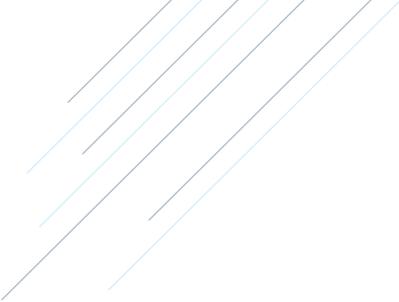




QUARTERLY REPORT MARCH 2021

Investing in the future of Australian infrastructure



Infrastructure Market

Your Future Your Super

In April, the Senate Economics Legislation Committee conducted public hearings on the "Treasury Laws Amendment (Your Future, Your Super) Bill 2021 (Cth)". For background, the bill forms part of the reform package included as part of the Federal Government's 2020-21 Budget, which will see the introduction of annual performance testing against listed indices. Of particular note from an infrastructure perspective is the benchmarking of unlisted infrastructure assets against the FTSE Developed Core Infrastructure Index, an index of which 80% is comprised of companies in North America, as well as a material exposure to the rail sector. The strong participation of Australian superannuation funds in the Australian unlisted infrastructure is well-known, and hence the immediate question is whether a listed index comprised of 80% North American infrastructure businesses is reflective of a typical unlisted infrastructure portfolio of an Australian superannuation fund.

This lack of alignment has many questioning whether the reforms will undermine the extremely successful use of private capital in this country in funding critical infrastructure. Arguably this is even more important now given the Government's focus on an "infrastructure-led" recovery, and strained public balance sheets given the recent stimulus injected into the economy in response to the pandemic.

In December, Palisade provided a submission as part of the public consultation process for the Your Super, Your Future reform. Core to Palisade's investment thesis has been our focus on mid-market infrastructure, and with that, a responsibility to the regional communities in which our assets serve. This includes fostering ongoing economic development in regional Australia, examples of which our submission highlights.

Whilst Palisade is fully supportive of benchmarking the superannuation industry and ongoing monitoring of investment performance, our submission cautioned against using a global listed benchmark, which we believe has the potential to discourage superannuation funds from investing in the Australian infrastructure market (and at its extreme, a reallocation to the global benchmark index). Given one of the hallmarks of unlisted infrastructure is its lack of correlation to traditional asset classes such as equities and fixed interest, this would undoubtedly be a sub-optimal outcome for the superannuation industry.

Palisade continues to work with other investor groups, as well as having ongoing discussions with all stakeholders including levels of Government to ensure our concerns and those of our clients are heard. Palisade would be happy to discuss further with investors.

Palisade's submission can be found on our website at palisadepartners.com.au

Inside Palisade

Climate Change

Assessment of climate change risk, and more importantly, an understanding of how those risks impact on businesses, is now undoubtedly one of the fundamental aspects that investors should be considering in their assessment of new investments, as well as monitoring of existing ones. Palisade's previous updates have highlighted the work that we are doing in 'refreshing' our approach to ESG and sustainability. A key part of this was the identification of key ESG areas, or Palisade Priority Goals, which are core to the way in which we manage investments on behalf of our investors.

One of Palisade's five Priority Goals is 'Climate action', noting "Climate change has the ability to impact the performance of infrastructure assets. Understanding climate risks is integral to the assessment and mitigation of those risks, and the identification of potential opportunities". As part of a renewed focus on climate risk, Palisade is pleased to report that we are currently in the process of conducting TCFD-aligned climate change assessments across the portfolio, which are expected to be completed by the end of the calendar year. Palisade has conducted internal training, and provided a tool to assist the management teams and directors of each asset in completing the assessment.

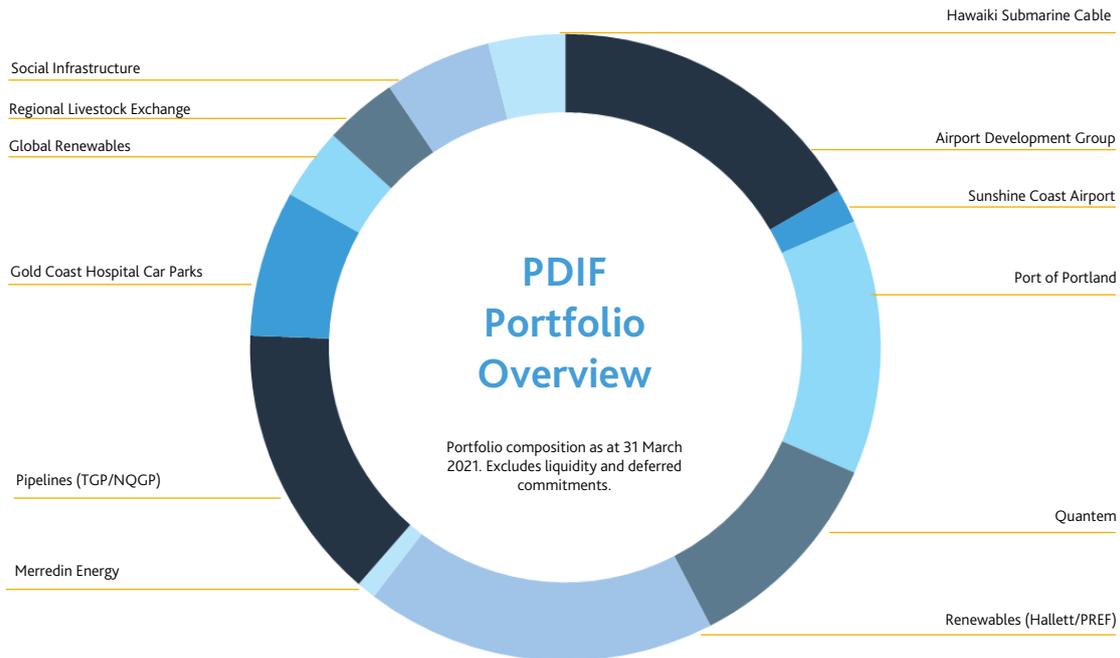
Furthermore, we continue to work with all assets in developing a baseline carbon footprint, which can then be used as a reference for continuous improvement. As part of this exercise, Palisade is also currently assessing its own carbon footprint.

We look forward to sharing these results with investors in the near future.

Fund overview

Palisade's Diversified Infrastructure Fund (PDIF)

PDIF provides investors with an opportunity to invest in a diversified portfolio of infrastructure assets and aims to provide investors with long-term capital growth and stable cash distributions.

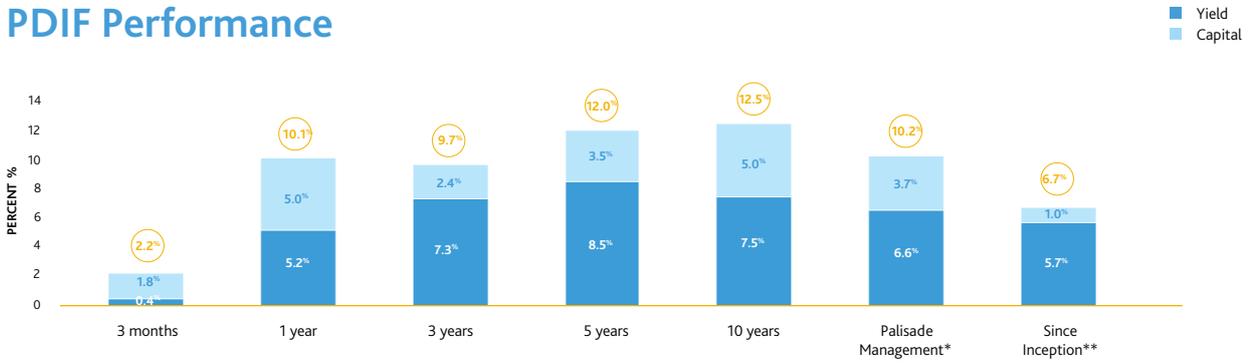


Q3 Key Highlights

- On 1 April, Sunshine Coast Airport (SCA) recorded its busiest ever day with over 20 flights, eclipsing pre-Covid figures. SCA's new route to Newcastle also commenced, in addition to previously announced new destinations including Cairns, Canberra and Emerald, as well as additional services to Melbourne .
- In April, Palisade reached financial close on the acquisition of an additional 3.2% stake in Quantem Bulk Liquid Storage & Handling from a co-investor.



PDIF Performance



Gross performance as at 31 March 2021

Returns for periods greater than 12 months have been annualised

* Palisade management inception August 2008

** Inception date December 2004 and includes the period of Perpetual management to July 2008

Fund overview

Palisade's Australian Social Infrastructure Fund (PASIF)

PASIF provides investors with an opportunity to invest in a portfolio of social infrastructure assets procured under the public private partnership delivery model with government bodies and aims to provide investors with low volatility and inflation-linked government revenue streams.



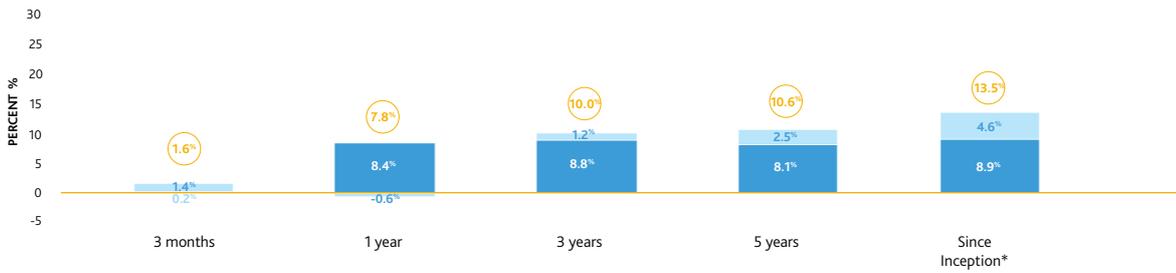
Q3 Key Highlights

- Early works on Stage 3 of Gold Coast Light Rail to be delivered by GoldlinQ are due to commence shortly.
- All assets continue to be largely unaffected by Covid given the government-backed availability style nature of revenues.



PASIF Performance

■ Yield
■ Capital



Gross Performance as at 31 March 2021

Returns for periods greater than 12 months have been annualised

* Inception date May 2011

Fund overview

Palisade's Renewable Energy Fund (PREF)

PREF provides investors with an opportunity to invest in a portfolio of renewable energy assets including utility scale wind and solar farms in Australia and New Zealand and aims to provide investors with long-term capital growth and stable cash distributions.



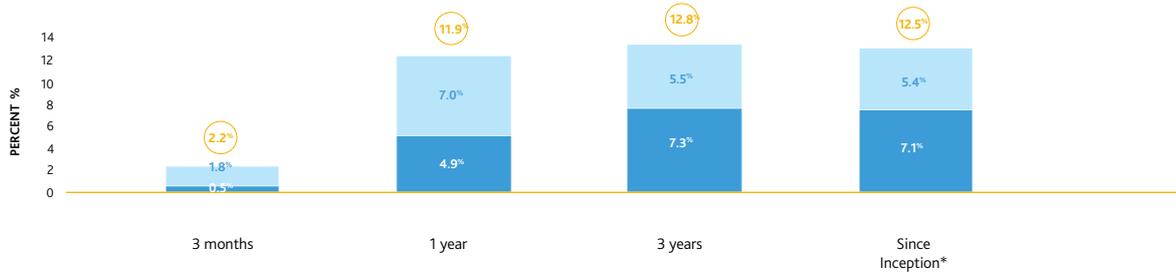
Q3 Key Highlights

- Waterloo Wind Farm entered into a 3 year offtake agreement for approximately 10% of the Large Scale Generation Certificates (LGCs) produced by the project, adding to the existing ~85% contracting of energy and LGCs already in place out to 2028.
- Snowtown 2 Wind Farm has successfully implemented an automated bidding strategy, improving performance of the plant, with a self-forecasting system due to be installed in the coming months which will further reduce costs.



PREF Performance

■ Yield
■ Capital



Gross performance as at 31 March 2021

Returns for periods greater than 12 months have been annualised

* Inception date September 2016



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