

Why Private Infrastructure Matters Now - and What's Next

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- Infrastructure is evolving beyond roads, ports, and bridges to meet modern digital and energy demands
- Surging power needs from AI and electrification are driving investment into new infrastructure systems and energy sources
- Private Infrastructure offers a compelling opportunity with strong returns across the risk spectrum

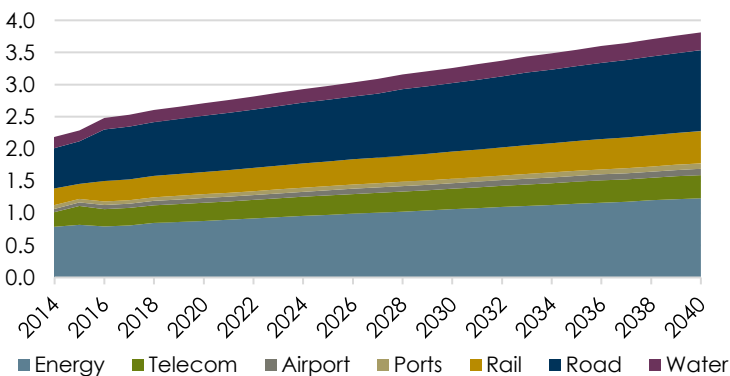
The Evolution of Private Infrastructure

Infrastructure investing is rapidly expanding beyond traditional assets like roads and utilities to address the demands of a more digital, electrified, and resource-constrained economy. Once focused on stability and income, infrastructure now plays a central role in enabling the shift towards alternative and distributed energy systems, supporting digital growth, and modernizing critical services across the economy. Its evolution is also being driven by shifts in technology and society – including the rise of artificial intelligence, rapid urbanization, changing demographics, and growing government support. Together, these dynamics are accelerating the need for modern, adaptable infrastructure that can meet both today's pressures and tomorrow's demands.

Digital Infrastructure and Electrification

The rapid acceleration of artificial intelligence, re-shoring of manufacturing, and widespread electrification are pushing power demand to unprecedented levels. Data centers – now core infrastructure to the digital economy – require massive, continuous power, creating both pressure and opportunity within the energy ecosystem. To meet these demands, the grid must shift toward a more decentralized and resilient architecture. This shift includes integrating renewable sources, advance transmission systems, and local energy connections. These needs represent a transformational moment for infrastructure development, requiring innovative solutions that are both flexible and scalable.

Global Infrastructure Investment Needed (\$ Trillions)



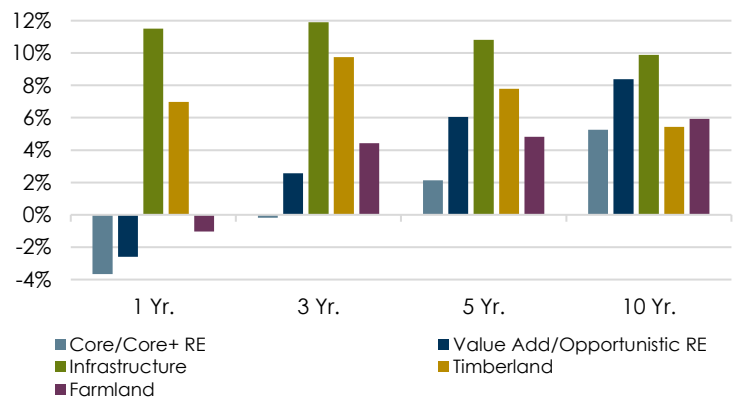
Energy and Resource Efficiency

Infrastructure systems need to evolve to meet rising demand while making smarter use of limited resources. Innovations in alternative energy are reshaping how power is generated and distributed, supporting a shift toward decentralized models. At the same time, infrastructure tied to energy storage, recycling, water reuse, and industrial optimization is becoming essential in managing resource constraints and ensuring resilience. In the U.S., supportive legislation and energy policy accelerated investments into transition fuels and grid modernization. While these policies are at risk of being rolled back, the underlying investment momentum remains strong. In 2024 alone, global spending on energy transition surpassed \$2 trillion, highlighting the scale of this shift and the need for more efficient power generation.

Legacy Infrastructure Assets Remain Essential

Traditional infrastructure continues to serve as the backbone of the global economy, supporting essential functions across the movement of people, goods, and energy. These systems remain highly relevant, particularly as the demand intensifies for stable, reliable power sources. Natural gas infrastructure plays a key role in today's energy mix, offering flexibility, scalability, and the responsiveness required to support a more dynamic and electrified economy. Its ability to complement newer technologies while reinforcing energy reliability makes it a critical component of the modern infrastructure landscape.

Historical Performance of Private Real Assets



Historical Performance of Private Infrastructure

While often overlooked, private infrastructure has been one of the strongest-performing segments across real assets over the past 10 years. By delivering stable, inflation-linked cash flows, core and core-plus strategies produced strong absolute returns. Value-add, opportunistic, and specialized strategies, particularly those focused on energy transition, telecommunications, and digital infrastructure, performed even better. Their outperformance is driven by accelerating adoption and the maturation of enabling technologies, like advance water reuse platforms. These sectors are established and now large enough to support scaled investment, yet still early enough to capture significant growth.

Implementation and Portfolio Role

Private infrastructure offers a compelling set of attributes for investment portfolios, including inflation protection, downside resilience, and stable cash flows. Today's infrastructure opportunities extend beyond the traditional core approach. Investors can now access infrastructure assets across a spectrum of return profiles, from core to value-add to opportunistic, with each category addressing different stages of development and risk. Furthermore, infrastructure serves as a powerful complement to private real estate, providing exposure to essential services, long-duration contracts, and real asset characteristics that diversify a broader portfolio. As the asset class continues to transform, infrastructure can play a more dynamic and diversified role in investment portfolios.

Sources: ACG Research, Global Infrastructure Outlook, Pitchbook, Evestment

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