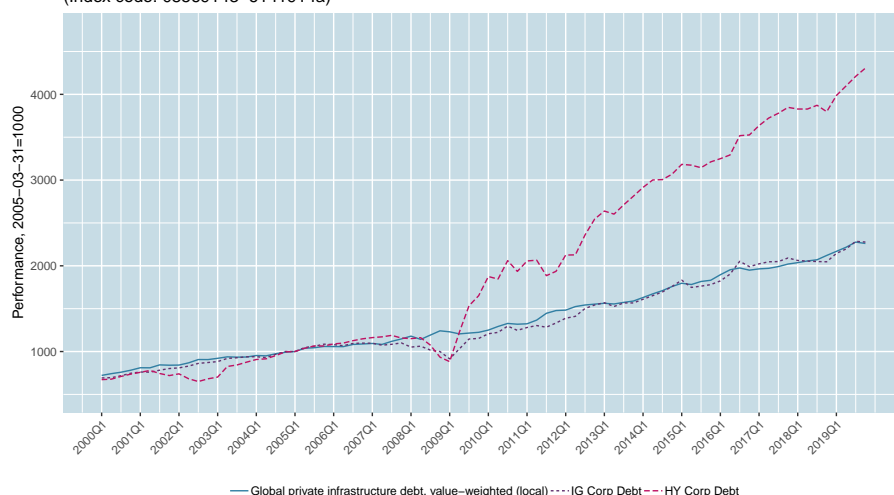


Global private infrastructure debt (Local returns)

Data as at 2019-12-31

The Global private infrastructure debt, value-weighted (local) is a value-weighted representation of the Global private infrastructure debt market. It covers all investable infrastructure sectors. Index constituents include all business models. They include both infrastructure projects (SPVs) and corporates, multiple maturities, credit risk levels and currencies. As of 2019-12-31 the index had a total market capitalisation of USD 320.9 bn, representing 1387 senior debt instruments. Since inception, a total of 2493 individual instruments have been included in this index.

Total Return Index, 2005=1000
Global private infrastructure debt index family (LCL returns)
(Index code: 08569143-6141914a)



FEATURES

Coverage

Constituents are selected to create a representative sample of the private investable infrastructure market in most major markets globally.

Objective

The index and subindices are designed to capture the dynamics of the global private infrastructure market: they measure payout and interest rate risk and reflect the evolution of investors' risk preferences (required risk premia) over time.

Investability

EDHECinfra broad market indices are not directly investable.

Transparency

EDHECinfra universe construction and index computation rules, constituents and downloadable index data are freely available at indices.edhecinfra.com.

Availability

EDHECinfra broad market indices and sub-indices are presented in USD. They are also available in local currency, GBP, EUR, JPY, CAD and AUD.

Classifications

EDHECinfra indices and sub-indices are categorised according to the taxonomy and rationale described in Amenc and Blanc-Brude (2018).

Index Performance and Risk

| | This Quarter | Annualised | 1-year | 3-year | 5-year | 10-year | Historical |
|-----------------------|--------------|------------|--------|--------|--------|---------|------------|
| Total Returns | -0.72% | -2.84% | 6.58% | 5.06% | 5.15% | 6.32% | 5.95% |
| Excess Returns | -0.97% | -3.84% | 5.68% | 4.31% | 4.34% | 5.27% | 3.48% |
| Volatility | 2.673% | 5.347% | 5.195% | 5.568% | 5.784% | 6.279% | 4.601% |
| Historical Volatility | - | - | - | 2.01% | 2.59% | 2.86% | 3.3% |
| Sharpe Ratio | -0.363 | -0.718 | 1.093 | 0.774 | 0.75 | 0.839 | 0.756 |
| Value-at-Risk | 7.61% | 16.61% | 6.8% | 9.28% | 9.75% | 9.85% | 5.9% |

Model volatility is estimated based on the price sensitivity and factors uncertainty. Sharpe ratio and Value-at-Risk are computed using the model volatility

Key Index Metrics

| | This Quarter | 1Y ago | 3Y ago | 5Y ago | 10Y ago | 4Q high | 4Q low |
|-------------------|--------------|-----------|-----------|-----------|-----------|-----------|---------|
| Index Value | 2260 | 2121 | 1949 | 1758 | 1224 | 2277 | 2169 |
| Yield-to-maturity | 2.61% | 3.19% | 3.17% | 3.7% | 5.49% | 3% | 2.35% |
| Duration | 5.2 years | 5.1 years | 5.4 years | 5.5 years | 5.2 years | 5.2 years | 5 years |
| Pct. Inv. Grade | 89% | 90.3% | 85.1% | 83.6% | 71% | 89.6% | 88.7% |

Index value is set to 1000 in 2005; reported yield-to-maturity is duration-weighted, reported duration is the modified duration; reported expected loss is given as a proportion of market value; 'investment grade' is defined as having a probability of default below 0.5%; reported value-at-risk is the 99.5% quantile.

Abhishek Gupta

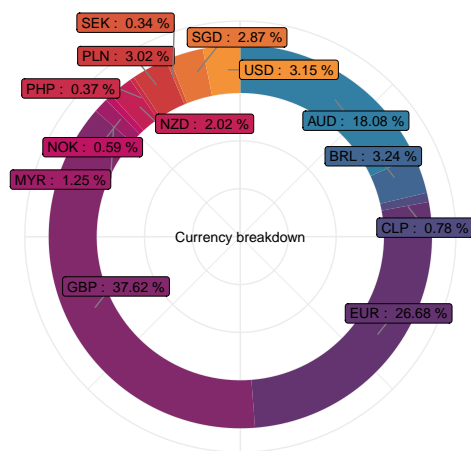
Investment Solution Specialist – Singapore
abhishek.gupta@edhec.edu
+65 6438 0030

Index Weights Distribution

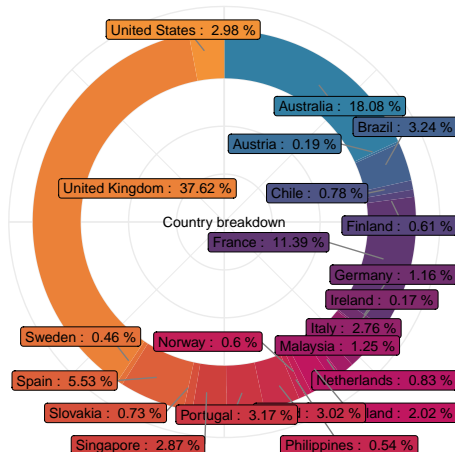
| | This Quarter | 1Y ago | 3Y ago | 5Y ago | 10Y ago |
|-------------------------------|--------------|--------|--------|--------|---------|
| Regions | | | | | |
| Americas | 6.99% | 6.9% | 5.54% | 6.41% | 1.76% |
| Asia | 4.66% | 4.26% | 3.94% | 4.41% | 3.47% |
| Europe | 68.24% | 68.46% | 71.12% | 72.04% | 80.15% |
| Oceania | 20.1% | 20.38% | 19.4% | 17.14% | 14.62% |
| Broad Sectors | | | | | |
| Data Infrastructure | 0.1% | 0.13% | 0.2% | 0.12% | 0.56% |
| Energy and Water Resources | 7.7% | 7.66% | 7.91% | 5.82% | 4.34% |
| Environmental Services | 1.78% | 2.01% | 1.67% | 1.82% | 0.97% |
| Network Utilities | 31.08% | 29.97% | 30.99% | 29.05% | 31.71% |
| Power Generation x-Renewables | 4.31% | 4.11% | 4.97% | 6.19% | 9.46% |
| Renewable Power | 6.34% | 7.1% | 6.5% | 8.69% | 2.6% |
| Social Infrastructure | 5.03% | 5.34% | 5.3% | 5.4% | 6.79% |
| Transport | 43.65% | 43.67% | 42.46% | 42.92% | 43.57% |
| Business Models | | | | | |
| Contracted | 27.01% | 28.56% | 27.19% | 29.54% | 25.64% |
| Merchant | 22.44% | 22.41% | 23.1% | 24.95% | 30.75% |
| Regulated | 50.55% | 49.03% | 49.71% | 45.52% | 43.61% |
| Corporate Structure | | | | | |
| Corporate | 63.05% | 61.85% | 61.92% | 58.42% | 62.94% |
| Project Company | 36.95% | 38.15% | 38.08% | 41.58% | 37.06% |

This table shows the index weights summed by broad categories.

Currency Composition
Global private infrastructure debt index family (LCL returns)
(Index code: 08569143-6141914a)



Country Composition
Global private infrastructure debt index family (LCL returns)
(Index code: 08569143-6141914a)



INFORMATION

Index Name

Global private infrastructure debt, value-weighted (local)

Bloomberg Ticker

-

EDHECinfra Index Code

08569143-6141914a

Current constituents

1387

Index Universe

Debt

Currency

LCL

Asset Selection

All sectors; all business models; all corporate structures; all maturities, credit risk levels and currencies.

Weights

Market Weights

Index Launch

31 June 2019

Review Dates

31 December, 30 March, 30 June, 31 September

Base Value

1000 in 2005

Current Index Value

2260.4

Current USD Capitalisation

USD320.9bn

12-month Turnover

New entrants: 11

Exits: 9

Fundamental Research

EDHEC Infrastructure Institute

Top 10 Weights

| Borrower Code | Name | Country | Weight |
|---------------|----------------------------------|----------------|--------|
| 1724549011211 | FGP TOPCO LIMITED | United Kingdom | 5.484% |
| 1724549010927 | UNITED UTILITIES WATER LIMITED | United Kingdom | 5.331% |
| 1142579000043 | APT PIPELINES LTD | Australia | 4.054% |
| 1636339002665 | AUTOROUTES DU SUD DE LA FRANCE | France | 2.915% |
| 1724549002390 | ANGLIAN WATER SERVICES LIMITED | United Kingdom | 2.914% |
| 1142579000562 | AUSNET SERVICES HOLDINGS PTY LTD | Australia | 2.673% |
| 1636339003469 | AEROPORTS DE PARIS (GROUPE ADP) | France | 2.096% |
| 1724549003514 | SCOTIA GAS NETWORKS LIMITED | United Kingdom | 1.813% |
| 1636339000667 | APRR | France | 1.792% |
| 1724549000264 | SOUTHERN WATER SERVICES LIMITED | United Kingdom | 1.693% |

This table lists the constituents with the ten largest weights in the index.

New Constituents

| Borrower Code | Name | Number of Instruments | Country | Weight |
|---------------|--|-----------------------|---------------|---------|
| 1142579001757 | HALLETT 4 WIND FARM (NORTH BROWN HILL WIND FARM) | 2 | Australia | 0.0729% |
| 1142579002395 | MILLMERRAN AND CALLIDE POWER PLANTS | 1 | Australia | 0.0979% |
| 1236339001598 | ITAPEBI HYDROELECTRIC POWER PLANT | 1 | Brazil | 0.0587% |
| 1236339002234 | SAO PAULO METRO LINE 4 | 2 | Brazil | 0.109% |
| 1350579000376 | SULTAN AZLAN SHAH POWER STATION (STESAN JANAKUASA SULTAN AZLAN SHAH MANJUNG) | 2 | Malaysia | 0.2434% |
| 1538489002491 | RENOMAR WIND FARMS | 1 | Spain | 0.0742% |
| 1636339000843 | DUNKIRK LNG TERMINAL | 1 | France | 0.2838% |
| 1940339001592 | MILAN OUTER EAST ORBITAL ROAD (TEEM) | 3 | Italy | 0.3262% |
| 2138339009363 | CENTRAL 70 | 17 | United States | 0.0545% |
| 2138339009373 | PURPLE LINE TRANSIT | 19 | United States | 0.1146% |
| 2138339009401 | I-66 EXPRESS LANES | 5 | United States | 0.3367% |

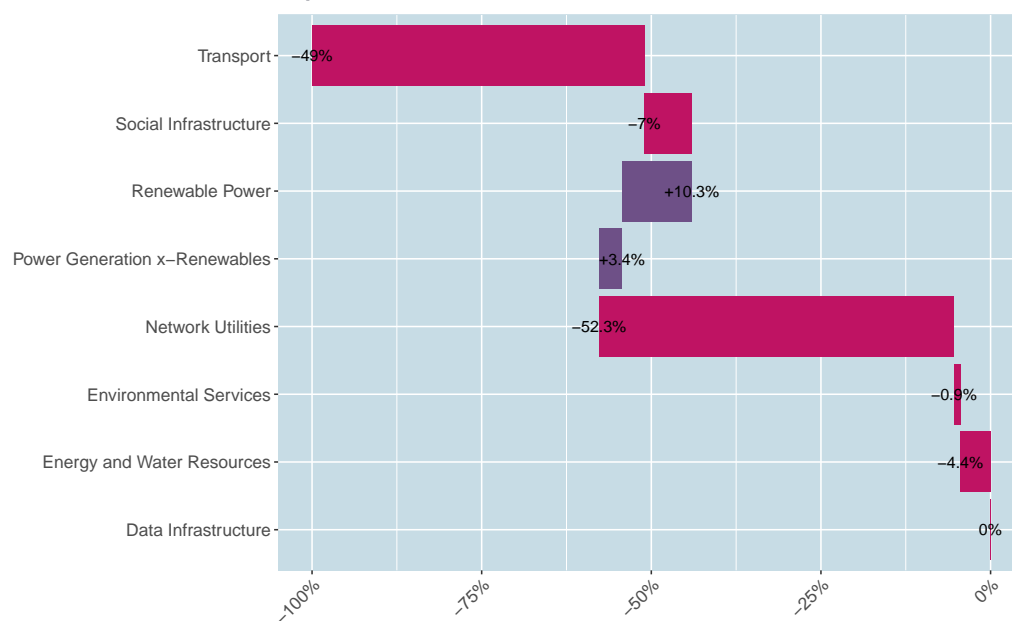
This table lists constituents included in the index in the 3-months prior to this report's compilation date.

Outgoing Constituents

| Constituent Code | Name | Number of Instruments | Country | Weight |
|------------------|----------------------------------|-----------------------|----------------|---------|
| 1142579000768 | WAUBRA WIND FARM | 1 | Australia | 0.0433% |
| 1142579001855 | GUNNING WIND FARM | 1 | Australia | 0.0162% |
| 1430639001949 | NH90 HELICOPTER TRAINING CENTRES | 1 | Germany | 0.0143% |
| 1636609000096 | TAPADA DO OUTEIRO POWER PLANT | 1 | Portugal | 0.0103% |
| 1636609000428 | SERRA DOS CANDEEIROS WIND FARM | 1 | Portugal | 0.0057% |
| 1636609000987 | VIALITORAL | 1 | Portugal | 0.0243% |
| 1724549000773 | GREAT YARMOUTH POWER STATION | 1 | United Kingdom | 0.0082% |
| 1724549004112 | TIR MOSTYN AND FOEL GOCH | 1 | United Kingdom | 0.0013% |
| 1724549010232 | THE PORT OF MOSTYN | 1 | United Kingdom | 0.0008% |

This table lists constituents removed from the index in the 3-months prior to this report's compilation date.

Share of Contribution (TICCS pillar 2) to 2019Q4 returns



A modern approach to measuring performance in unlisted infrastructure investments

EDHEC*infra* indices and benchmarks aim to provide a **representative, risk-adjusted view of the performance of investments in unlisted infrastructure equity and private debt**. These indices respond to a clear demand on the part of asset owners and managers to have access to better measures of value and risk when defining and comparing infrastructure investment strategies, monitoring performance and setting risk budgets. In the 2019 EDHEC/GIH survey of infrastructure investors, 90% of respondents declared that their current choice of absolute or relative benchmarks were not representative and did not adequately measure risk and performance.

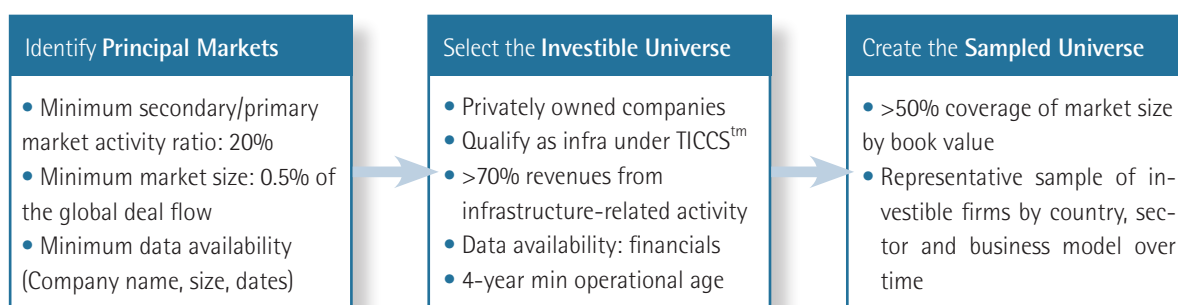
EDHEC*infra* produces *calculated* (as opposed to contributed) indices: our data and technology allows re-pricing hundreds of individual assets through time, using actual transaction prices to recalibrate expected returns (and discount rates). This approach uses market inputs, thus avoiding the smoothing of returns caused by appraisal valuations and providing a genuine **fair value** assessment of performance.

Unlike other private indices, which only report an average performance, EDHEC*infra* indices include the effect of diversification and provide advanced risk metrics such as volatility, value-at-risk and risk factor prices. The index calculation method is summarised below in four key steps.

Further details can be found in a series of in-depth documents available at edhec.infrastructure.institute.

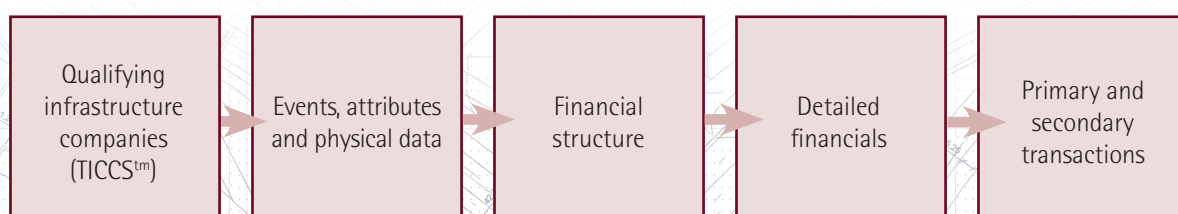
Step 1: A Representative Universe

Universe construction uses systematic rules to identify *principal* markets (IFRS-13) and select individual companies. As of early 2019, the **EDHEC*infra* Universe** includes 25 countries and more than 5,000 firms.



Step 2: A Standardised Database

EDHEC*infra* collects company level data from public and private sources for all firms in the **Sampled Universe** according to the **Global Infrastructure Investment Data Standard**. The hundreds of firms included in the Sampled Universe represent millions of data points.



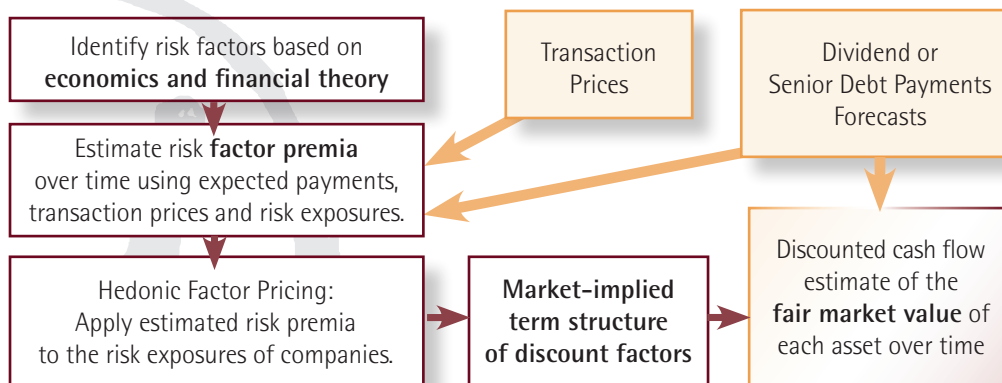
EDHEC*infra* data contributors follow a **Data Contributor Code of Conduct**, which also defines the minimum data required for contributions to be included in the database.

Step 3: Fair Value Asset Pricing

EDHEC*infra* produces **fair value estimates** for equity and senior debt instruments in each infrastructure firm in its Sampled Universe. The IFRS-13 fair value is the average price of a financial asset based on what buyers and sellers in any principal market are willing to pay at the time of evaluation.

In each period, excess returns are implied from the combination of actual transaction prices and dividend or senior debt payment forecasts. These expected returns represent the aggregate market price of risk for a cross-section of equity or debt investments at that point in time. They are then **decomposed into multiple risk factor premia** (e.g. the size or leverage risk premia) using a cross-sectional regression.

Each risk premia in a given period can then be applied to all relevant investments at that time, whether they are traded or not, using each company's 'factor loadings' (e.g. its actual size or leverage) to derive a **market-implied discount rate** for each investment.



Step 4: Risk-Adjusted Performance Indices

Individual constituents returns are computed in both local or major currencies and aggregated using different weighting schemes to compute quarterly index values. EDHEC*infra* indices use three weighting schemes.



We compute the return covariance of each pair of constituents in the Sampled Universe. This allows us to compute index risk metrics such as volatility, drawdown and value-at-risk. Filters are applied to the **Sample Universe** such as geography, sector or business model to create sub-index families.

Geography breakdown

EDHEC*infra* broad market index families

| Unlisted infrastructure equity index families | Private infrastructure debt index families |
|---|--|
| Global unlisted infrastructure equity | Global private project finance debt |
| Global project finance equity | Global private infrastructure debt |
| Advanced markets unlisted infrastructure equity | Advanced markets private infrastructure debt |
| Emerging markets unlisted infrastructure equity | Emerging markets private infrastructure debt |

Sector/business risk breakdown

EDHEC*infra* broad market index families

| Unlisted infrastructure equity sub-indices | | Private infrastructure debt sub-indices | | |
|---|--|---|--|---|
| Business risk | Broad sectors | Business risk | Broad sectors | Credit |
| <ul style="list-style-type: none"> Regulated Contracted Merchant | <ul style="list-style-type: none"> Transport Social infrastructure Energy Renewables | <ul style="list-style-type: none"> Regulated Contracted Merchant | <ul style="list-style-type: none"> Transport Social infrastructure Energy Renewables | <ul style="list-style-type: none"> Default risk Maturity Instrument currency |

Find out more at edhec.infrastructure.institute

About EDHECinfra

EDHECinfra is an independent research organisation delivering unique index data and analytics measuring the risk-adjusted performance of unlisted infrastructure investments.

The lack of risk-adjusted benchmarks Today, most investors have to use ad hoc benchmarks for their unlisted infrastructure investments. Some investors use an inflation rate plus a spread, others a measure of the average returns of an equally ad hoc selection of infrastructure projects.

These benchmarks, whether they refer to absolute or relative returns, all have the same flaw: they take no account of risk.

Without robust measures of risk-adjusted performance, it is impossible to justify a choice of spread. Without a clear understanding of the representativity of reported returns and of their covariance, existing 'benchmarks' fail to answer the most important question about the asset class: What is the risk-adjusted performance of private infrastructure debt or equity?

EDHECinfra exists to answer this question and build the market indices and benchmarks that investors need.

Building the largest database in the world We collect, clean and analyse private infrastructure investment data and have created the largest database of infrastructure investment data in the world today: a global repository of financial knowledge built to be representative of the investable market each year, going back 20 years.

Measuring risk in illiquid investments EDHECinfra has developed a series of models to estimate realised and future volatility, and measure risk and returns at the index constituent level.

For example, for a given unlisted equity infrastructure investment and its expected dividends, discount rates can be estimated to match the term structure of risk-free rates at the relevant horizon, future dividend volatility and the aggregate price of risk, which can be implied from the value invested in this project and all other primary or secondary market transactions for assets with similar dividend volatility and maturity at that time. The range of expected returns at one point in time, which results from the range of observable transactions, thus measures the risk of this investment at that point in time.

Measuring credit risk in private debt Measuring the risk-adjusted performance of long-term private debt instruments when few defaults are observable requires better credit risk models than the ones relying on historical data alone.

EDHECinfra has created and implemented a structural approach to credit risk and post-default debt restructuring in infrastructure debt that allows computing distance to default and expected losses at each point in the future and as well as the relevant metrics to benchmark highly illiquid infrastructure debt instruments (e.g. value-at-risk, duration, etc).

Building proper indices Using the performance results from our asset pricing and risk models, we can report the portfolio-level performance of groups of infrastructure equity or debt investments using the categories that are most relevant for investors' investment decisions.

Because each index is built using risk and performance measures derived at the constituent level, return covariance and diversification benefits can be estimated, allowing the creation of proper indices and benchmarks.

Data access EDHECinfra is building the largest, most representative database of underlying infrastructure investments in the world. A representative sample by investable sector, business model, and corporate structure is built for each national market, while ensuring a 50% market coverage by size. This sampling approach ensures that EDHECinfra indices are representative of the universe they track in each year.

Detailed financial data is collected from contributors using a standard template that also aims to improve reporting and transparency. Other sources of data include freedom of information requests, audited accounts as well as sources of physical data about each asset (GIS).

In early 2018, the EDHECinfra database tracked the performance of 700 firms and included close to 4.5 million cash flow and balance sheet items, and hundreds of thousands of events, company attributes and financial instruments. The EDHECinfra Global Index will track 1,000 assets by 2019, going back more than 20 years. All the data collected by EDHECinfra is stored on a secure data server and is protected by the latest encryption.

About EDHEC Business School

EDHEC Business School, founded in 1906 and among the select few institutions to have garnered international recognition through the triple crown of EQUIS, AACSB and Association of MBAs accreditations, offers management education at under-graduate, graduate, post-graduate and executive levels designed to meet the needs of companies.

Its large range of international graduate programmes draws students from the world over. With its five campuses in Lille, Nice, Paris, London and Singapore, its

6,000 students, and its 134 full-time faculty and researchers, EDHEC has been ranked among the top international business schools for several years.

The Research for Business strategy is a key component of the school's identity. Due to its not-for-profit aim, its financial independence and the time devoted to conducting research, the Research and Development Department contributes, as do other entities within the school, to the group's strategic objectives of growing our resources, aiming to have a visible impact on business, and forging close ties with business wherever they may be located.

Disclaimer

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