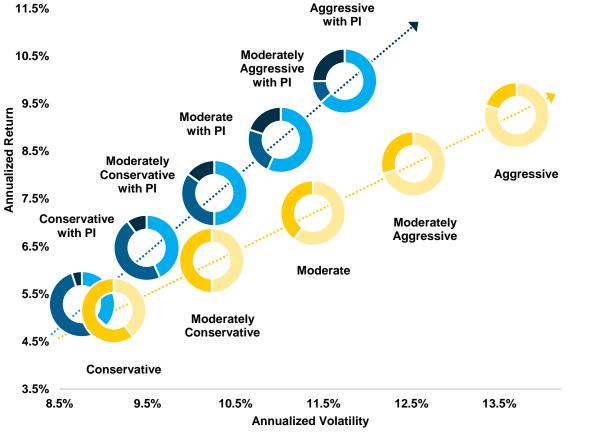


# Adding Private Infrastructure Investments May Improve a Portfolio's Risk/Return Profile

## The Impact of Private Infrastructure on Portfolio Optimizations

Investors allocate to private infrastructure (PI) investments with the objective to enhance returns and/or lower risk through diversification.



**Diversification with Private Infrastructure** (10-Year Quarterly Returns from 2013-2023)

Source: Infrastructure sourced from Cambridge Associates\* via IHS Markit, quarterly Pooled IRR as of September 30, 2023 (pulled in January 2024). US equity and bonds sourced from Bloomberg as of September 30, 2023, monthly returns were converted to quarterly. Indices: Cambridge Infrastructure, Bloomberg Aggregate Bond Index, Russell 3000. For the period October 1, 2013, through September 30, 2023. Returns are net of fees.

Past Performance is not indicative of future performance. May lose value.

\*\*Actual portfolio weightings on page 2.

With Private Infrastructure Investments\*\*

- Equity
   Bonds
  - Private Infrastructure

Equity
Bonds

Without Private Infrastructure Investments\*\*

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### Why add private infrastructure investments?

While past performance is no guarantee of future results, adding private infrastructure investments to a traditional stock and bond portfolio has shown the potential to enhance returns while diversifying risk. Here's how:

Enhanced risk- adjusted returns	Historically, private infrastructure assets have delivered a consistent return premium relative to public equities and fixed-income throughout various market cycles. Infrastructure investments have the potential to deliver strong returns because, typically, these assets are regulated with revenues backed by long-term contracts from creditworthy entities, which may result in long-term, predictable cash flows.
Lower average volatility	Infrastructure assets and services are typically necessities for society, underpinned by regulation or contractual agreements, so they have a relatively inelastic demand, making them less sensitive to business cycles.
Historically low correlation to public markets	Because these are private investments with unique return drivers that have low economic sensitivity, infrastructure investments have typically shown to have low correlation to other major asset classes, helping to further diversify a portfolio.
Consistent cash flow	In addition to return and risk benefits, cash yield is typically a significant component of potential investment returns, generally the result of revenue generated by the infrastructure asset itself.

By adjusting a traditional portfolio to include an allocation to private infrastructure investments, advisors can potentially help investors generate higher return, lower volatility, broaden their diversification, and benefit from consistent cash flow.

A wide range of investor profiles, from conservative to moderate to aggressive, have been able to mitigate risk and enhance overall returns over the past decade by incorporating private infrastructure investments into their portfolios.

		Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Portfolio Mix Weights (for chart on page 1)	Equity	37%	43%	50%	57%	63%
	Bonds	58%	47%	35%	23%	12%
	PI	5%	10%	15%	20%	25%
	Equity	40%	50%	60%	70%	80%
	Bonds	60%	50%	40%	30%	20%

\*There is no complete and reliable data set for private investments. The information is extremely limited, and most data is compiled from funds that elect to self-report and tend to be biased toward higher performing funds. Losses are underreported. Funds included in these measures lack commonality and transparency. Over time, components of the data may change. Funds may begin or cease to be represented based on these factors, thereby creating a "survivorship bias" that may additionally impact the data reported. An investment in a private market investment entails a high degree of risk and no assurance can be given that any private market investment objectives will be achieved or that investors will receive a return of their capital.

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