

## PRIVATE INFRASTRUCTURE

# Diversifying Investor Portfolios

Private infrastructure can be an important allocation in investor portfolios in all market environments, including during periods of market dislocation. Today, global economic and fiscal tailwinds are driving the need for new expenditures across areas such as transportation, energy, and digital infrastructure. Blackstone's network, experience, and extensive sourcing capabilities have the potential to position its infrastructure platform to capitalize on this opportunity.

Historically, private infrastructure has offered:

01

**High Returns,  
Low Volatility**

02

**Diversification and  
Downside Mitigation**

03

**Inflation  
Protection**

04

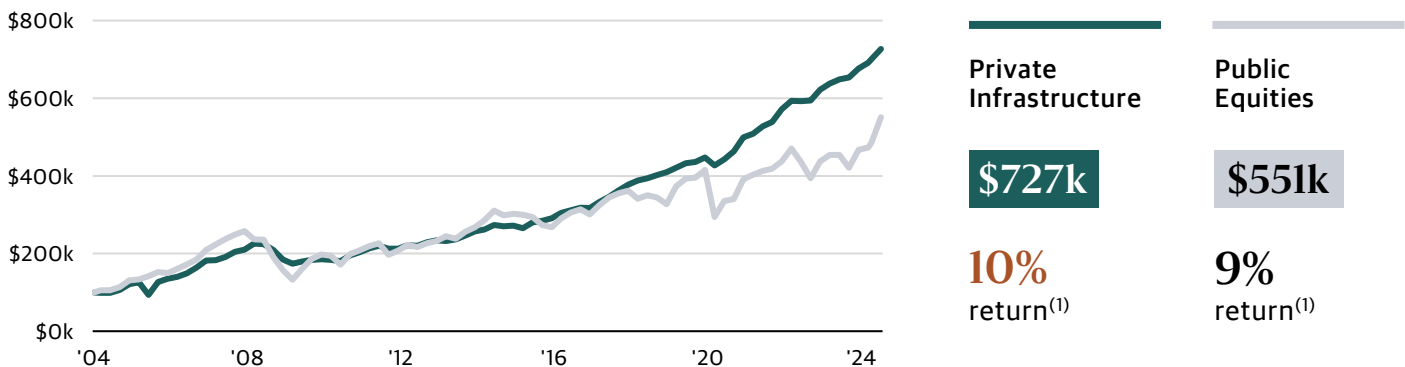
**Reliable  
Cash Yield**

In today's volatile market, investors can consider an allocation to private infrastructure in their own portfolios.

## Returns

Historically, private infrastructure has delivered higher returns with lower volatility than public equities.

### Growth of \$100k Investment<sup>(1)</sup>



<sup>(1)</sup> Cambridge Associates, as of September 31, 2024. Growth of \$100,000 based on cumulative returns from January 1, 2004, to September 30, 2024, based on earliest common inception date. **Past performance does not predict future returns.** "Private Infrastructure" is represented by the pooled returns of the Cambridge Private Infrastructure Index, which is comprised of 178 infrastructure funds, including fully liquidated partnerships, formed between 2004 and 2024. "Public Equities" are represented by the Cambridge Modified Public Market Equivalent ("PME") analysis of the MSCI ACWI Index. Comparisons of private infrastructure performance to public equity performance is therefore based on the difference in performance between Cambridge Private Infrastructure Index IRR and the hypothetical PME return of the MSCI ACWI Index. Hypothetical PME index performance may differ materially from the performance of such index during the same time period on account of the adjustments made for the timing of cash flows as per the PME analysis. Returns shown above have been compounded quarter over quarter to show comparison over time and may not be representative of actual historical returns experienced by investors in either private infrastructure or public equities. See Endnote 1 on page 3 for additional information on the PME calculation methodology. Private Infrastructure assets are expected to face risks different than those faced by public equities, including significantly less liquidity, as Private Infrastructure assets generally do not have liquid markets and greater risk of default and related risk of loss of principal. Additionally, investments in private infrastructure are speculative and often include a higher degree of risk. Indices are provided for illustrative purposes only, and there are significant risks and limitations to relying on comparisons to an index, including the PME adjustments. See "Important Disclosure Information" including "Index Comparison" and "Index Definitions." These indices have been selected as generally well-known and widely recognized indices and not as a benchmark for any specific fund. Additionally, investments in private infrastructure are speculative and often include a higher degree of risk.

## Diversification<sup>(2)</sup>

Private infrastructure may provide diversification benefits, given its historically low correlation to other asset classes.

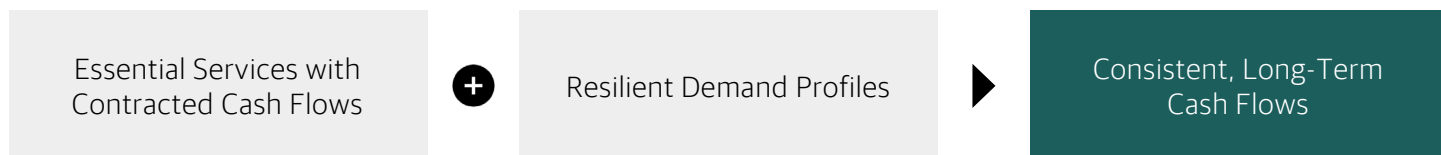
Asset Class	Correlation with Global Private Infrastructure <sup>(3)</sup>
Investment Grade Bonds	0.01
US Private Real Estate	0.33
Global Equities	0.59

## Inflation Protection

Private infrastructure has the potential to provide inflation mitigation, as infrastructure business models often have contracts indexed to inflation or with embedded inflation mitigants, which can help maintain profits in the face of rising costs.



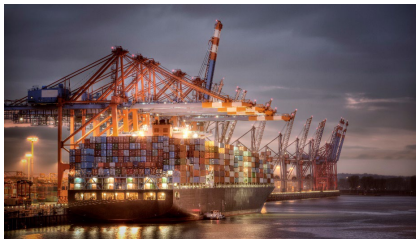
## Tax-Efficient Yield

Private infrastructure typically provides essential services with limited sensitivity to economic downturns. As a result, private infrastructure has delivered consistent, tax-efficient income under varying market conditions.



## Blackstone Invests Across High-Conviction Infrastructure Themes

Private infrastructure refers to the physical assets that provide and/or support essential services critical to the economy, such as energy grids and data centers. Infrastructure includes:

Digital	Energy	Transportation
		
<ul style="list-style-type: none"><li>■ Data Centers</li><li>■ Cell Towers</li><li>■ Fiber</li></ul>	<ul style="list-style-type: none"><li>■ Utilities / Transmission</li><li>■ Pipelines</li><li>■ Renewables</li></ul>	<ul style="list-style-type: none"><li>■ Roads</li><li>■ Ports</li><li>■ Airports</li><li>■ Railroads</li></ul>

Note: There can be no assurance that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict, or guarantee, and are not necessarily indicative of, future events or results. Please see Endnotes on page 3 and "Important Disclosure Information" including "Index Comparison" and "Index Definitions."

---

## Considerations Before Allocating

Ultimately, private market investing means active ownership of less liquid assets. Liquidity needs at the total portfolio level are one important consideration before allocating to private infrastructure. In addition, manager selection may be of particular importance given that we have seen certain infrastructure managers include “infrastructure-like” investments in their portfolios. Key manager attributes include scale, staying power, and a potentially differentiated ability to source strategically located, hard-asset infrastructure.

## Endnotes

- (1) PME data contained herein was generated by Cambridge Associates’ PME tool as of September, 2024, and was not calculated by Blackstone. PME methodology replicates the date and amount of cash flows from Cambridge Private Equity Index capital calls or distributions in a public market index (i.e., MSCI ACWI). There are multiple PME calculation methodologies that can be used to compare private and public markets, and the use of a different PME calculation methodology may result in a different outcome than the one shown here. Cambridge Associates’ Private Investments Database is a collection of private fund performance including the performance of buyout, growth equity, private equity energy and subordinated capital funds. The private fund and investment-level performance information is drawn from the quarterly and audited annual financial statements of the fund managers and each manager’s reported performance numbers are independently recreated from the financial statements and verified by Cambridge Associates.
- (2) Diversification does not ensure a profit or protect against losses.
- (3) Based on quarterly returns from January 1, 2004 to September 30, 2024 sourced from Morningstar. Global Private Infrastructure (Cambridge Private Infrastructure Index); US Private Real Estate (NCREIF ODCE); Investment Grade Bonds (Bloomberg US Aggregate Bond); Global Equities (MSCI ACWI). January 1, 2004 represents the inception date for the Cambridge Infrastructure index.

## Important Disclosure Information

This document (together with any related materials or links, the “Materials”) does not constitute an offer to sell, or a solicitation of an offer to buy, any security or instrument, or a solicitation of interest in any Blackstone vehicle, account or strategy. If any such offer is made, it will only be by means of an offering memorandum or prospectus, which would contain material information including certain risks of investing including, but not limited to, loss of all or a significant portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity and volatility of returns. Nothing herein constitutes investment advice or recommendations and should not be relied upon as a basis for making an investment decision.

This material is not to be reproduced or distributed to any other persons (other than professional advisors of the persons receiving this material) and is intended solely for the use of the persons to whom it has been delivered.

This material is provided is for informational and educational purposes only and is not an advertisement for purposes of the U.S. Investment Advisers Act of 1940.

Alternative investments often are speculative, typically have higher fees than traditional investments, often include a high degree of risk and are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase volatility and risk of loss.

**Blackstone Proprietary Data.** Certain information and data provided herein is based on Blackstone proprietary knowledge and data. Portfolio companies may provide proprietary market data to Blackstone, including about local market supply and demand conditions, current market rents and operating expenses, capital expenditures, and valuations for multiple assets. Such proprietary market data is used by Blackstone to evaluate market trends as well as to underwrite potential

and existing investments. While Blackstone currently believes that such information is reliable for purposes used herein, it is subject to change, and reflects Blackstone’s opinion as to whether the amount, nature and quality of the data is sufficient for the applicable conclusion, and no representations are made as to the accuracy or completeness thereof.

**Conflicts of Interest.** There may be occasions when a Fund’s general partner and/or the investment advisor, and their affiliates will encounter potential conflicts of interest in connection with such Fund’s activities including, without limitation, the allocation of investment opportunities, relationships with Blackstone’s and its affiliates’ investment banking and advisory clients, and the diverse interests of such Fund’s limited partner group. There can be no assurance that Blackstone will identify, mitigate, or resolve all conflicts of interest in a manner that is favorable to the Fund.

**Diversification; Potential Lack Thereof.** Diversification is not a guarantee of either a return or protection against loss in declining markets. The number of investments which a Fund makes may be limited, which would cause the Fund’s investments to be more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. There is no assurance that any of the Fund’s investments will perform well or even return capital; if certain investments perform unfavorably, for the Fund to achieve above-average returns, one or a few of its investments must perform very well. There is no assurance that this will be the case. In addition, certain geographic regions and/or industries in which the Fund is heavily invested may be more adversely affected from economic pressures when compared to other geographic regions and/or industries.

**ERISA Fiduciary Disclosure.** The foregoing information has not been provided in a fiduciary capacity under ERISA, and it is not intended to be, and should not be considered as, impartial investment advice.

---

## Important Disclosure Information (Cont'd)

**Forward-Looking Statements.** Certain information contained in the Materials constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology or the negatives thereof. These may include statements about plans, objectives and expectations with respect to future operations. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. Blackstone believes these factors include, but are not limited to, those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the most recent fiscal year, ended December of that year, and any such updated factors included in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Materials and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

**Index Comparison.** The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices. The indices are not subject to fees or expenses, and it may not be possible to invest in the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to a Fund's performance but rather is disclosed to allow for comparison of a Fund's performance to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

**No Assurance of Investment Return.** Prospective investors should be aware that an investment in a Fund is speculative and involves a high degree of risk. There can be no assurance that a Fund will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met (or that the returns will be commensurate with the risks of investing in the type of transactions described herein). The portfolio companies in which a Fund may invest (directly or indirectly) are speculative investments and will be subject to significant business and financial risks. A Fund's performance may be volatile. An investment should only be considered by sophisticated investors who can afford to lose all or a substantial amount of their investment. A Fund's fees and expenses may offset or exceed its profits.

**Opinions.** Opinions expressed reflect the current opinions of Blackstone as of the date appearing in the Materials only and are based on Blackstone's opinions of the current market environment, which is subject to change. Certain information contained in the materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice. Further, opinions

expressed herein may differ from the opinions expressed by a Dealer and/or other businesses / affiliates of a Dealer. This is not a "research report" as defined by FINRA Rule 2241 or a "debt research report" as defined by FINRA Rule 2242 and was not prepared by the Research Departments of a Dealer or its affiliates.

**Recent Market Events Risk.** Local, regional, or global events such as war (e.g., Russia / Ukraine), acts of terrorism, public health issues like pandemics or epidemics (e.g., COVID-19), recessions, or other economic, political and global macro factors and events could lead to a substantial economic downturn or recession in the US and global economies and have a significant impact on the Fund and its investments. The recovery from such downturns is uncertain and may last for an extended period of time or result in significant volatility, and many of the risks discussed herein associated with an investment in the Fund may be increased.

**Third-Party Information.** Certain information contained in this material has been obtained from sources outside Blackstone, which in certain cases have not been updated through the date hereof. While such information is believed to be reliable for purposes used herein, no representations are made as to the accuracy or completeness thereof and none of Blackstone, its funds, nor any of their affiliates takes any responsibility for, and has not independently verified, any such information.

**Trends.** There can be no assurances that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results.

## Index Definitions

**Bloomberg US Aggregate Bond Index:** The Bloomberg Aggregate Bond Index is an index of US dollar-denominated, investment-grade US corporate, government, and mortgage-backed securities.

**Cambridge Private Infrastructure Index:** The Cambridge Infrastructure Index is a horizon calculation based on data compiled from 93 infrastructure funds, including fully liquidated partnerships, formed between 1993 and 2015. Private indexes are pooled horizon internal rate of return (IRR) calculations, net of fees, expenses, and carried interest.

**MSCI ACWI Index:** MSCI ACWI Index represents all global public equity markets. The MSCI ACWI ex US Index excludes the US equity market. "ACWI" is an acronym for All Country World Index.

**NFI-OCDE Index:** The National Council of Real Estate Investment Fiduciaries Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 38 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-OCDE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted. NCREIF will calculate the overall aggregated Index return.