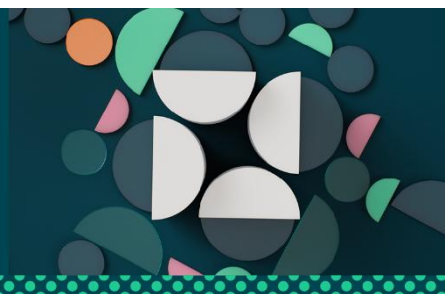


Media Release

IFM Investors 



Private markets become asset class of choice as global investors seek to balance resilience and growth

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Infrastructure has emerged as a global asset class of choice for institutional investors looking to strengthen portfolios in today's volatile macroeconomic landscape while also seeking new growth opportunities in emerging megatrends such as energy security and digitalisation, according to new global research from \$200 billion asset manager IFM Investors.

PM700, IFM Investors' annual investor barometer of 700 senior investment professionals from across 19 countries, found:

- 63 per cent of institutional investors plan to increase infrastructure equity allocations over the next three to five years.
- More than half (55 per cent) rank inflation among their top three portfolio risks.
- 47 per cent say macroeconomic factors will have the greatest impact on their private market investments.
- More than seven in ten investors (71 per cent) believe investing in long-term megatrends such as artificial intelligence, the energy transition and demographic change will be essential to achieving future return objectives.
- Just 21 per cent say their portfolio is designed to perform consistently in all economic conditions, while 9 per cent describe it as vulnerable, highlighting a sharp gap between risk awareness and portfolio resilience.
- More than half of investors (53 per cent) say diversification is one of the primary reasons they are increasing private market exposure.

Private markets remain a clear growth priority, with investors reporting more than one-third of global assets under management are already invested across private asset classes. They are focusing activity on developed markets, particularly North America and Western Europe.

Infrastructure at the centre of world's largest investment themes

Based on the survey, demand for infrastructure reflects its dual ability to provide resilient portfolio characteristics with long-term structural growth.

Investors increasingly see infrastructure as the entry point to the investment themes expected to shape the next decade including artificial intelligence, digitalisation and the energy transition. PM700 reveals:

- 61 per cent believe private markets are better than public markets for accessing megatrend exposure.
- Nearly two-thirds of respondents (63 per cent) plan to lift allocations to infrastructure equity over the next three to five years.
- 55 per cent plan to increase infrastructure debt exposure over the same period.

The survey also found infrastructure debt has gained particular interest. Among investors raising exposure, 45 per cent cite stable income backed by contracted or regulated assets and 43 per cent point to a defensive return profile with low loss rates.

Unlisted real estate was also found to be attracting renewed interest with expected net returns have risen from 8.8 per cent to 10.4 per cent year on year, while 48 per cent of respondents plan to increase allocations over the next three to five years as they seek income, inflation linkage and exposure to long-term structural demand.

AI opportunity expands beyond data centres

The survey suggests that artificial intelligence is becoming one of the defining investment themes shaping institutional portfolios with advanced technologies, telecommunications and environmental or renewable assets ranking among the strongest private markets opportunities.

The opportunity extends well beyond data centres to the infrastructure needed to power, connect and cool them, including generation and transmission, energy availability and data connectivity. The survey found:

- 38 per cent of investors cite new technologies and rising power demand as a top-three influence on their private market strategies.
- 61 per cent say private markets offer better access than public markets to transformative themes.
- Investors are becoming more concerned about the increasing flow of capital towards AI-related investment themes, with nearly two-thirds of respondents (62 per cent) believing strong inflows into megatrend investment opportunities are placing pressure on future returns. This highlights the importance of specialist expertise and disciplined portfolio construction.

Investors seek expertise, flexibility and trusted partnerships

Strong demand is not eliminating the practical barriers to private markets investing with investors increasingly saying they needed specialist partners to access complex opportunities.

The length of commitment and illiquidity remain the leading concern, cited by 46 per cent of respondents. High fees are highlighted by 43 per cent, while 35 per cent point to regulatory requirements.

Investors are clear about what could unlock further allocations:

- 39 per cent cite greater liquidity or more flexible redemption terms.;
- 35 per cent want more co-investment opportunities and more granular data on underlying exposures.
- 33 per cent want customised solutions such as segregated mandates and completion portfolios.

In-house capability concerns are also holding investors back.

- Some 44 per cent say limited internal expertise restricts their ability to scale investments in complex thematic areas.
- 26 per cent are concerned about the strength of their organisation's internal expertise.

This underlines the growing value of partners that combine investment capability with specialist insight and portfolio construction expertise.

Quotes attributable to IFM Investors Chief Strategy Officer, Luba Nikulina

"Investors around the world are facing the balancing act of portfolios that can remain resilient through inflation, geopolitical uncertainty and rapid structural change while also continuing to deliver the returns their stakeholders require."

"What PM700 shows is investors are no longer accepting the trade-off between resilience or growth and are increasingly expecting their portfolio to deliver both – one of the main reasons behind infrastructure continuing to be a favourite investment target globally."

"We're also seeing an alignment between the world's largest investment themes and infrastructure themes. Artificial intelligence requires data centres, data centres require power, electricity networks and fibre connectivity while energy security requires large-scale investment in generation, transmission and essential infrastructure."

"It also signals that as governments and investors look for ways to fund the infrastructure and energy systems that economies increasingly depend on, trusted long-term capital is becoming more important than ever."

"Private markets continue to offer opportunities, but investors are becoming more selective about how to access them. It's why greater flexibility, stronger transparency and access to specialist expertise will be critical to turning long-term interest into durable allocations."

About IFM Investors

IFM Investors is a global asset manager, founded and owned by pension funds, with capabilities in infrastructure equity and debt, private equity, private credit, real estate and listed equities. Our purpose is to invest, protect and grow the long-term retirement savings of working people. With assets under management of approximately US\$201.7bn as of 30 June 2026, we serve over 800 institutional investors worldwide, operating from 16 offices across Australia, Europe, North America and Asia.

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