INFRASTRUCTURE EXPLAINED: VOLUME II

Allocating to Private Infrastructure

THE ROLE OF INFRASTRUCTURE IN PORTFOLIO CONSTRUCTION

This is part of the I Squared Infrastructure Explained series, which explores how we define, allocate to, and invest in infrastructure.

Private markets exposure can provide portfolio diversification, but not all asset classes serve the same purpose. For investors allocating to private markets, infrastructure can offer a differentiated combination of durable demand, visible cash flows, inflation sensitivity, and hard-asset backing.

Key Investment Characteristics

Stable Yield	Long-term contracts, regulated pricing, and high barriers to entry can support predictable income and may help reduce sensitivity to market volatility.
Inflation Protection	Built-in contractual mechanisms can allow revenues to adjust as prices rise, which may help protect real value in inflationary environments.
Hard Asset Backing	Physical assets that provide essential services offer tangible underlying value, which may support appreciation during periods of growth and resilience during periods of stress.

Infrastructure in Context

Each sector within private markets can serve a distinct role in a portfolio. Infrastructure can serve a distinctive role within private markets: more growth-oriented than private credit, more income- and resilience-oriented than traditional private equity, and different from real estate because its value is often tied to essential services, not just property.

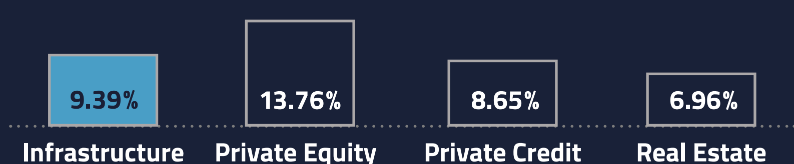
Asset Class	Income	Inflation Sensitivity	Downside Mitigation
Infrastructure	■■■	■■■	■■■
Private Equity	■□□	■■□	■□□
Private Credit	■■■	■□□	■■□
Real Estate	■■□	■■□	■■□

Strong ■■■ **Moderate** ■■□ **Weak** ■□□

The Takeaway for Investors

Infrastructure offers investors the potential to capture compelling returns alongside these attractive characteristics. While other private market asset classes may offer growth, income, or appreciation individually, infrastructure can bring elements of all three, backed by real assets that may support resilience across economic cycles.

Resiliency with Compelling Performance: 10-Year Annualized Return[1]



[1] Source: Preqin, Preqin Indices, Quarterly Indices, Annualized Performance as of December 2025. Returns shown are 10-year annualized returns for the relevant Preqin asset class indices. Private Equity reflects Private Equity excl. VC; Private Credit reflects Private Debt.