

## 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

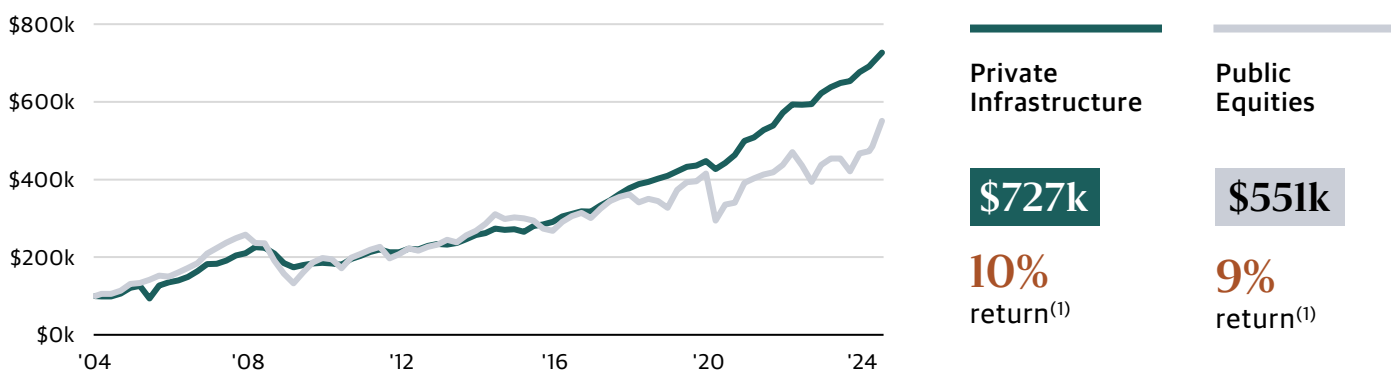
**Reliable  
Cash Yield**

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>



Any product is subject to the risk of capital loss. Diversification does not ensure a profit or protect against losses. There is no guarantee that any product will achieve its aims or objectives or avoid substantial losses. There is no assurance that any product will effectively hedge inflation.

(1) 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.

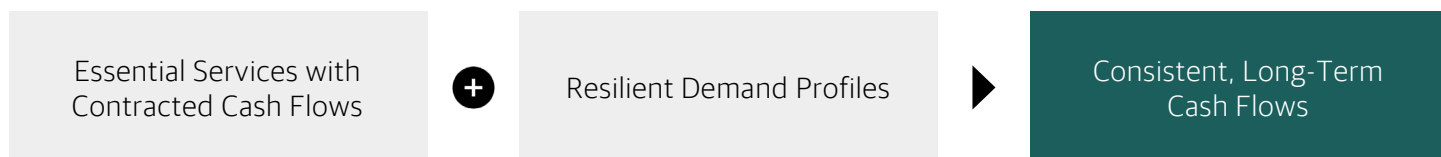
Asset Class	Correlation with Global Private Infrastructure <sup>(3)</sup>
Investment Grade Bonds	0.01
US Private Real Estate	0.33
Global Equities	0.59

## Inflation Hedge

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.




## Reliable Cash Yield

Private infrastructure typically provides essential services with limited sensitivity to economic downturns. As a result, private infrastructure has delivered consistent 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>

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## 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.

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### JAPAN

ブラックストーン・オフィス所在地

米国本社 : 345 Park Avenue, New York, NY 10154

日本オフィス : 東京都千代田区丸の内2丁目4-1 丸の内ビルディング  
10 階

商号等/ ブラックストーン・グループ・ジャパン株式会社

金融商品取引業者関東財務局長（金商）第 1 7 8 5 号

加入協会/日本証券業協会、一般社団法人第二種金融商品取引業協会、  
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**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.

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