

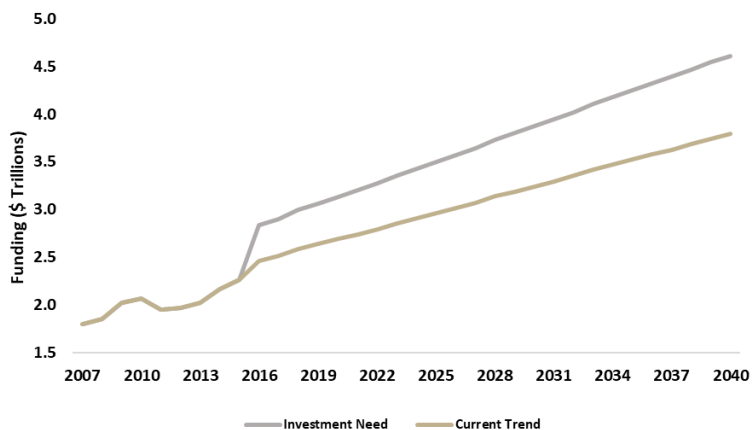
The Infrastructure Investment Opportunity

What comes to mind when you think of infrastructure is probably roads, bridges, and power plants. While these certainly fall under that category, infrastructure is much more than that. It includes green energy projects like solar panels and EV charging stations, digitalization investments such as data centers and cell towers, transportation assets including airports and seaports, and social infrastructure such as schools and hospitals. More generally speaking, infrastructure can be defined as businesses providing essential products and services backed by hard assets with long-term contracted cash flows in markets with high barriers to entry.

Infrastructure has grown rapidly as an alternative private asset class. Although high interest rates have led to slower fundraising in recent years, private infrastructure currently has \$1.3 trillion in assets under management and is expected to increase by another trillion by 2029.¹

Fueling this growth is the massive gap between projected and required infrastructure spending. The American Society of Civil Engineers estimates a \$3.7 trillion infrastructure funding gap in the U.S. between 2024 and 2033.² On a global scale, the G20 Infrastructure Outlook estimates a \$15 trillion gap in global infrastructure funding by 2040.³ With government budgets coming under pressure due to high deficits and interest rates, more private sector investment is needed to fill this gap. This creates an exciting investment opportunity in private infrastructure over the next 10+ years.

Infrastructure Funding Gap



¹ iCapital. "Alternatives Decoded." Accessed at <https://learn.icapital.com/alternatives-decoded>
² American Society of Civil Engineers. "Report Card For America's Infrastructure". Accessed at <https://infrastructurereportcard.org/economics>
³ Global Infrastructure Hub. "Infrastructure Outlook." Accessed at <https://outlook.gihub.org>
 Chart Source: Global Infrastructure Hub. "Infrastructure Outlook." Accessed at <https://outlook.gihub.org>

Economy

Last Week	This Week
- Housing Starts & Permits (Jan.): starts -9.8% MoM permits +0.1% MoM	- Conf. Board Consumer Confidence (Feb.): 2/25
- Leading Economic Index (Jan.): -0.3% MoM	- New Home Sales (Jan.): 2/26
- S&P Flash PMIs (Feb.): manufacturing 51.6 services 49.7	- Durable Goods Orders (Jan.): 2/27
- U. of Mich. Sentiment (Feb.): 64.7 from 67.8 in Jan. 5-10 Yr Inflation expectations increased to 3.5%	- PCE Income, Spending, Inflation (Jan.): 2/28

Equities

Index	Level	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	5983	-2.11	1.91	1.91	19.15	12.55	15.56
Russell 1000 Growth	4033	-3.76	-0.14	-0.14	21.90	15.28	18.78
Russell 1000 Value	1896	-0.83	4.24	4.24	15.18	8.21	10.78
FTSE High Dividend Yield*	473	-0.56	4.28	4.28	18.45	9.76	12.04
S&P Small and Mid Cap	17189	-3.38	-1.16	-1.16	9.32	5.77	10.74
MSCI EAFE	2445	-0.40	8.31	8.31	10.33	7.40	8.27
MSCI EM	1136	0.50	5.84	5.84	13.64	1.99	4.31

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	S&P Sector Returns YTD												
				Health Care	Staples	Energy	Utilities	Financials	Materials	Comm. Serv.	Real Estate	Industrials	IT	Cons. Discr.		
S&P 500	22.1	15.3	1.3	10												
Russell 1000 Growth	28.9	17.7	0.6													
Russell 1000 Value	15.5	13.4	2.2													
FTSE High Dividend Yield*	12.3	13.1	3.9													
S&P Small and Mid Cap	15.7	15.5	1.7													
MSCI EAFE	15.1	13.4	3.0													
MSCI EM	12.6	11.1	2.6													

* Bloomberg U.S Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income

Index	Yield	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.75	0.52	1.65	1.65	4.77	-0.53	-0.59
U.S. Int. Gov/Credit	4.47	0.43	1.25	1.25	5.19	1.12	0.68
U.S. Corporates	5.20	0.49	1.77	1.77	5.51	0.43	-0.04
High Yield	7.22	0.09	1.72	1.72	9.76	4.89	4.51
Municipals (1-10)	3.16	0.26	1.22	1.22	2.52	1.44	0.90

Key Rates	Levels (%)						
	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	4.18	4.31	4.24	4.24	4.69	1.57	1.17
10-yr Treasury	4.40	4.55	4.57	4.57	4.30	1.96	1.34
30-yr Treasury	4.66	4.77	4.78	4.78	4.43	2.28	1.82
SOFR	4.34	4.37	4.49	4.49	5.31	0.05	1.58
6-mo. CD rate	4.32	4.39	4.33	4.33	5.42	0.90	1.61
Prime Rate	7.50	7.50	7.50	7.50	8.50	3.25	4.75
30-yr fixed mortgage	7.11	7.18	7.28	7.28	7.36	4.25	3.66

