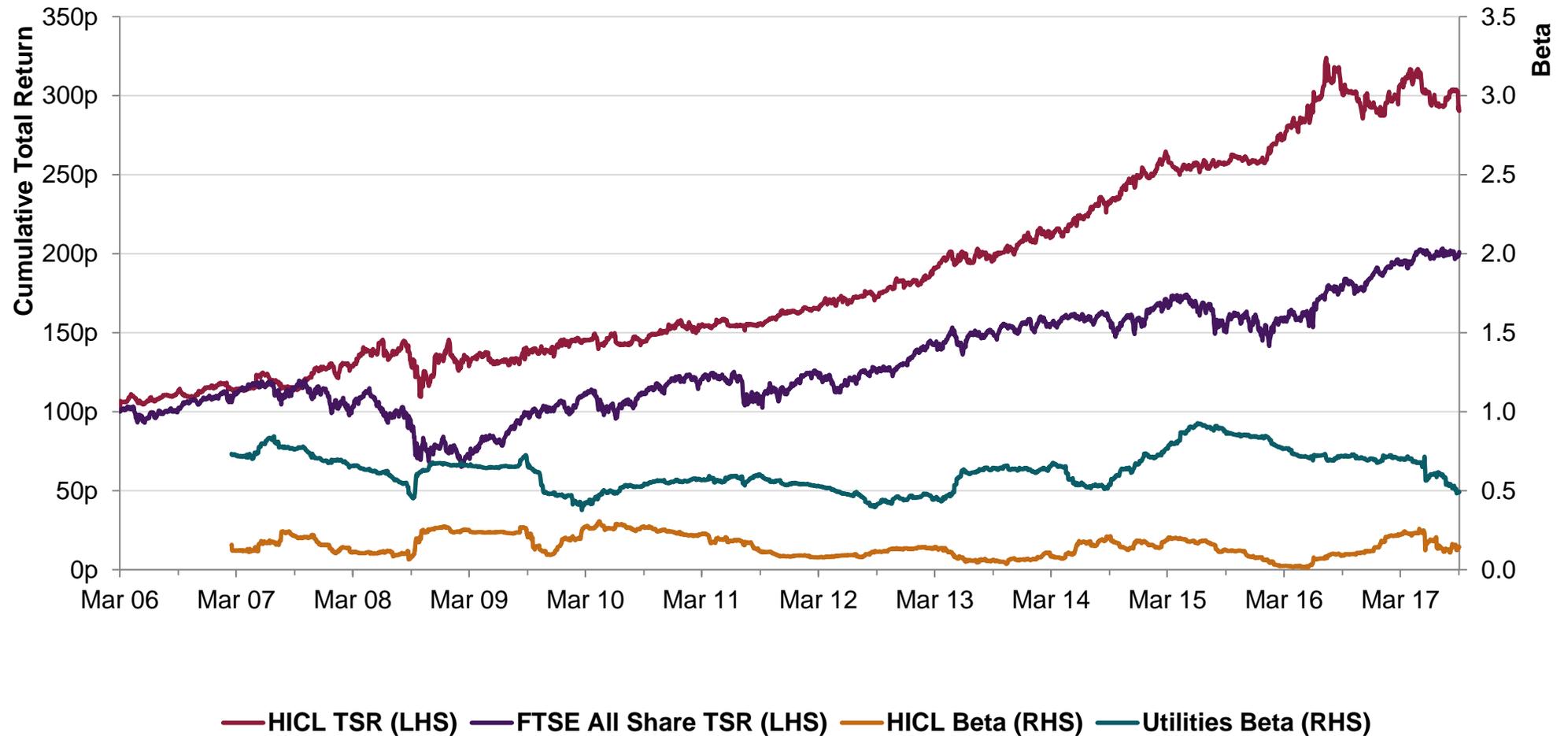
Cumulative capital raised since 2006



Source : InfraRed analysis - September 2017

HICL - Historic Performance

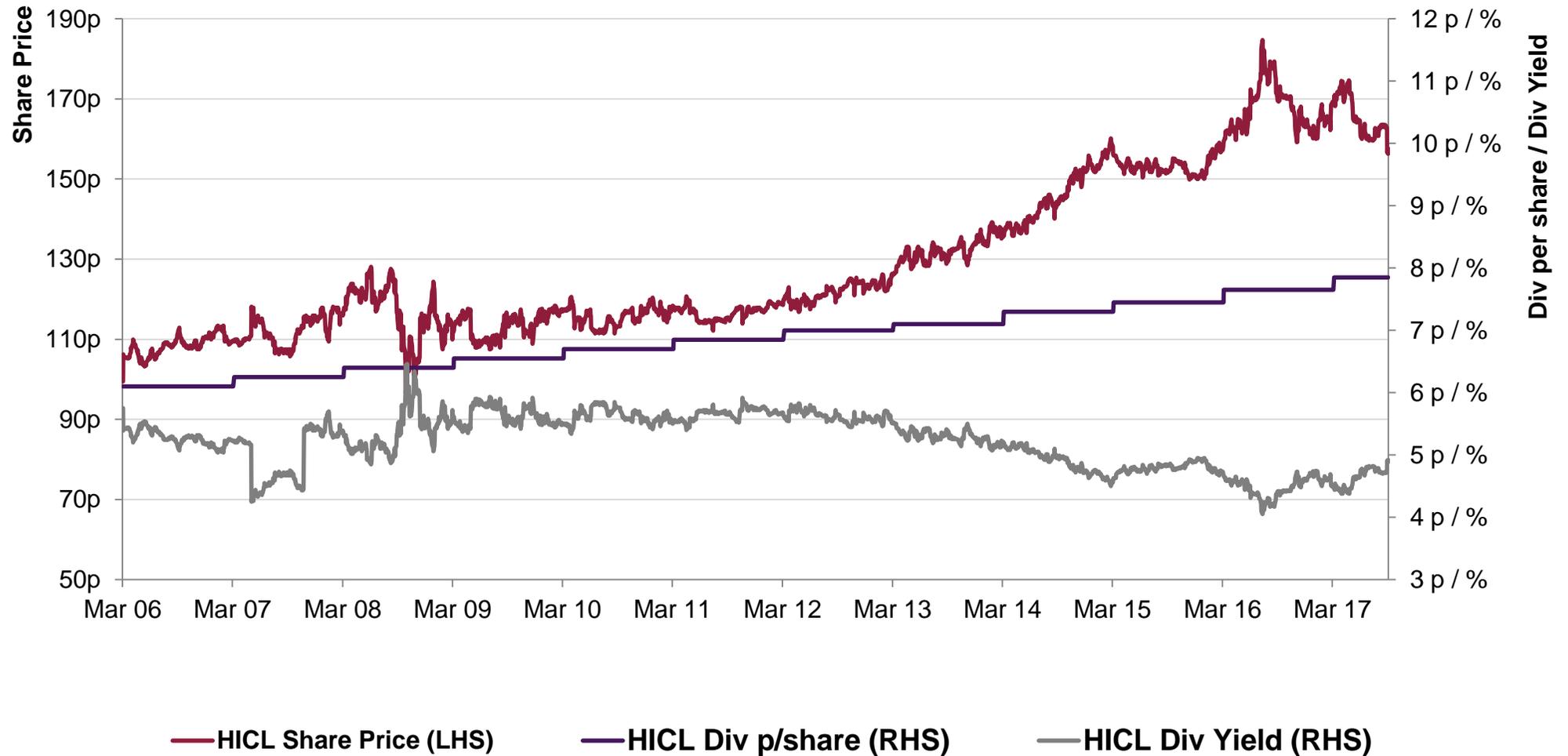
Low beta over last 10 years



Source: InfraRed, Thomson Reuters Datastream. Past performance is not a reliable indicator of future performance. Investments can fluctuate in value

HICL - Historic Performance

Attractive yield



Source: InfraRed, Thomson Reuters Datastream. Past performance is not a reliable indicator of future performance. Investments can fluctuate in value

Concluding remarks

- UK infrastructure Investment Trust sector
 - Gives direct access to privately owned infrastructure assets
 - Attractive yields and low betas, appealing to range of investors – retail, pension funds, fund of funds and insurance companies
 - Segment has combined market cap of £14.8bn – 14 different Investment Companies¹
- Strengths
 - Governance - Independent boards
 - External managers – simple fee structures - normally based on AUM (often with fee tapers)
 - Transparent structures and clear reporting
 - NAVs published regularly (Often with external valuation validation)
 - Attractive yields, often with quarterly distributions
 - Not generally correlated with equities - low betas

1. Source : AIC website data, September 2017