

# Media Release

IFM Investors 



## Infrastructure investment is moving to the mainstream, says new report

Thursday 28 March

Global interest in infrastructure is ramping up, with the asset class emerging as a new portfolio cornerstone, says pension-fund-owned, global fund manager IFM Investors, in its *Infrastructure Outlook 2024* released today.

With almost 30-years' experience in infrastructure investing, IFM Investors, the fourth-largest infrastructure manager in the world, has identified key investment trends for global fund managers, asset allocators, and investment consultants.

The report urges investors, especially in the United Kingdom, United States, Europe and Asia, to carve out infrastructure from alternative allocations and establish it as a foundational asset class to maximise its diversification benefits and risk-adjusted returns.

During recent global economic volatility, infrastructure returns have demonstrated resilience, the report says; however, globally, private pension funds remain underinvested in infrastructure relative to their targets, signalling a significant wave of potential new investment to come.

Real assets such as airports, ports and toll-roads have long been the mainstay of infrastructure portfolios, but IFM also sees a future broadening of the asset class and associated returns profile to include adjacent businesses such as water treatment or intermodal facilities.

Simultaneously, infrastructure debt investors are redefining their offerings and finding pockets of value in scaling up climate technologies.

The report focuses on major themes that IFM believes are shaping the infrastructure market, including:

- **Infrastructure's moving to the mainstream:** With an established track record, continued strength through macroeconomic challenges and low correlation to other asset classes, infrastructure has come into its own as a standalone asset class and global investors are gaining the benefits.
- **Historically resilient returns continue across economic cycles:** Infrastructure returns have continued to demonstrate resilience over the past two years, with unlisted infrastructure exhibiting heightened resilience compared to other asset classes.
- **United States policy turbocharges pension capital investment opportunities in climate projects:** The Inflation Reduction Act is opening doors for a range of green projects through tax credit transferability, benefits for startups and long-term investment opportunities for pension funds, with other countries and regions following suit.

- **Growth credit financing is a game changer for climate technologies and debt investors:** Scaling-up proven climate-related technologies is essential for a low-carbon future. With equity financing facing economic headwinds, there is an opportunity for debt capital to provide a non-dilutive and attractive funding alternative.
- **Decarbonising and climate-proofing assets are creating compelling benefits:** Asset managers are backing sustainable fuels and electric charging to drive emissions out of transport infrastructure. Capital spend on decarbonising infrastructure should also be complemented with an equally crucial investment in future proofing assets against the potential impacts of climate change.
- **Investments in customer experience are driving efficiency, safety and throughput:** With investment horizons spanning decades, infrastructure asset managers are leveraging data and new technologies to drive value for customers and investors now and over the long term.

The Infrastructure Outlook is released annually by IFM Investors, with the [full report available here](#).

### **Quotes attributable to IFM Investors Global Head of Infrastructure Kyle Mangini:**

“The resilience of infrastructure returns has been in the spotlight due to recent market volatility, and investors around the world are starting to catch on to what IFM's known for almost 30 years – infrastructure should be treated as a portfolio cornerstone.”

"We're at a convergence point where the asset class is starting to become mainstream, with inflows and deal competition ramping up, and a massive opportunity set emerging through the global energy transition. It's a really exciting time for the sector."

“IFM led the emergence of the infrastructure asset class in the 1990s, and we think with the current market conditions and investment opportunities, the first-mover advantage that led to strong returns for Australian and Canadian investors 30 years ago is back and available for global investors today.”

**-ENDS-**

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### **About IFM Investors**

IFM Investors was established more than 25 years ago with the aim to invest, protect and grow the long-term retirement savings of working people. Owned by a group of Australian pension funds, the organisation has approximately A\$217 billion under management as at 30 June 2023. Because IFM is owned by industry pension funds, we prioritise the interests of 640 like-minded investors worldwide by focusing on assets that combine excellent long-term risk/reward characteristics with broad economic and social benefits to the community. As a signatory to The United Nations-supported Principles for Responsible Investment, IFM actively engages on ESG issues with the companies in which we invest with the aim of enhancing their net performance while minimising investment risk. Operating globally from offices in Melbourne, Sydney, London, Berlin, Zurich, Amsterdam, Milan, New York, Houston, Hong Kong, Seoul and Tokyo, IFM manages

investments across infrastructure, debt, listed equities and private equity assets. For more information, visit [www.ifminvestors.com](http://www.ifminvestors.com)