



As the summer of 2016 begins, Caledon Capital would like to take this opportunity to provide an update on the Firm and some of its recent developments.

Deals Done - 2016

Infrastructure and Private Equity Market Commentary

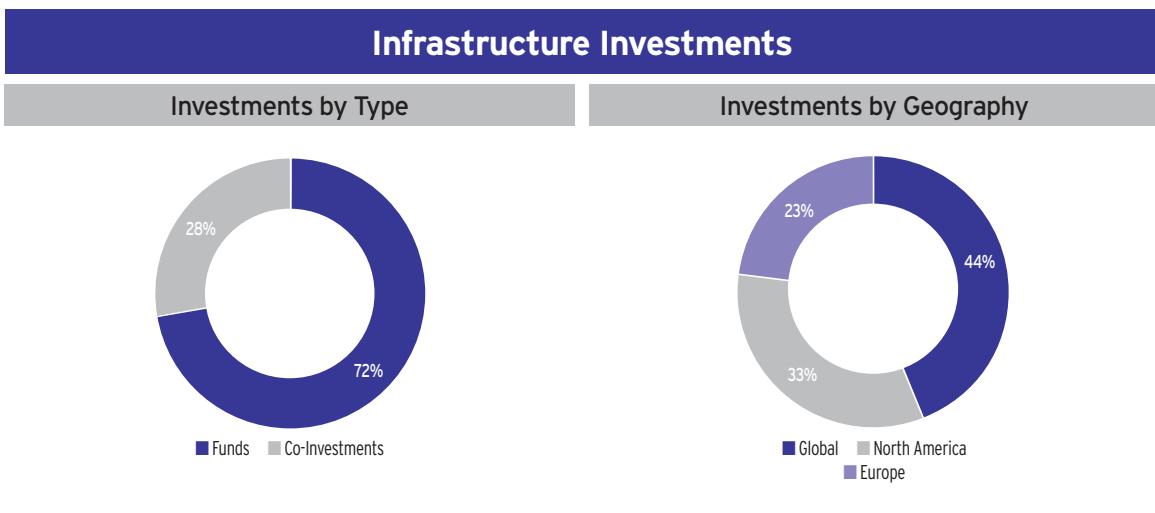
We've Expanded Our Team

Caledon's Speaking Engagements



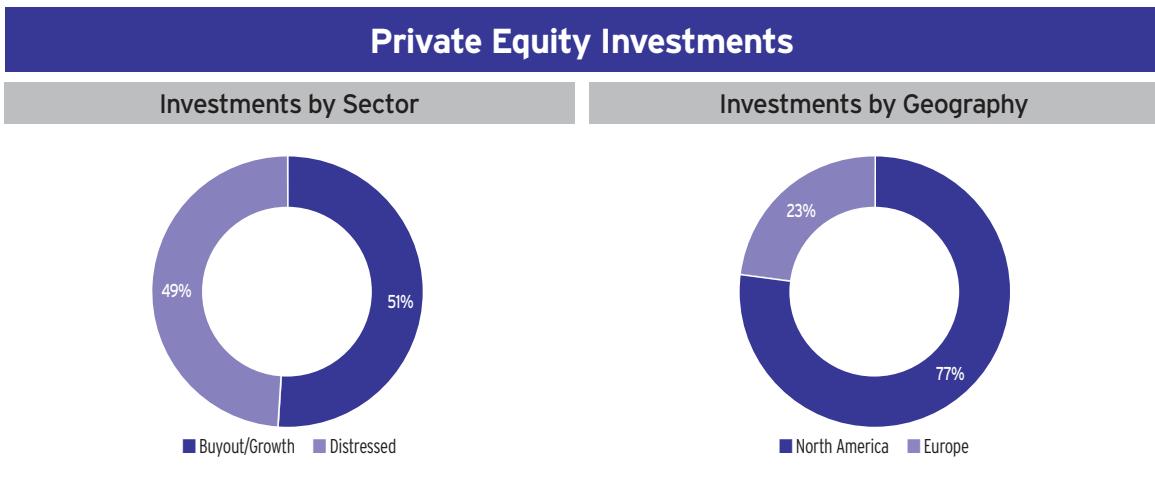
## Deals Done - 2016

In the last six months the Caledon team has committed or invested over \$1 billion to infrastructure and private equity funds and co-investments. A summary of the investments completed and a closer look at an infrastructure direct investment and a private equity fund investment are below.



## Infrastructure Case Study

	<p><b>Asset Overview</b></p> <ul style="list-style-type: none"><li>▪ Large refined oil logistics operator with a quasi-monopolistic network of transportation and storage assets</li><li>▪ Global leader in the efficiency, automation, and integration of the entire network, providing customers instantaneous delivery of products</li><li>▪ Increased focus on its internationalization strategy to generate additional growth going forward</li></ul> <p><b>Investment Rationale</b></p> <ul style="list-style-type: none"><li>▪ High barriers to entry due to quasi-monopolistic characteristics providing strong pricing power</li><li>▪ Well managed asset with a very conservative capital structure</li><li>▪ Majority of revenues supported by inflation-linked contracts with creditworthy counterparties</li><li>▪ Resilient cash flow profile as the company weathered the GFC and European recession very well</li><li>▪ Board seat alongside a strong suite of like-minded financial investors</li></ul>
<b>Investment Date:</b> March 2016	
<b>Sector:</b> Pipeline and Storage	
<b>Geography:</b> Europe	
<b>Equity Invested:</b> €~175 million	



## Private Equity Case Study

<b>Closing Date:</b>	May 2016
<b>Strategy:</b>	Buyout / Growth
<b>Geography:</b>	Europe
<b>Commitment Size:</b>	€30+ million

#### Overview

- Established new client relationships with a sought-after European niche-focused manager based in France
- Sixth generation fund focused on investing in global B2B businesses headquartered in targeted European geographies
- Caledon's clients received full allocations despite a significantly oversubscribed fundraise

#### Investment Rationale

- Highly sought after mid-market manager that has consistently demonstrated exceptional performance through various economic cycles
- Very low loss ratio
- Institutional grade regional manager with a long-tenured senior investment team and strong advisory board
- Exposure to global market-leading B2B businesses headquartered primarily in French-speaking Europe, a region that has historically been difficult to access for "non-local" managers
- Good likelihood of co-investment

## Infrastructure and Private Equity Market Commentary

The first six months of 2016 have seen the persistence of a historically low global interest rate cycle that has kept down the cost of financing. Although the U.S. continues to consider monetary tightening, the remainder of the global economy continues to be sluggish. In the infrastructure

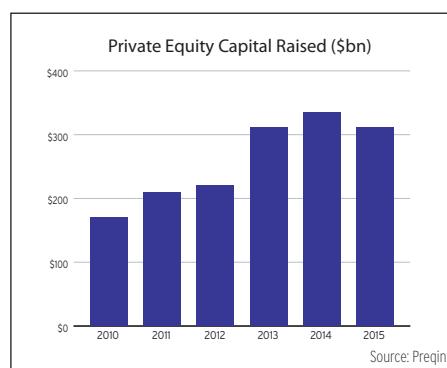
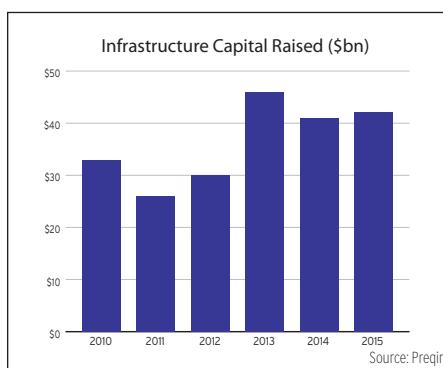
market, competition for large-scale, operating assets in well-developed regions has been strong, leading to concerns over valuation levels especially in larger "trophy" assets. These heightened values are pronounced in infrastructure due to increased volatility in commodity markets,



where assets with safer characteristics have performed significantly better. Despite increasing valuations, investors continue to increase allocations to infrastructure in order to match exposure to long-term liabilities. As a result, unlisted infrastructure fundraising has been very strong with just over \$42 billion raised in 2015.

The private equity market continues to show its resilience as fundraising, deal activity and purchase multiples continue to rise. The industry's near-term prospects will be dependent on whether the gathering

momentum of the U.S.'s cyclical expansion is able to outweigh the slowing GDP growth in the Asia-Pacific region and the ongoing structural challenges in the euro zone. Central banks will also play a role in shaping private equity's near-term prospects. A long-anticipated interest rate hike by the U.S. Federal Reserve Board will reduce the availability of inexpensive debt and put a damper on deal activity and possibly also impact fundraising. The impact of the Brexit decision on global markets will also have to be monitored over the months to come.



## We've Expanded Our Team

**Dennis Pellarin** - Dennis joined Caledon in 2016 as the Chief Operating Officer and EVP Finance. Formerly, Dennis was the Chief Operating Officer, Chief Financial Officer and Corporate Secretary at Aurion Capital. Dennis holds a CPA, CA designation and BBA degree from Wilfrid Laurier University.

**Pav Lamba** - Pav joined Caledon in 2016 as an Associate on the investment team. Previously, Pav was a Senior Analyst at IBK Capital. Pav graduated with distinction from Ivey Business School with a degree in Business Administration.

**Michael Sun** - Michael joined Caledon in 2016 as an Analyst on the investment team. Prior to joining Caledon, Michael was an Analyst at Capstone Infrastructure Corporation (formerly Macquarie Power and Infrastructure Corporation). Michael received his Bachelor of Engineering from the University of Western Ontario and his Bachelor of Business Administration from Ivey Business School. In addition, he received his Master's in Management from London Business School.

## Caledon's Speaking Engagements

### Upcoming Conferences

Canadian Private Equity Summit 2016,  
Toronto, November 9, 2016  
Martin Day will be speaking about  
"Co-Investments and Going Direct"

SuperReturn Infrastructure 2016, London,  
September 21, 2016  
Asif Hussain will be on a Panel discussing  
"Opportunities in Renewables" and  
Martin Day will be moderating a panel on  
"Infrastructure Investment Models: Why

are investors gravitating to direct and co-investment models whenever possible?"

### Recent Conferences

SuperReturn U.S. 2016, Boston,  
June 6, 2016  
Martin Day moderated a panel on  
"Energy and Infrastructure" and  
participated on a panel on "Co-investments: Building Portfolios and  
Benchmarking Them"

Institutional Investing in Infrastructure,  
Boston, June 6, 2016  
Caledon was a sponsor of the conference  
and Jeff DeBlock served on the Editorial  
Advisory Board

Canadian Alternative Investments in  
Pensions (CAIP), Niagara-on-the-Lake,  
April 17, 2016  
Caledon was a sponsor of the conference  
and Martin Day and Stephen Dowd  
moderated panels on private equity and  
infrastructure, respectively

SuperReturn International 2016, Berlin,  
February 23, 2016  
David Rogers was moderator  
for "Outlook on infrastructure,  
understanding the true prospects for  
growth in the infrastructure market:  
Sourcing appropriately priced assets with  
an optimal risk return profile"

Infrastructure Investor Forum Americas  
2016, New York, February 23, 2016  
Stephen Dowd spoke about "How LPs  
push the boundaries of infrastructure  
investing"

