

STREETWISE

Dennis Mitchell's Starlight Investments Capital introduces new real estate trust

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Just two weeks after entering the Canadian market for exchange-traded funds, leading portfolio manager Dennis Mitchell is adding to his new investment firm's lineup with the introduction of a real estate trust for retail investors.

Starlight Investments Capital LP announced on Monday that it has filed a preliminary prospectus for the Starlight Hybrid Global Real Assets Trust, an investment that will consist of 60-per-cent listed securities and 40-per-cent direct global real estate and infrastructure investments. With a management fee of 1.25 per cent and a \$1,000 minimum, Canadian investors can purchase the mutual fund through a licensed financial adviser.

The fund will open the door for retail investors to access real estate and infrastructure funds that until now have only been made available to institutional clients with a minimum investment of \$5-million.

"It is our hope that in five years from now, we will have a billion-dollar pool of capital that gives investors liquidity and yield from the listed securities portfolio, and also gives them exposure to institutional quality real estate and direct infrastructure with a number of global partners," said Mr. Mitchell, chief executive officer and chief investment officer of Starlight Investments.

Mr. Mitchell, who is most notably known for his time managing more than \$3-billion in assets over the span of his career at Sentry Investments and Sprott Asset Management, will actively manage the securities portfolio of real estate and infrastructure stocks.

Unlike a traditional closed-end fund, the trust has been filed under corporate rules, meaning it is allowed to bump the percentage of illiquid assets up to 40 per cent (traditional funds can only include up to 20-per-cent illiquid assets) – an opportunity that is rare within the retail investment world, Mr. Mitchell said.

"Not only are we bringing retail investors uncorrelated assets that aren't marked to market, they are unavailable to retail investors outside of this new fund," he said. "With the last three days in the markets, retail investors will embrace the idea of a portfolio that is 40-per-cent unlisted."

The direct investments portfolio will be split between two underlying funds: the Starlight Canadian Residential Growth Fund, managed by Daniel Drimmer of Starlight Group Property Holdings Inc., and the EagleCrest Infrastructure Canada LP managed by Fiera Infrastructure Inc. The Starlight Fund will make direct investments in Canadian multiresidential real estate properties and portfolios while EagleCrest holds investments in 24 infrastructure assets located in Canada, the United States, Britain and Spain.

“This is an evergreen fund so it is not a fund that will wind down after five or 10 years,” Mr. Mitchel said. “In the future, as we build more capital, we could open it up and look for a partner to give us exposure to the U.S. multifamily, European industrial assets or Asian data centres.”

Earlier this month, Starlight jumped into the ETF industry with the launch of two global funds. The Starlight Global Real Estate Fund (ticker symbol: SCGR) and Starlight Global Infrastructure Fund (ticker symbol: SCGI) began trading on the NEO Exchange on Oct. 2.

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