

What is Infrastructure?

Infrastructure, as an investable asset class, centers around assets that are essential to everyday life. These assets, whether they are roads and railways, utilities such as waste management, water, or electricity, or communication facilitators like satellites, cell towers, and data centers, often share investment characteristics that may lead to portfolio stability and income generation.

What Makes Infrastructure An Attractive Investment?

Long- Lasting Physical Assets

In addition to the potential for consistent cash flow, infrastructure investing also tends to center around physical assets and structures that provide collateral or physical goods that can be sold or leveraged throughout the use of their life cycle. For example, building a power plant results in physical equipment that can potentially be sold at the end of its life, providing additional capital to the owners of the equipment.

High Barriers to Entry

Industries and sectors where infrastructure investment is most prevalent are capital intensive, which may, at times, mean that competition can be lower, potentially creating a favorable market environment for companies participating in the space. These high barriers to entry may also have the potential to create higher profits and lower costs for businesses ultimately benefiting investors in the asset class.

Inelastic Demand

Regardless of what the price of water or electricity is, it is needed and is critical for everyday life. The consistent demand for utilities has historically made them income generators, with stable cash flows. Utilities are a great demonstration of inelastic demand generating cash flow as an infrastructure asset class.

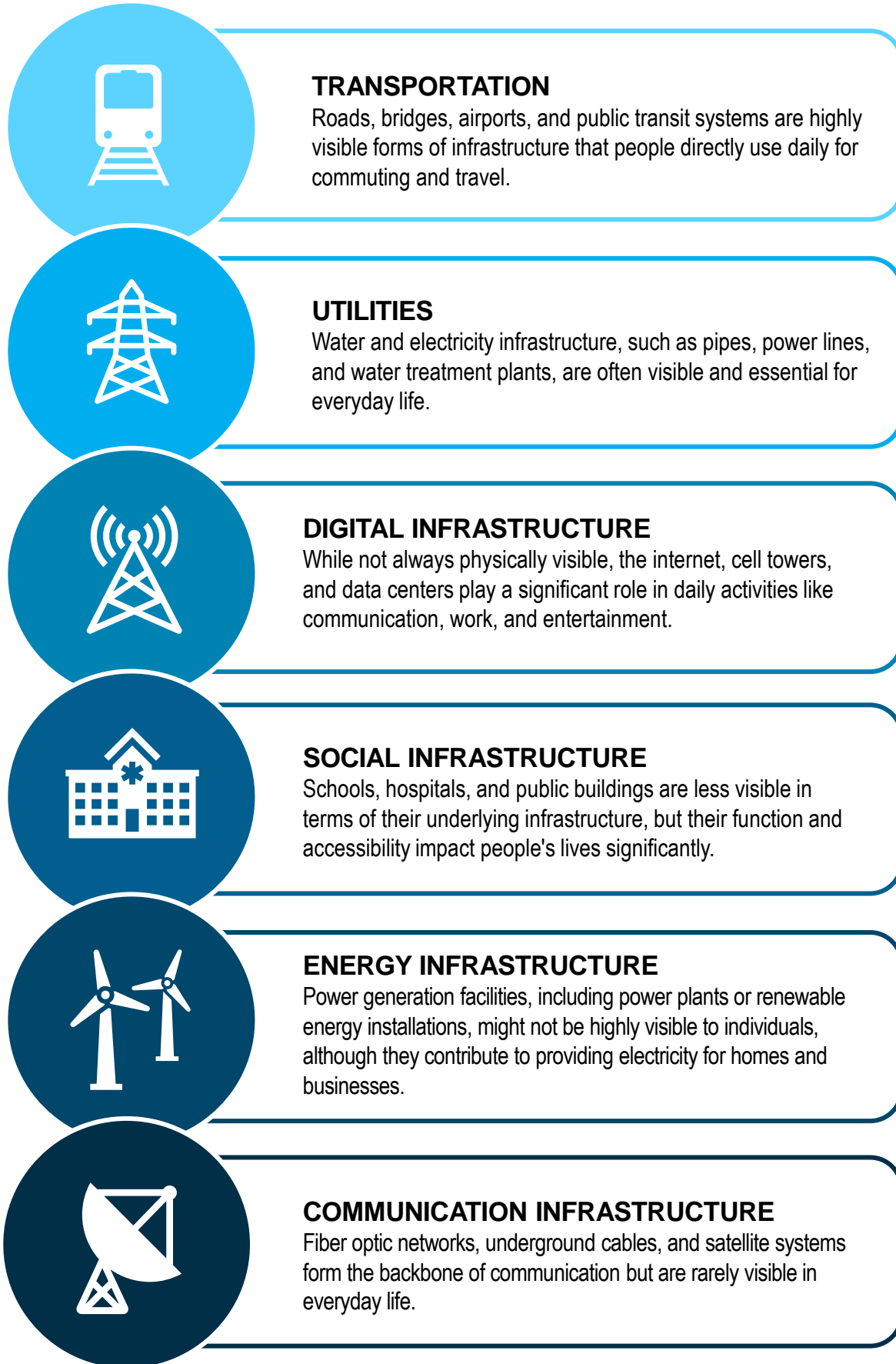


FIGURE 1
The Spectrum of Infrastructure Investments

Source: Meketa Investment Group, 2023. Illustrative purposes only



Glossary

Private Infrastructure

Infrastructure assets owned or operated by private entities, including roads, bridges, tunnels, water supply systems, power plants, and telecommunications networks. Unlike public infrastructure, private infrastructure is financed, developed, and maintained by private companies

Yield

In the context of infrastructure investing, yield refers to the income return on investment, typically derived from operating revenues, such as tolls, fees, or payments.

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