VAM FUNDS

Stock Stories

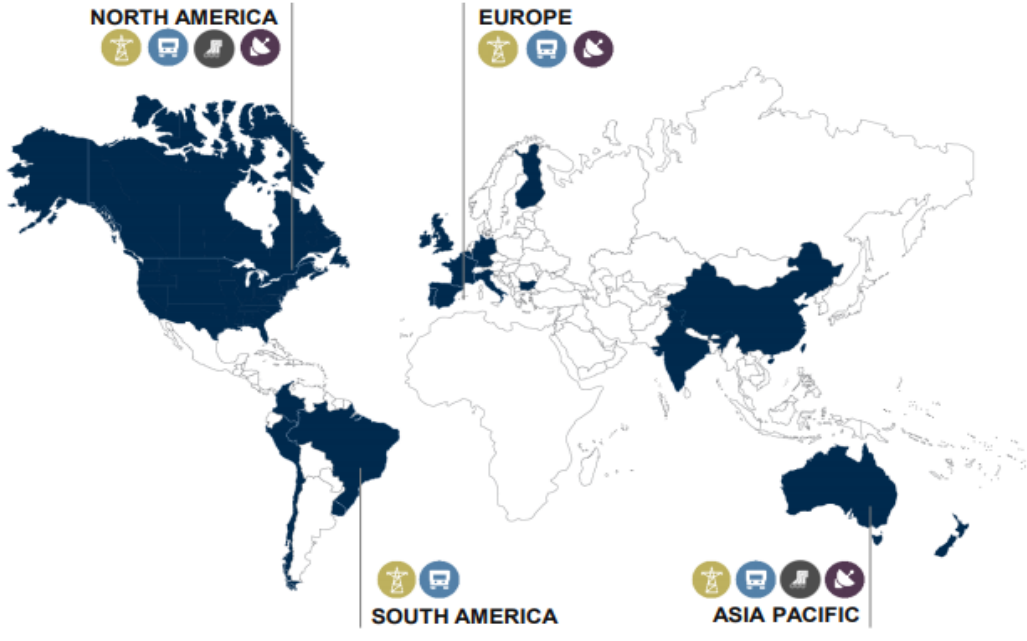
VAM Global Infrastructure Fund

September 2021

Case Study: Portfolio Company Profile

Example Portfolio Company and Assets – Brookfield Infrastructure Partners

Brookfield Infrastructure owns high-quality, long-life assets that provide essential products and services for the global economy



UTILITIES
- ~6.6 million electricity and gas connections
- ~2,200 km of electricity transmission lines
- ~2,000 km of regulated natural gas pipeline
- ~1.1 million smart meters installed

TRANSPORT
- ~10,300 km of rail operations
- ~4,200 km of toll roads
- 37 ports

ENERGY
- ~15,000 km of transmission pipelines
- 600 bcf of natural gas storage
- 13 natural gas processing plants
- ~1.6 million residential infrastructure customers
- District heating and cooling systems

DATA INFRASTRUCTURE
- ~7,000 multi-purpose towers and active rooftop sites
- 5,500 km of fiber backbone
- 33 data centers

LEADING OPERATING SEGMENTS WITH SCALE ON FIVE CONTINENTS

Case Study: Asset Analysis

VETERANS AFFAIRS OUTPATIENT FACILITY

Easterly Government Properties focus on the acquisition, development and management of class A commercial properties that are leased to the US government agencies that serve essential US government functions.

Commentary:

- The United States Department of **Veterans Affairs** ("VA") is a **federal agency** that provides a broad range of primary care, specialised care, and related **medical** and **social support** services for veterans in need.
- In April 2020, Easterly announced the acquisition of a **79,212 square foot** VA **Outpatient Clinic** in Mobile, Alabama. The modern facility sits on a 13- acre campus and is subject to an initial **15- year non-cancellable** lease term that expires in **February 2033**.
- The facility provides a wide range of **medical** and **ancillary services** including primary care, mental health services and laboratory services. Approximately **54,000 veterans** in the surrounding region have their needs addressed by the facility.
- The acquisition was completed during the **Covid-19 pandemic**. In regards to the timing of the acquisition, Easterly's CEO William Trimble explained "the everyday medical needs of our United States veterans **do not halt** because of a global health pandemic. Our ability to continue to deliver state-of-the-art real estate for the US Federal Government is as **important as ever**, and it is our privilege to be able to do so during such trying times."

Asset Owned By	Easterly Government Properties.
Asset Type	State-of-the-art build-to-suit outpatient clinic.
Ultimate Counterparty	United States government.
Certainty Of Revenue	Long-term leases provide steady and dependable returns throughout the cycle.
Contract Type	15-year non-cancellable lease.
Sustainability Assessment	Provides medical and social support services for veterans in need.

Case Study: Asset Analysis

FRENCH WIND FARMS

Greencoat Renewables is an investor in renewable energy infrastructure assets that is focused on the acquisition and management of operating wind farms. Initially focusing on Irish investments, it is now expanding into other Northern European countries.

Commentary:

- In **March 2020**, Greencoat Renewables' acquired a portfolio of **operating wind assets** in **France** from John Laing Group for a total consideration of €30.3 million. The acquisition was funded by the Company's €380 million credit facility.
- The portfolio of three windfarms producing **51.9 MW** come with **16-year** long term fixed rate project finance and have an overall net enterprise value of €95 million. Following the acquisition, Greencoat Renewables' total installed capacity base will increase to **528.1 MW**.
- The acquisition marks the Company's first investment in the **continental European energy market**. The assets will benefit from the France's stable and supportive **tariff regime** which **guarantees** a fixed price for the electricity produced by an asset. All assets will benefit from a fixed price **Feed in Tariff** (FIT) with a weighted average remaining FIT of **12.3 years**.
- The existing portfolio already has **97%** of its cashflow contracted under REFIT until Jan 1 **2028**, and this acquisition further extends the proportion and duration of their fixed price revenues.

Asset Owned By	Greencoat Renewables PLC.
Asset Type	Wind Energy.
Ultimate Counterparty	French Government.
Certainty Of Revenue	The revenue will come from France's FIT schemes.
Contract Type	Fixed Price Feed-In-Tariffs with weighted average FIT of 12.3 years.
Sustainability Assessment	Producer of over 50 MW of clean energy.

Case Study: Asset Analysis

YELLOW FALLS HYDROELECTRIC SITE

Boralex is a power producer whose core business is dedicated to the development, building and operation of renewable energy power facilities.

Commentary:

- Commissioned in **November 2019**, Yellow Falls is a **16-MW** run-of-river hydroelectric power station located on the Mattagami River at Yellow Falls, approximately 18 kilometers upstream of the town of Smooth Rock Falls, **Ontario**.
- The project was commissioned under the terms of a **price-indexed power purchase agreement** with the **Independent Electricity System Operator** (IESO) for a period of **40 years**.
- The station comprises two 8-MW turbine-generator units closely connected to a water intake, a concrete dam, water discharge facilities and related infrastructure on the Mattagami River. The site's power production will avoid the emission of nearly **2,540 metric tons** of Carbon Dioxide per year.
- For several years, Boralex worked closely with **local communities**, represented by the **Mattagami First Nation** and Taykwa Tagamou Nation, as well as with the town of Smooth Rock Falls, to develop a project that respects their concerns and the surrounding environment and also provides local economic spin-offs.
- The site further **diversifies** Boralex's assets in Ontario and strengthens their position as a **leader** in the renewable energy field in Canada.

Asset Owned By	Boralex.
Asset Type	Run-of-river hydroelectric plant.
Ultimate Counterparty	Canadian government.
Certainty Of Revenue	Stable, secure cashflows from a 40 year power purchase agreement.
Contract Type	40 year price-indexed power purchase agreement.
Sustainability Assessment	The site's power production avoids the emissions of nearly 2,540 metric tonnes of carbon dioxide per year.

Case Study: Asset Analysis

WIND FARMS, DENMARK

Encavis AG is a producer of electricity from renewable energy sources. The Company acquires and operates solar and wind parks and are one of the leading power producers in Europe.

Commentary:

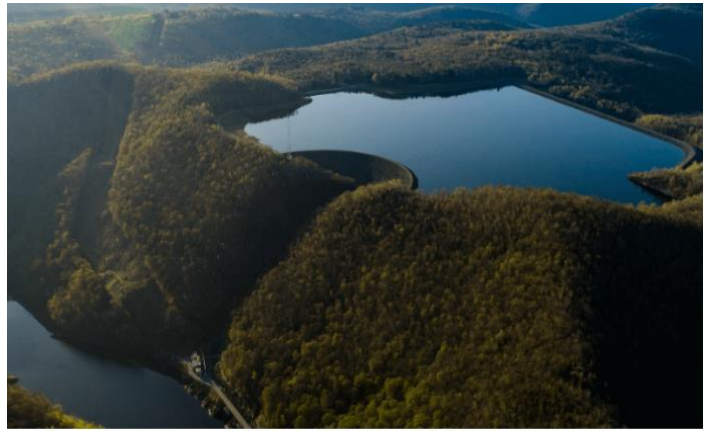
- Denmark is an attractive area as it boasts **legally secure** and attractive framework conditions for investment. The proportion of green energy in Denmark is already 53% - mainly thanks to wind energy which alone contributes 43%. This means that Denmark has the **highest** share of wind energy in total electricity consumption in the world.
- The Danish government grants a **fixed feed-in tariff** for onshore wind parks of EUR 0.0335
- In February 2019, Encavis announced the acquisition of a portfolio of **eight fully operational** Danish wind parks with a total capacity of **81 MW**. The strength of this portfolio lies in the **diversification** of the local wind risk across eight different locations.
- The high-quality turbines from the companies Vestas and Siemens Gamesa provide a technical availability rate of **99%** and are professionally maintained by the manufacturers within the framework conditions of long-term full service **contracts** with terms of between **three** and **15** years.
- The annual electricity production of around **214,000 MW-hours** is enough to provide more than **50,000** households with power. Revenues of **13.4** million euros per year are expected from the power marketing.

Asset Owned By	Encavis AG.
Asset Type	Wind Farm.
Ultimate Counterparty	Danish government.
Certainty Of Revenue	Feed-in-tariff valid for the first 22,000 full-load hours per MW.
Contract Type	Fixed feed-in-tariff.
Sustainability Assessment	The portfolio of Danish wind parks provide more than 50,000 households with clean energy.

Case Study: Asset Analysis

HYDROELECTRIC STORAGE

Brookfield Renewable Partners operates one of the world's largest publicly-traded renewable power platforms. Its portfolio consists of 19,300 MW of capacity across the world.



Commentary:

- The Company largely sells its power to **investment grade counterparties** under long-term, fixed price, inflation linked contracts with an average proportionate term of 14 years. Currently, over **90%** of cash flows are contracted.
- The **600 MW** Jack Cockwell **hydroelectric storage** generating station on the Deerfield River in Northern Massachusetts is of only two of its kind in New England. The reservoir covers 88 acres, storing about 1.7 billion gallons of water.
- The Company entered a **15-year contract** with the **Long Island Power Authority** (LIPA), creating a predictable, fixed-price cash flow stream. LIPA is a **government owned** subdivision of the State of New York that owns the electric transmission and electrical distribution systems serving all Long Island and a portion of New York City.
- The facility sells energy and capacity into wholesale markets and plays an important role in providing **flexibility** and **stability** to the electrical grid. The system was constructed to meet expanded peak load periods when New England's electricity customers place the heaviest demand on the system. The station can respond from **zero to full capacity** in under **three** minutes.

Asset Owned By	Brookfield Renewable Partners.
Asset Type	Hydro-electric Storage Plant.
Ultimate Counterparty	New York State.
Certainty Of Revenue	Long term power price agreement with LIPA. The remainder of energy produced by the facility is sold into the ISO-NE administered market.
Contract Type	15-year PPA (The Company expects to re-contract expiring PPAs at levels equal to or higher than roll-off prices).
Sustainability Assessment	The asset provides 600 MW of hydroelectric clean energy.

Case Study: Asset Analysis

STORMWATER INFRASTRUCTURE

Hannon Armstrong is the first US public company solely dedicated to investments in climate change solutions, providing capital to leading companies in energy efficiency, renewable energy, and other sustainable infrastructure markets.

Commentary:

- Stormwater remediation is becoming a key **climate adaption measure** as climate change-related **extreme weather** events are increasing in number and strength.
- Hannon Armstrong's investment in stormwater infrastructure is installed at **four** separate project locations and helps to **decrease** the flow of storm water, while also **filtering** out many **pollutants** before entering downstream waterways.
- Stormwater Remediation and Environmental Restoration markets have the potential for **significant growth** as communities adapt to more severe weather events.
- Environmental **stewardship** continues to be a driving force for Hannon Armstrong's investments and they are planning for **continued expansion** in this market and others addressing climate change **impact, mitigation** and **resiliency.**

Asset Owned By	Hannon Armstrong Sustainable Infrastructure Capital.
Asset Type	Stormwater Infrastructure.
Ultimate Counterparty	Maryland State Government.
Certainty Of Revenue	Fixed concessions through a Public-Private Partnership agreement.
Contract Type	Public-Private Partnership.
Sustainability Assessment	Stormwater infrastructure is a key asset to address the need for improved climate change mitigation and resiliency.

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- the NAV per share before deduction of the daily performance fee to be calculated, but after deduction of all other fees attributable to the respective class of shares, including but not limited to the management fee; and
- the greater of ("high water mark")

  I. the highest NAV per share of the class recorded on any preceding day during the same financial year of the fund; and

  II. the last NAV per share of the class recorded for the immediately preceding financial year of the fund;

each of them increased on a prorata temporis basis by a rate of 12% p.a. (the "hurdle rate").

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