PALISADE



QUARTERLY REPORT MARCH 2025

Palisade's Diversified Infrastructure Fund (PDIF)

Trump tariffs

There is no doubt the Trump tariffs have created significant disruption in financial markets. Investors have been met with heightened volatility as the threat of a prolonged trade war, have stoked fears for a global economic slowdown, and have some even suggesting of an impending US recession. Whilst many have said that the proposed tariff levels are a negotiating tactic, there is little doubt that tariffs will increase as part of a broader push by the US to reshape trade agreements with the overall goal of supporting domestic industries and reducing trade deficits.

We continue to work through any potential impact to our two US businesses in particular (which comprise around 20% of the PDIF portfolio). Any impact on these businesses from a US downturn or recession will play out over a prolonged period of time, noting though that as operating infrastructure businesses providing essential services (energy generation and broadband), there will naturally be a degree of protection from any economic downturn. The focus over the short-term will be more geared towards assessment of capital expenditure plans, specifically with respect to cost increases of foreign-sourced materials.

As a largely Australian portfolio however, any impact as a result of increased tariffs is likely to be driven more by a softening or downturn in the Australian economy, rather than the impact of tariffs themselves. Noting that a global slowdown would likely have flow on effects to the Australian economy, commentary continues to suggest that any impact would be moderate at best. Whilst a slowdown in the global economy would invariably impact Australia's exports, the Australian dollar "shock absorber" argument has once again resurfaced – the concept being that as the Australian dollar weakens our exports will be relatively cheaper, providing an offsetting impact from lower demand. Coupled with the above, the RBA has significant room to move in lowering interest rates to continue to support the Australian economy.

It is worth noting that any impact would likely manifest in "throughput" or volume-driven assets (such as airports, ports and logistics), with the performance of those assets typically more correlated to the health of the Australian economy than "contracted" style assets which are largely immune from short-term market disruptions. Importantly, PDIF's weighting to contracted revenue streams of over 50% is important in this regard, and in the event of a downturn in the economy, we would expect those contracted assets to provide stability and downside protection to the portfolio, much like they did during Covid.

While the future of Trump's tariff policies remains uncertain, one thing is clear: during periods of heightened volatility, investors gravitate toward quality and stability. In this context, unlisted infrastructure can play a valuable role in portfolios, offering long-term stability, predictable cash flows, and low correlation to public markets.

Transaction activity

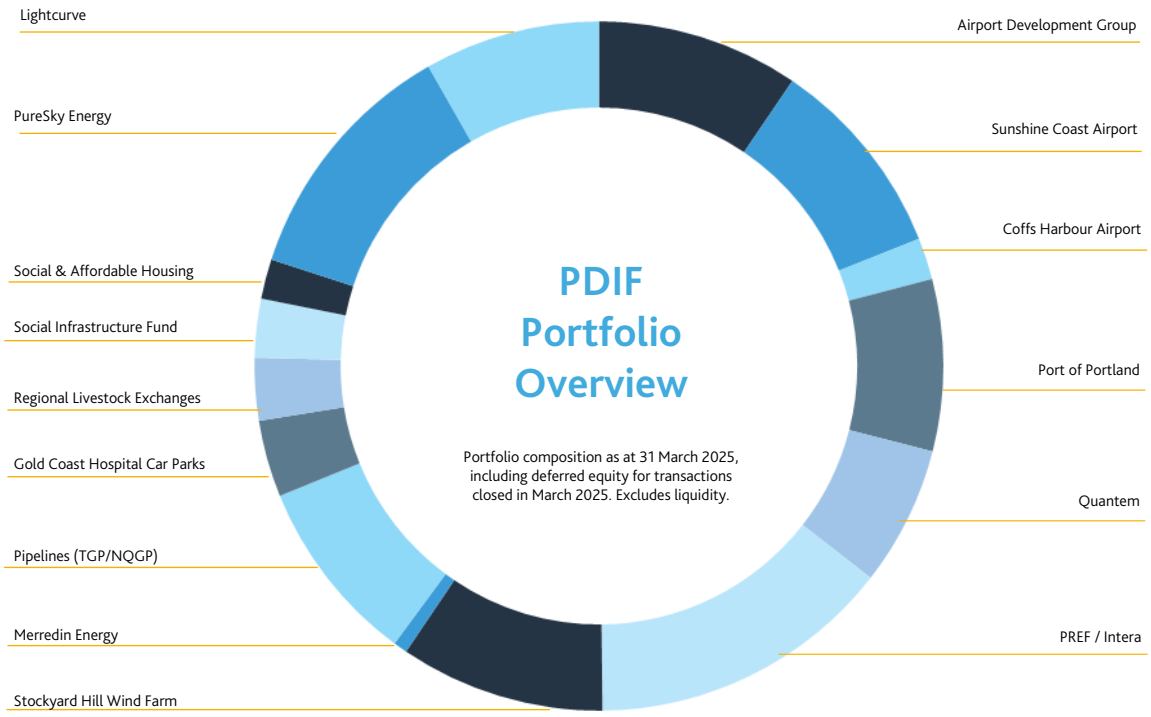
During the quarter, Palisade reached financial close on two new investments. In March, Palisade reached financial close on its first investment into the social and affordable housing sector. As noted in our last quarterly report, Palisade has partnered with Tier 1 Community Housing Provider Mission Australia on the delivery of an initial 185 social and affordable housing dwellings in Toowoomba, Queensland. Importantly, the project has been structured in such a manner to ensure that the return profile is consistent with an infrastructure-style cashflow and risk return (as opposed to taking significant property risk). The equity requirement of approximately $40 million will be funded entirely by Palisade's Diversified Infrastructure Fund. Further projects continue to be progressed as part of Palisade's broader Social and Affordable Housing Platform, with co-investment opportunities likely to be available to fund the continued build out of the platform alongside the fund.

Also during March Palisade reached financial close on a 100% interest in the Limestone Coast North Battery Energy Storage System (**BESS**), a 250MWac / 500MWh BESS development located at Limestone Coast, approximately 370km south-east of Adelaide. The project, which has a long-term offtake agreement in place, was acquired from developer Pacific Green Technologies at construction commencement, with commercial operations due to commence in 2027. The project now takes Palisade's renewable generation capacity across Australia and the US to over 2GW, with 1.7GW located in Australia.

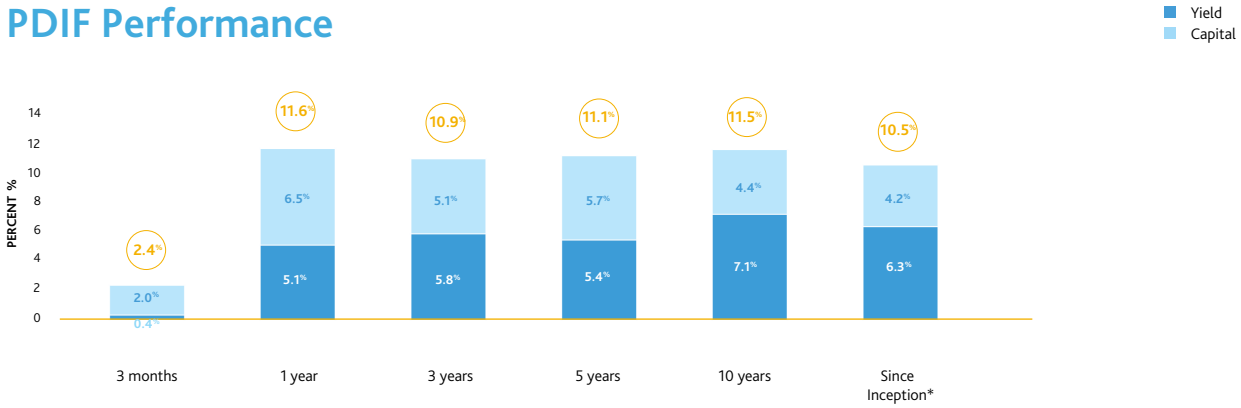
Fund overview

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.



PDIF Performance

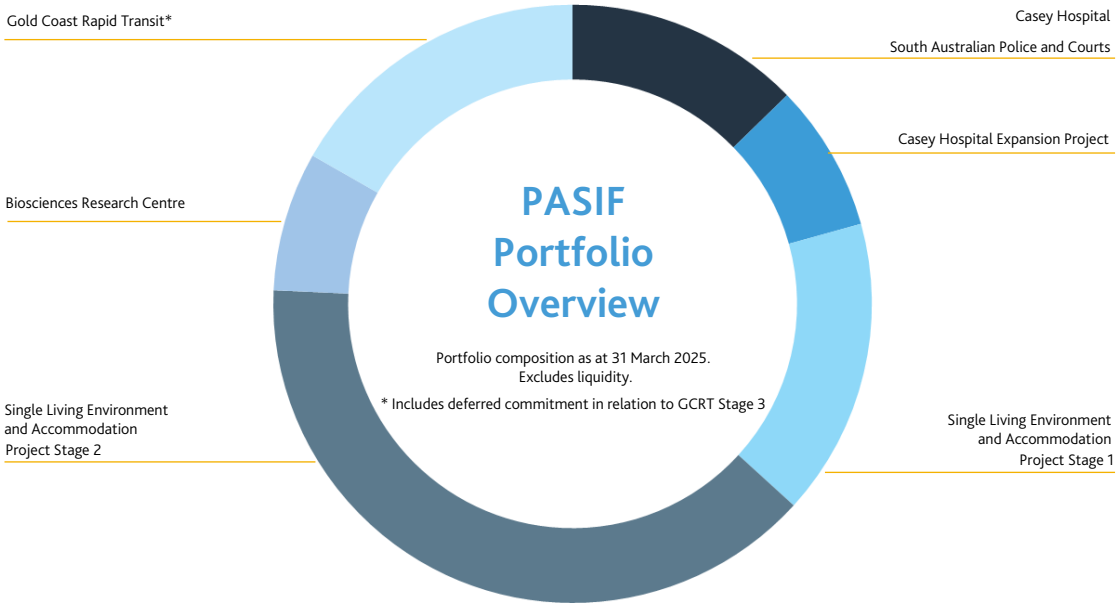


Gross performance including franking credits as at 31 March 2025
Returns for periods greater than 12 months have been annualised
*Inception date August 2008 (Palisade management)
Past performance is not indicative of future returns

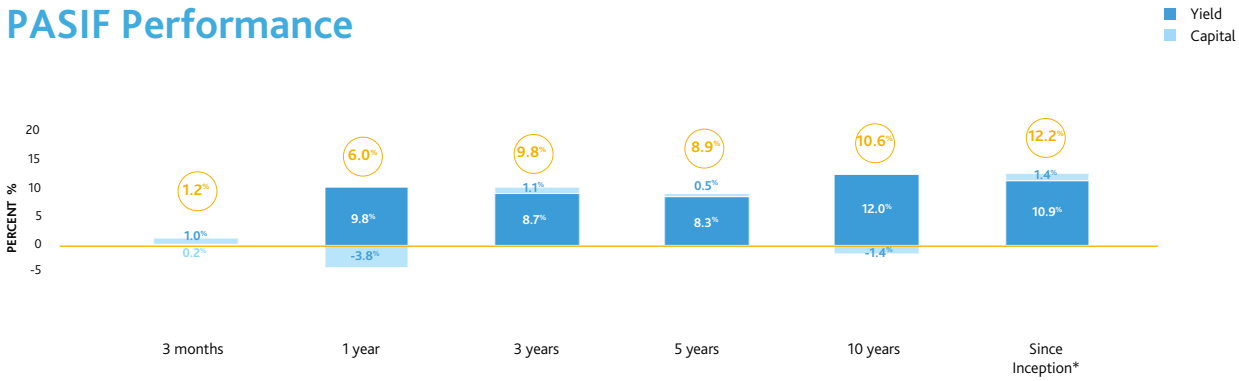
Fund overview

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.



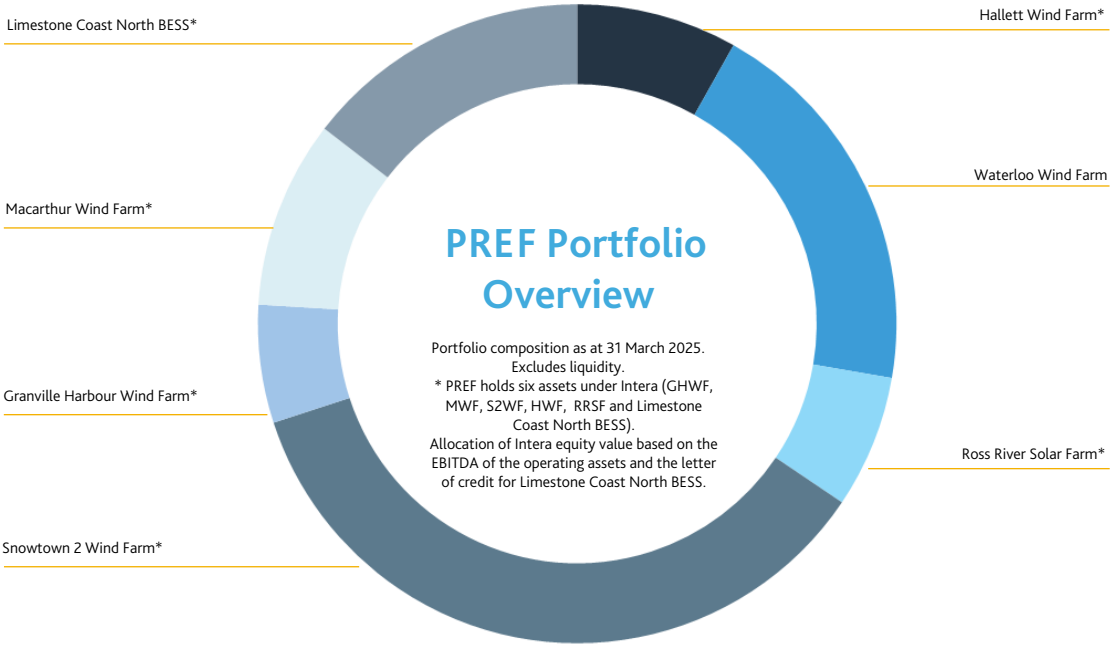
PASIF Performance



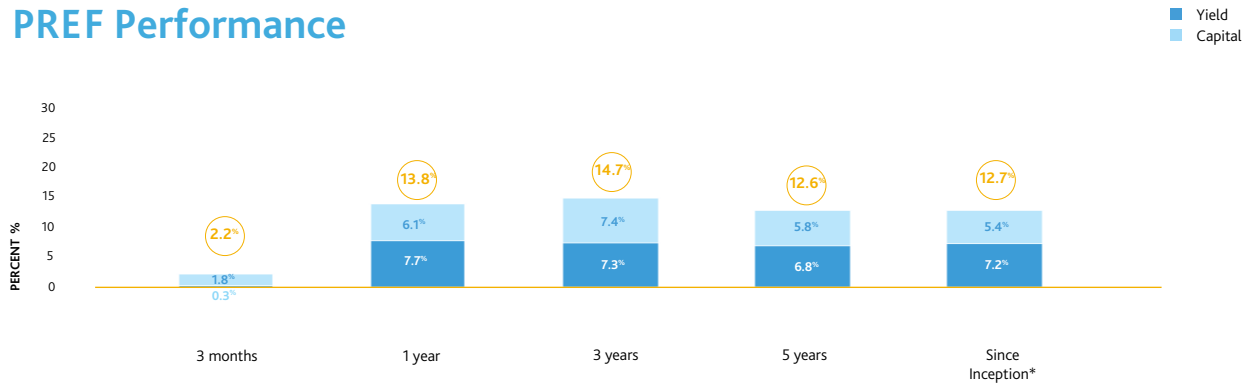
Gross Performance including franking credits as at 31 March 2025
Returns for periods greater than 12 months have been annualised
*Inception date May 2011
Past performance is not indicative of future returns

Palisade's Renewable Energy Fund (PREF)

PREF provides investors with an opportunity to invest in a diversified portfolio of Australian utility scale wind and solar assets, primarily through a 50% ownership in Intera Renewables, and aims to provide investors with long-term capital growth and stable cash distributions.



PREF Performance



Gross performance including franking credits as at 31 March 2025
Returns for periods greater than 12 months have been annualised
*Inception date September 2016
Past performance is not indicative of future returns

PALISADE

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