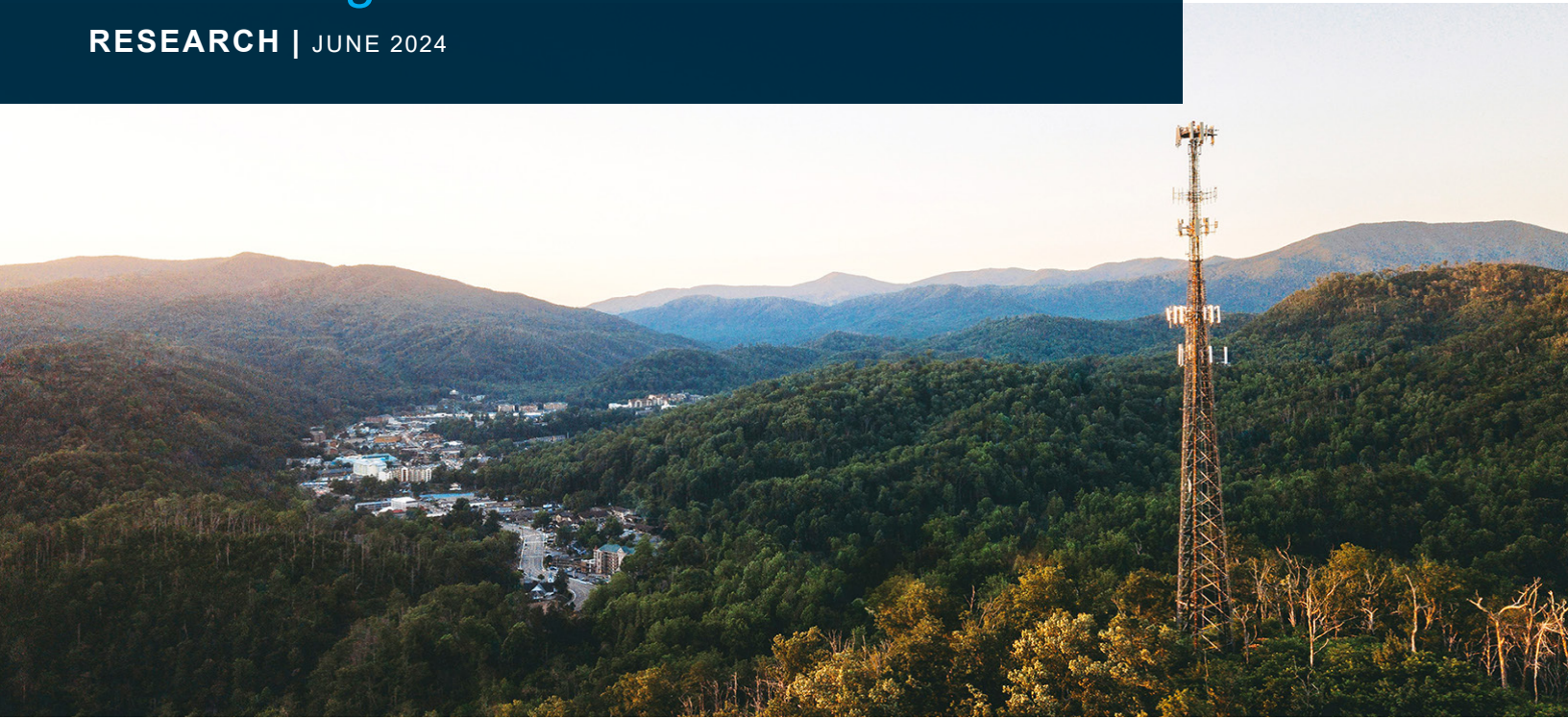


# What is Digital Infrastructure?

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***Digital infrastructure is like the circulatory system of our modern world, pumping data instead of blood, and it's essential for keeping society's digital heart beating. Understanding this vital system and the tremendous growth potential in this sector, may provide compelling investment opportunities for today's savvy investor.***

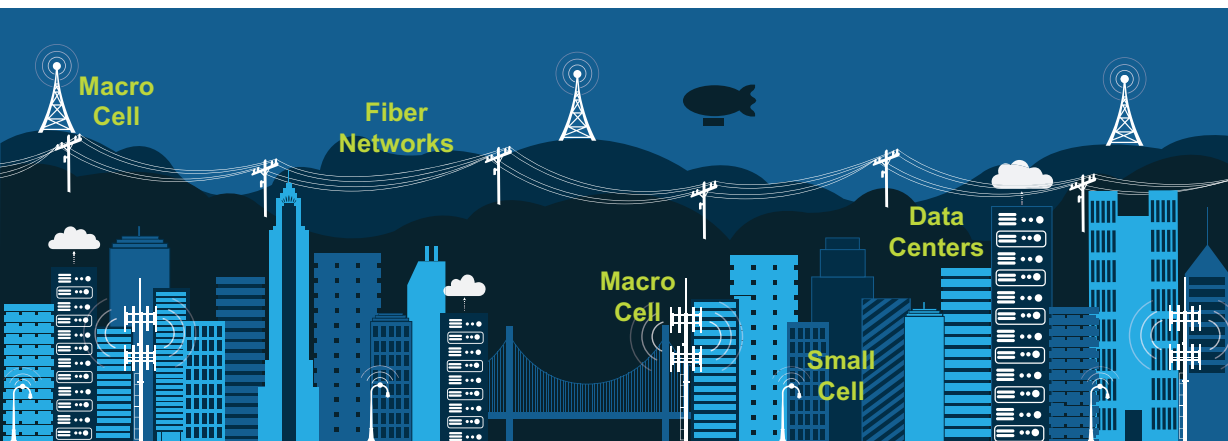
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## What is digital infrastructure?

Digital infrastructure isn't just one thing; it's a collection of physical and virtual assets that support our insatiable need for connectivity. It includes the wireless towers that enable you to text your friends, the miles of fiber optic cables that carry your internet traffic, and the data centers that are like digital warehouses for all our online information.

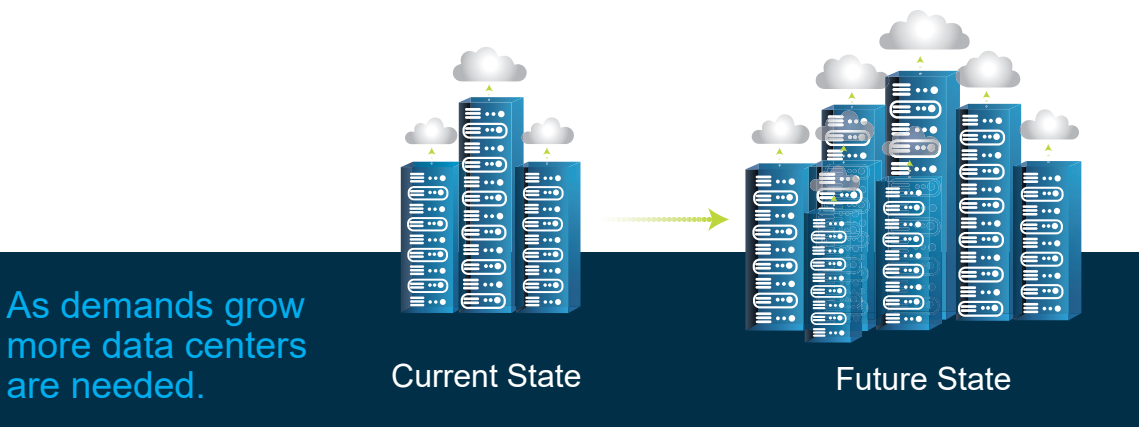
The rollout of 5G networks is expected to be a game-changer. Beyond just faster downloads, 5G will enable a whole new world of connected devices and smart technologies.

The wireless world is dominated by macro cell towers, small cells, and the invisible airwaves known as spectrum. These towers are the tall sentinels you see dotting the landscape, and they're getting busier by the day. With mobile data traffic continuing to grow, the demand for these towers is increasing rapidly. This means more construction, more leasing opportunities, and more cash flow for those investing in the space.



The wired component of digital infrastructure includes the fiber networks stretching across cities and under oceans. These networks are the internet's hidden highways, and they're expanding to meet the growing traffic. As more businesses shift to cloud-based applications, the need for robust fiber networks becomes even more critical. This shift is creating a wealth of investment opportunities as the infrastructure expands and densifies.

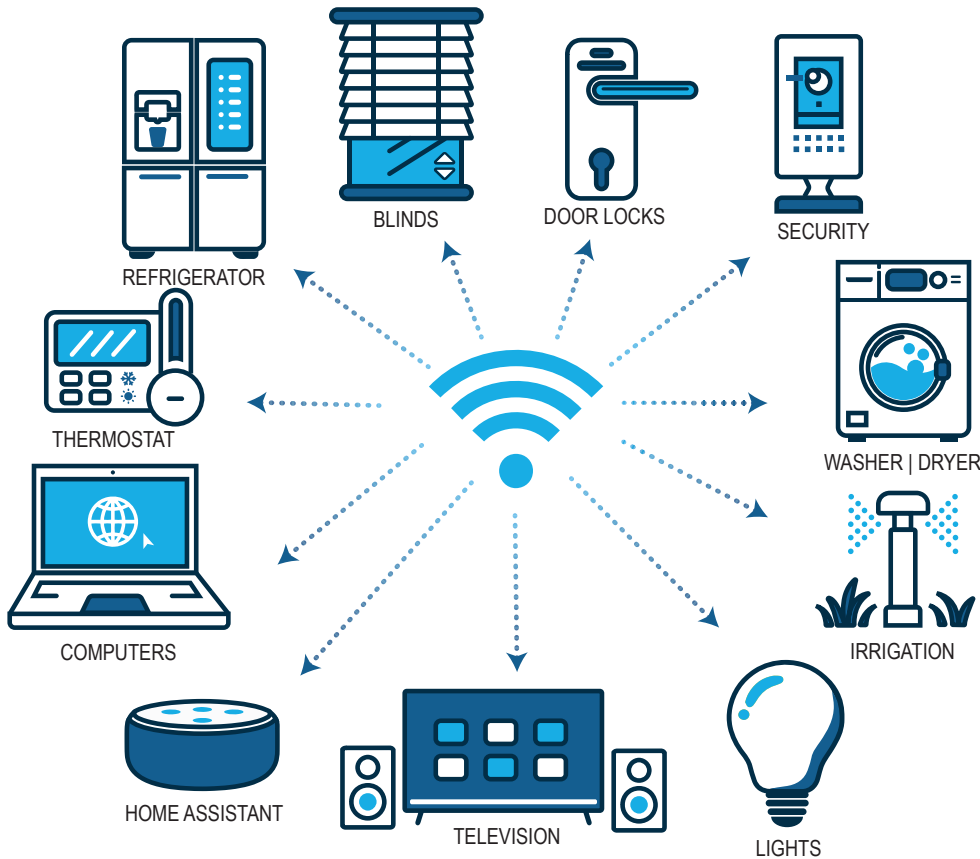
Data centers are where the digital magic happens. They're the brains of the operation, processing and storing everything from your holiday photos to critical business data. As enterprises outsource more data storage, the demand for data centers increases. This sector is ripe for investment, with opportunities to cater to both large corporations and smaller businesses that need premium services.



There's also a need for higher density infrastructure, especially as mobile companies roll out 5G. This new wave of mobile network technology involves moving large amounts of data at breakneck speeds, and it's going to need a lot of support. More towers, more fiber, and more data centers are on the horizon, and they're going to need significant investment to make them a reality.

The rollout of 5G networks is expected to be a game-changer. Beyond just faster downloads, 5G will enable a whole new world of connected devices and smart technologies. The Internet of Things (IoT) is set to explode, with everything from your fridge to your car communicating with you digitally. This interconnected future is going to rely heavily on the digital infrastructure currently under development.

The growth in digital infrastructure isn't just a US tech trend, it's a global movement. China, for instance, was the largest user of mobile data. This growth is happening worldwide, and it's creating a global market for digital infrastructure investment.



## Opportunities for Investors

With opportunities come challenges. There are regulatory hurdles, the threat of technology becoming outdated, and heightened competition that can diminish investment returns. It's a dynamic sector, and those who navigate it well will need to be both knowledgeable and nimble. Success in digital infrastructure investment also hinges on experience and contacts. It's critical to find the right deals, the right locations, and engage highly skilled management teams. Diversification is key, with a mix of assets and customer types to create a stable and attractive portfolio.

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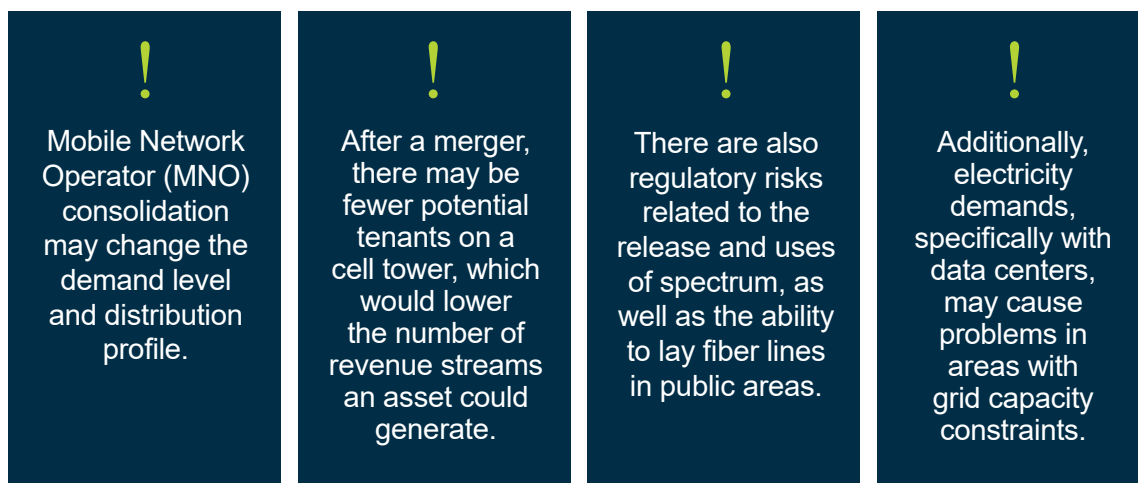
It's an exciting time in the digital infrastructure sector, with a wide range of risk-return preferences appealing to investors. The sector has seen a significant increase in market share within private infrastructure, with one-third of infrastructure funds raised in recent years including digital infrastructure as an investment target.

The transaction level in digital infrastructure has also increased, and this trend is expected to continue, driven by the need for greater density and connectivity, as well as the expansion of 5G networks.

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## Consider the Risks

With all that momentum, what could go wrong? There are several key risk considerations associated with digital infrastructure.



- Mobile Network Operator (MNO) consolidation may change the demand level and distribution profile.
- After a merger, there may be fewer potential tenants on a cell tower, which would lower the number of revenue streams an asset could generate.
- There are also regulatory risks related to the release and uses of spectrum, as well as the ability to lay fiber lines in public areas.
- Additionally, electricity demands, specifically with data centers, may cause problems in areas with grid capacity constraints.

Even with risk considerations though, the demand for digital infrastructure continues to grow given the seeming insatiable demand of end users. The continued adoption and expansion of 5G networks will enable new functionality and technologies that the existing infrastructure networks cannot cover. The growth will come from both expanding network reach and regional density, requiring additional infrastructure to support increasing data per connection.

Investing in digital infrastructure has steadily become a larger percentage of the overall private infrastructure industry. Over the last 10 years, the sector has attracted both sector generalists and specialists, with the number of digital infrastructure-focused managers increasing. Manager selection becomes increasingly essential to navigating the new offerings and emerging firms formed to take advantage of the market demand.

It's an exciting time in the digital infrastructure sector, with many interesting opportunities that will appeal to investors across a wide range of risk-return preferences. The sector's growth, and the opportunities it presents, are significant, and with the right approach, investors can play a crucial role in shaping the digital landscape of the future.

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