Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

31 DECEMBER 2022

Q4 2022 Review

Partners Group Listed Investments SICAV – Listed Infrastructure

Disclaimer

This material has been prepared solely for purposes of illustration and discussion. Under no circumstances should the information contained herein be used or considered as an offer to sell, or solicitation of an offer to buy any security. Any security offering is subject to certain investor eligibility criteria as detailed in the applicable offering documents. The information contained herein is confidential and may not be reproduced or circulated in whole or in part. The information is in summary form for convenience of presentation, it is not complete and it should not be relied upon as such.

All information, including performance information, has been prepared in good faith; however Partners Group makes no representation or warranty express or implied, as to the accuracy or completeness of the information, and nothing herein shall be relied upon as a promise or representation as to past or future performance. This material may include information that is based, in part or in full, on hypothetical assumptions, models and/or other analysis of Partners Group (which may not necessarily be described herein), no representation or warranty is made as to the reasonableness of any such assumptions, models or analysis. Any charts which represent the composition of a portfolio of private markets investments serve as guidance only and are not intended to be an assurance of the actual allocation of private markets investments. The information set forth herein was gathered from various sources which Partners Group believes, but does not guarantee, to be reliable. Unless stated otherwise, any opinions expressed herein are current as of the date hereof and are subject to change at any time. All sources which have not been otherwise credited have derived from Partners Group.

2022 Q4 review

Key market drivers

December was a particularly weak month for global equities, driven by macroeconomic concerns and a continued hawkish tone by the European Central Bank. In this challenging environment, the Partners Group Listed Investments SICAV – Listed Infrastructure Fund rose by 1.6% during Q4, outperforming both its benchmark – S&P Global Infrastructure – which reported +1.1% performance for the period, as well as the MSCI World which decreased by 0.1% (measured in EUR). For the full year 2022, overall global equity markets struggled with headwinds such as the war in Ukraine and rising inflation globally, which led Central Banks to raise interest rates. MSCI World declined by approximatively 13% during the year, while the major US indices were even weaker, falling by 20% or more. In this context, the Fund was a more stable performer, outperforming the MSCI World by approximatively 700bps, with its performance supported by more defensive infrastructure companies. The Fund's relative underperformance against the benchmark was driven largely by the underweight to the energy sector, which performed strongly in the year as energy prices soared, as well as to its high allocation to communication infrastructure, which despite its weak performance, continues to benefit from longer term secular growth tailwinds.

During Q4, transport infrastructure was the best performing sector, driven by toll roads, while regulated utilities and social infrastructure also performed well. However, communication infrastructure remained weak, and energy pipelines also gave up some gains during the quarter.

Key portfolio drivers

Within transport, toll roads were clearly the best performer in Q4, while railroads and airports were flat. The overall performance of transport infrastructure was one of the key reasons for the relative outperformance of the Fund against the benchmark. Within toll roads, Vinci, the largest allocation in our portfolio, reported strong Q3 numbers with net income and toll road traffic for 2022 expected to be higher than in 2019, positive free cash flow in the airport concessions business, as well as bullish guidance on the construction business. Vinci’s performance and its high allocation in the portfolio drove the performance of the transport infrastructure sector. While railroads sector's performance was overall flat, Rumo – the Brazilian railroad operator – reported strong freight volumes for the first nine months of this year. The company is expected to achieve its high-volume guidance for this year and 2023 volumes also look promising due to a good harvest. Other good performers included Aena and CSX Corp.

Communication infrastructure was overall weak, though Equinix – the sole data center operator in our portfolio – was among the top 5 performers during Q4. Equinix reported solid earnings with demand for its interconnection-rich data centers remaining robust. The company also raised its 2022 outlook and remains confident on its ability to pass-through higher power costs to end-customers. We remain confident that Equinix, given the positive outlook for retail colocation and interconnection, will be a secular growth story over the next few years. The performance of the communication infrastructure sector was however dragged down by the negative performance of communication towers, especially Crown Castle. All four tower operators in the portfolio reported Q3 results that were in-line or above market expectations, but the sentiment on the sector remained weak, which pushed down the performance. There was very little company-specific news that could have triggered the negative performance.

Within utilities, the regulated transmission and distribution utilities as well as the water utilities performed strongly during the quarter. Sabesp, the Brazilian water operator, was a strong performer during the quarter as there is renewed expectation that the company may be privatized under the new

Governor following the elections in the Sao Paulo state. If the company were to be privatized, the upside may likely be higher. Chinese gas utilities also rebounded strongly during the quarter, as China began to reopen its economy and soften its Covid policies. In addition, easing concerns on the Chinese real estate also helped the sector, given that gas utilities derive a large portion of earnings from new property connections. Finally, other transmission & distribution utilities in our portfolio continued to report solid earnings growth for Q3, increased their capex programs and reiterated their dividend guidance. Energy pipelines had a slightly weak quarter, as energy prices declined during the quarter. TC Energy in particular was a weak performer as it discovered a leak in one of its key assets, the Keystone oil pipeline. The leak, estimated at 14 thousand barrels of crude oil, forced the pipeline to fully shut down for about a week, before partially reopening.

Finally, social infrastructure also contributed to the positive performance of the portfolio during the quarter, as both companies that we hold in our portfolio have up to 40 years of visibility on cash flows, and they are based on availability rather than demand variation.

Portfolio positioning and outlook

Regulated utilities and communication infrastructure both remain the largest allocations within our portfolio, though over the past year, we have been increasing exposure to railroads and waste operators by reducing exposure selectively to pipelines and airports. In the past quarter, we made a few changes, divesting Sabesp and re-investing the proceeds into Companhia de Transmissão de Energia Elétrica Paulista – the Brazilian regulated transmission utility, reducing the allocation slightly to Union Pacific and Canadian National Railway, respectively increasing the allocation to CSX thereby maintaining the overall exposure to North American railroads, and finally, building a new position in Elia – the Belgian regulated utility – by reducing the allocation to Chinese gas utilities.

Among sectors, communications infrastructure will remain one of our key sector focuses over the next few years, given the strong tailwinds for the sector. We continue to see large investment needs for the sector that could drive earnings growth over the medium to long term. We see more scope of outsourcing towers by mobile network operators ("MNOs") in Europe, and the 5G investments by the US-based MNOs are expected to accelerate further. These are companies that are expected to grow at mid-to-high single digits (higher in certain cases), with long-term contracts (approximatively 30 years in some cases), and with healthy EBITDA margins (roughly 50%). They also have inflation escalators, with very low maintenance capex as percentage of revenue. We do not believe the sub-20x P/AFFO multiples will last for very long, and the market will react positively to earnings growth for the sector. Data centers are also expected to benefit from such long-term secular trends. We have increased our position in communication infrastructure over the past two years, and despite the poor performance in 2022, we find that underlying fundamentals and leasing activity all remain robust.

Regulated utilities had a robust performance in Q4, but we continue to see good opportunities within this sub-sector. Most of the companies within the sector reported strong earnings, and we expect this trend to continue in 2023. During the pandemic, the regulated utilities did not modify their medium-term investment plans or faced unfavorable changes to their regulation, both of which are promising indicators for the sector's earnings growth potential. However, within the sector, we continue to emphasize on electric and water utilities, and have changed allocations accordingly. Furthermore, those utilities that are subject to stable regulation, have a strong balance sheet and meaningful capex on their regulated asset base, should also provide better performance even in a rising interest rate environment.

We remain positive on the US waste managers, and our exposure to the sector has grown accordingly over the past two years. Finally, while performance of transport infrastructure has recovered to some

extent, we find that toll road traffic recovered meaningfully during last summer, but airport passenger numbers remain rather weak. This is evident from observing Vinci's reported numbers as they expect toll road traffic in 2022 to be above 2019 levels, while airport passengers remain below the 2019 levels for all airports in our portfolio, as well as in our wider coverage universe. We continue to take a cautious approach on the sector and believe traffic on toll-roads will recover faster than airports, as appetite for travel remains. Furthermore, toll-road valuations are attractive. We are cautious on airports over the medium-term, and especially on those that are exposed to international long-haul, business and transfer traffic. We also remain positive on the outlook for railroads.

In summary, we have slightly shifted our portfolio towards companies that we believe will do better in an inflationary environment. However, two thirds of the portfolio remains invested in less GDP-sensitive sectors such as regulated utilities, towers and social infrastructure operators, which will likely still provide growth even in an economic downturn scenario. The underlying portfolio companies continue to perform well from a fundamental point of view. Furthermore, a scenario of rising nominal rates is not a negative per se for Partners Group Listed Investments SICAV – Listed Infrastructure as more than 70% of the portfolio companies' underlying revenues are directly or indirectly linked to inflation.

ESG

We believe it is worthwhile highlighting that the Fund follows an ESG approach like all Partners Group products. Partners Group has been an early mover in ESG, as a UNPRI signatory since 2001 and with a dedicated ESG team that has been in place for many years. We have in the past and continue to decline certain investments purely on ESG concerns and the exclusion of power generation and in particular "dirty" coal fired power plants and "tail risky" nuclear power plants makes our Fund even further ESG relevant. We would also like to highlight that our fund is rated 'AAA' – the highest possible rating – by the MSCI ESG platform.

Contacts

www.partnersgroup.com

Zug
Zugerstrasse 57
6341 Baar-Zug
Switzerland
T +41 41 784 6000

Denver
1200 Entrepreneurial Drive
Broomfield, CO 80021
USA
T +1 303 606 3600

Houston
5847 San Felipe Street, Suite 1730
Houston, TX 77057
USA
T +1 713 821 1622

Toronto
Exchange Tower, 130 King Street West,
Suite 1843
Toronto, ON M5X 1E3
Canada
T +1 416 865 2033

New York
The Grace Building
1114 Avenue of the Americas, 41st Floor
New York, NY 10036
USA
T+1 212 908 26 00

São Paulo
Rua Joaquim Floriano, 1120 – 11° andar
CEP 04534-004, São Paulo – SP
Brazil
T +55 11 3528 6500

London
110 Bishopsgate, 14th floor
London EC2N 4AY
United Kingdom
T +44 20 7575 2500

Guernsey
P.O. Bos 477
Tudor House, Le Bordage
St Peter Port, Guernsey
Channel Islands, GY1 1BT
T +44 1481 711 690

Paris
14, rue Cambacérès
75008 Paris
France
T +33 1 70 99 30 00

Luxembourg
35D, avenue J.F. Kennedy
L-1855 Luxembourg
B.P. 2178, L-1021 Luxembourg
T +352 27 48 28 1

Milan
Via della Moscova 3
20121 Milan
Italy
T +39 02 888 369 1

Munich
Skygarden im Arnulfpark
Erika-Mann-Str. 7
80636 Munich
Germany
T +49 89 38 38 92 0

Dubai
Office 601, Level 6
Index Tower, DIFC
POBOX 507253
Dubai, UAE
T +971 4 316 9555

Mumbai
Suite 3103 (Four Seasons Hotel)
Plot No. 1/136, Dr. E Moses Road, Worli
Mumbai 400 018
India
T +91 22 2481 8750

Singapore
8 Marina View
Asia Square Tower 1 #37-01
Singapore 018960
T +65 6671 3500

Manila
18/F Seven/NEO Building
5th Avenue Corner 26th Street
Bonifacio Global City, Taguig
1634 Metro Manila
Philippines
T + 63 2804 7100

Shanghai
Unit 1904-1906A, Level 19
Tower I, Jing An Kerry Center
No. 1515 West Nanjing Road
Jing An District, Shanghai 200040
China
T +8621 2221 8666

Seoul
25th Fl. (Gangnam Finance Center,
Yeoksam-Dong) 152 Teheranro
Gangnam-Gu, Seoul 135-984
South Korea
T +82 2 6190 7000

Tokyo
Marunouchi Park Bldg. 6F
2-6-1 Marunouchi, Chiyoda-ku
Tokyo 100-6906
Japan
T +81 3 5219 3700

Sydney
Level 32, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000
Australia
T +61 2 8216 1900