Why Invest in Private Infrastructure?

When incorporated into a diversified portfolio, private infrastructure has the potential to improve returns, lower volatility, increase return consistency, provide downside risk management, bolster inflation resilience, and generate income for investors.

Stronger Returns and Lower Volatility

Private infrastructure historically exhibits stronger performance with lower volatility than stocks.

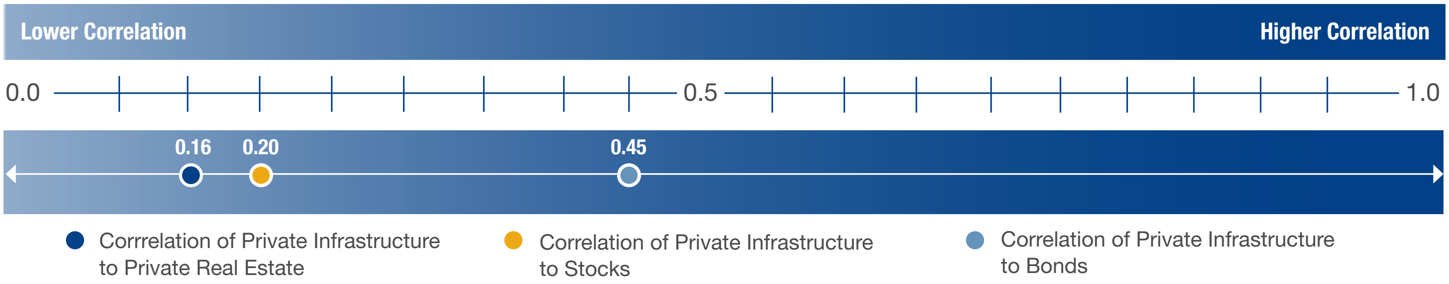
	Stocks (S&P 500)	Private Infrastructure (EDHEC Equity Infrastructure Index)
Annualized Return	7.21%	14.09%
Standard Deviation	16.92	14.93

Performance and standard deviation calculated using quarterly returns of the S&P 500 Total Return index (Stocks) and the EDHEC Infrastructure Index (Private Infrastructure) since the first complete quarter of the common inception of both indexes (6/30/2000) through 12/31/2023. Based on data sourced from Scientific Infra and Private Assets (indices. scientificinfra.com). Copyright ©2023 Scientific Infra. All rights reserved.

Return Consistency

Private infrastructure historically exhibits low correlation to other core U.S. asset classes, including stocks, bonds, and private real estate. Investments with low levels of correlation, when utilized together as a part of a diversified portfolio, may exhibit complementary return patterns and improve return consistency.

FIGURE 1



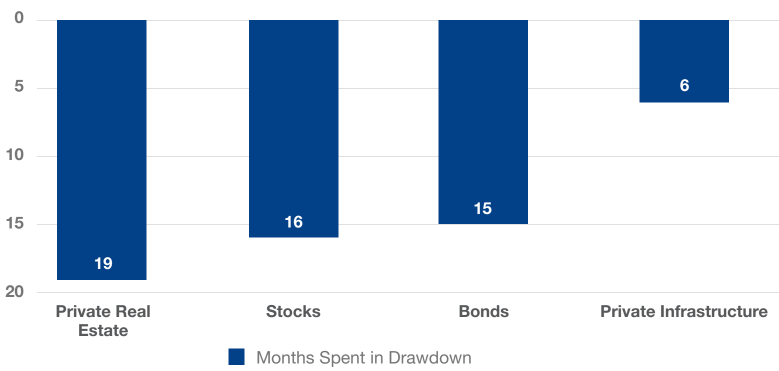
Correlation statistics are calculated using quarterly returns of the S&P 500 Total Return Index (Stocks), the Bloomberg US Aggregate Bond Index (Bonds), and the NCREIF Property Index (Private Real Estate) vs. the EDHEC Equity Infrastructure Index (Private Infrastructure) since the first complete quarter of the common inception of all indexes (6/30/2000) through 12/31/2023. Based on data sourced from Scientific Infra and Private Assets (indices.scientificinfra.com) Copyright © 2023 Scientific Infra. All rights reserved.

Downside Risk Management

Private infrastructure historically exhibits shorter periods of performance drawdowns when compared to other asset classes like U.S. stocks, bonds, and private real estate. For example, the "Months Spent in Max Drawdown" - or the maximum number of months each asset class declined from peak to trough – lasts 19 months for private real estate, 16 months for stocks, 15 months for bonds, but only six months for private infrastructure. Private real estate, stocks, bonds, and private infrastructure have varying levels of liquidity, which can also affect drawdown.

FIGURE 2

Months Spent in Max Drawdown



Months spent in max drawdown are calculated using monthly returns of the S&P 500 Total Return Index (Stocks), the Bloomberg US Aggregate Bond Index (Bonds), the NCREID Property Index (Private Real Estate), and the EDHEC Equity Infrastructure Index (Private Infrastructure) since the first complete month of the common inception of all indexes (6/30/2000) through 12/31/2023. Stocks, Bonds and Private Real Estate data are sourced from Morningstar. EDHEC Equity Infrastructure data are based on data sourced from Scientific Infra and Private Assets (indices. scientificinfra.com)

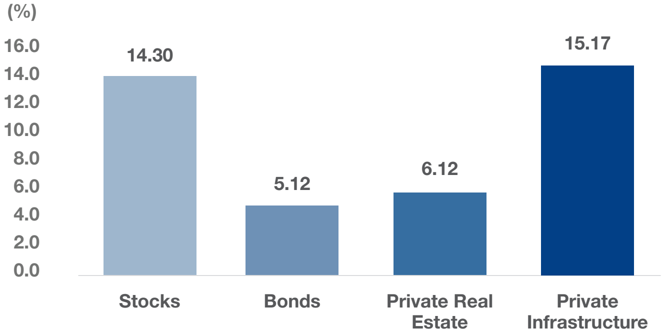
Inflation Resilience

Stocks, bonds, and private real estate historically exhibit different performance patterns when inflation is below vs. above the 2% target set by the U.S. Federal Reserve. Conversely, private infrastructure historically exhibits similar performance patterns across different inflationary periods.

FIGURE 3

Inflation Below 2%

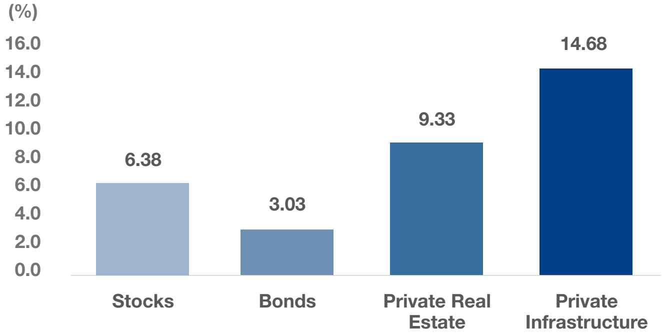
Average Annualized Performance When Inflation is Below the Target of the U.S. Federal Reserve



vs.

Inflation Above 2%

Average Annualized Performance When Inflation is Above the Target of the U.S. Federal Reserve



"Inflation Less than 2%" calculated by averaging the annual returns of the EDHEC Equity Infrastructure Index (Private Infrastructure), the S&P 500 Total Return Index (Stocks), the Bloomberg US Aggregate Bond Index (Bonds), and the NCREIF Property Index (Private Real Estate) when the annual change in the US Consumer Price Index was less than 2% since the first complete calendar year of the inception of the index, 2001, through 2023. Annual returns for Stocks, Bonds and Private Real Estate sourced from Morningstar. Inflation sourced from the Bureau of Labor Statistics and YCharts. "Inflation Greater than 2%" calculated by averaging the annual returns of the EDHEC Equity Infrastructure Index (Private Infrastructure), the S&P 500 Total Return Index (Stocks), the Bloomberg US Aggregate Bond Index (Bonds), and the NCREIF Property Index (Private Real Estate) when the annual change in the US Consumer Price Index was greater than 2% since the first complete calendar year of the inception of the index, 2001, through 2023. Annual returns for Stocks, Bonds and Private Real Estate sourced from Morningstar. Inflation sourced from the Bureau of Labor Statistics and YCharts. EDHEC Equity Infrastructure Index is based on data sourced from Scientific Infra and Private Assets (indices.scientificinfra.com)

Historically Consistent and Reliable Income

Private infrastructure historically exhibits consistent, tax-efficient income due to the distinctive characteristics of the asset class.

Essential Services
Society relies upon the essential products and services provided by infrastructure assets. As a result, demand is less sensitive to economic downturns.

Long Asset Life
Private infrastructure assets, contracts, and concessions are typically long-term, resulting in stable and predictable cash flows.

High Barriers to Entry
Substantial capital investments, regional advantages, and regulatory approvals often create high barriers to entry for infrastructure projects, leading to near-monopolistic market positions.

Potential Tax Benefits
Specific infrastructure investments may be eligible for energy infrastructure credits, such as Investment Tax Credits and Production Tax Credits, as well as accelerated depreciation, which may help support free cash flow and after-tax income for investors.

Private Infrastructure Summary

Potential Portfolio Construction Benefits

- **Increase Returns and Lower Volatility**
- **Bolster Inflation Resilience**
- **Improve Return Consistency**
- **Generate Income for Investors**
- **Provide Downside Risk Management**

Contact Us

For more information on Cantor Fitzgerald Asset Management:

Email: cfsupport@cantor.com
Phone: (855) 9-CANTOR
Web: cantorassetmanagement.com

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