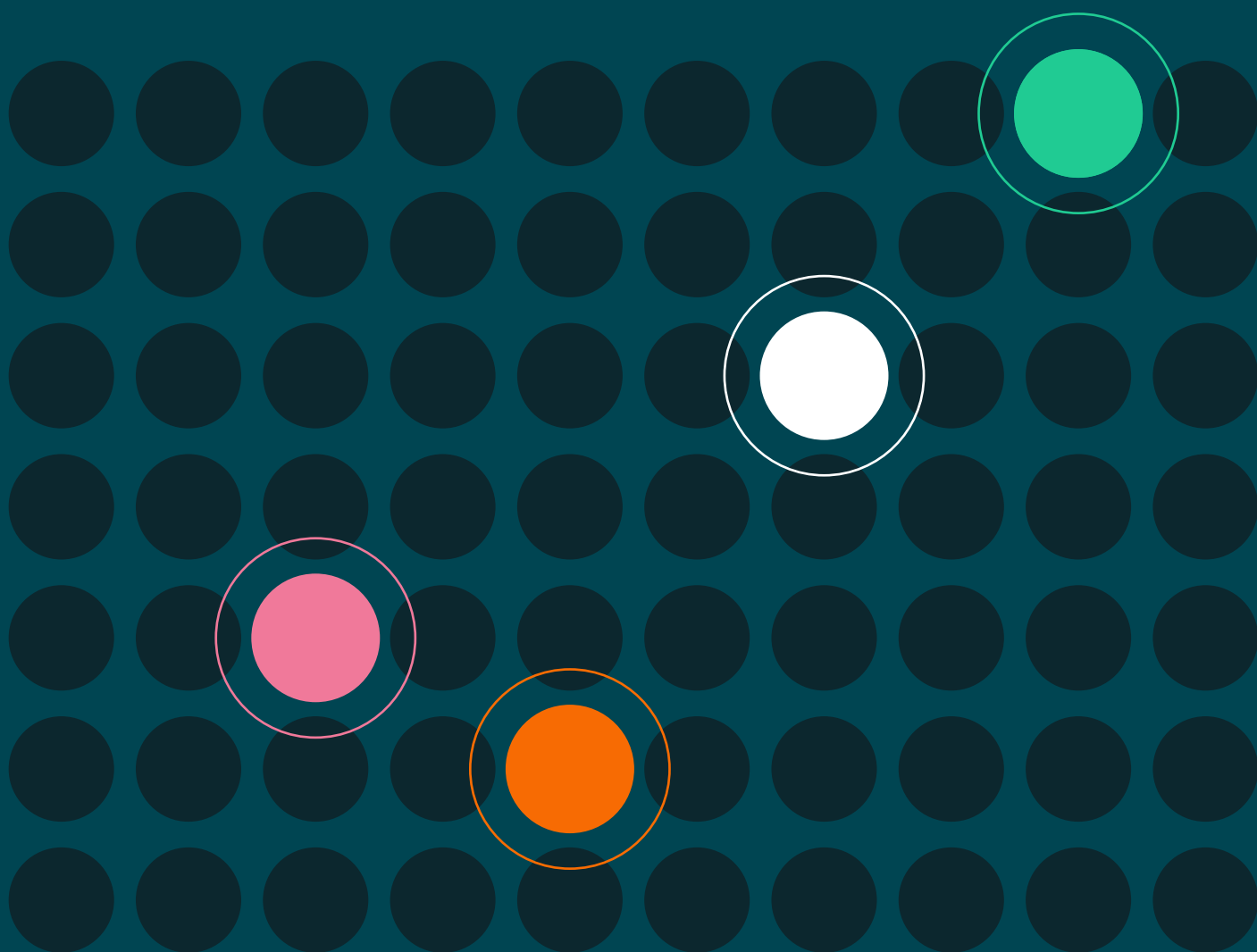

Private
Markets **700**

The global investor barometer



Highlights from the inaugural IFM Private Markets 700 research:
infrastructure investment gathers momentum

Once considered niche, private markets are fast becoming a cornerstone of global portfolios – hesitate and you could miss a material opportunity.

Our inaugural **IFM Private Markets 700***, presents the findings of our new annual research on the trends influencing private markets investing for pension funds, foundations, endowments, wealth managers and large investment consultants all over the globe.

Our research finds that infrastructure investment is gaining momentum, with more than half of the 700 senior investors we spoke to planning to increase their exposure to it in the medium term.

There's a shift underway in how investors are approaching unlisted, long-term assets. And our study suggests there's more to come.

This research summary covers the **four key highlights** that you won't want to miss.



Barometer at a Glance

Key findings for Year One - 2024

Our *Private Markets 700* Barometer is based on an annual survey of approximately 20 questions which may vary somewhat from year to year, however we will consistently track the 5 measures below.

1

Main rationales for investment in infrastructure equity and debt

Infrastructure equity Infrastructure debt

Increase returns



Manage risk

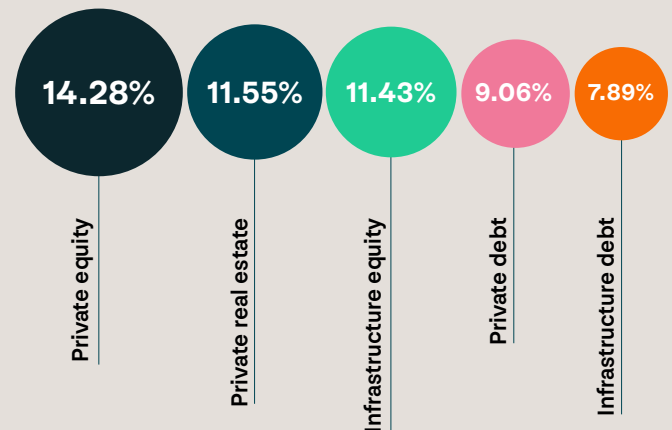


Illiquidity premium



2

Average net returns expected from private markets



3

Sustainability considerations most heavily influencing investment in infrastructure equity or debt



55%

Increased social equality



40%

Benefit local communities



39%

Energy efficiency



38%

Resource intensity



37%

Impact on biodiversity



36%

Climate resilience



36%

Carbon footprint

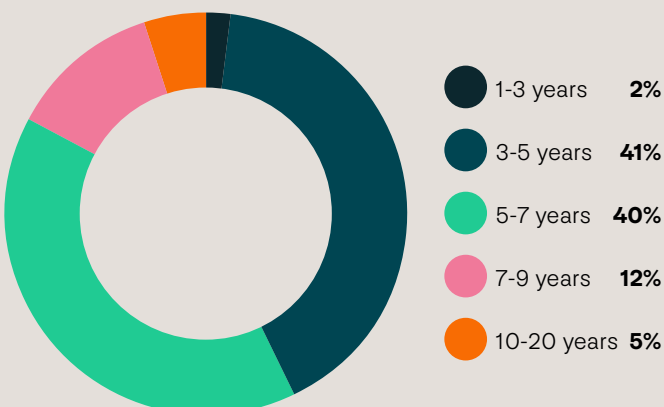


19%

Economic growth

4

Institutional investors' holding periods for private markets investments



5

Intended allocations* to private and public markets over the next 12 months and 3-5 years.

Next 12 months



Next 3-5 years



* Calculated as respondents' weighted average mean intended allocations, based on the midpoints of their nominated allocation ranges for each asset class.

1. Allocations are rising

Once the domain of sophisticated institutions, private market allocations are expected to rise to 44% of the average portfolio of our respondents over the next three to five years. There's a growing recognition among investors that private market investments can deliver much-needed returns and diversification in an increasingly complex and volatile global economy.

Within private markets, there's increased interest in infrastructure. That's in part because governments

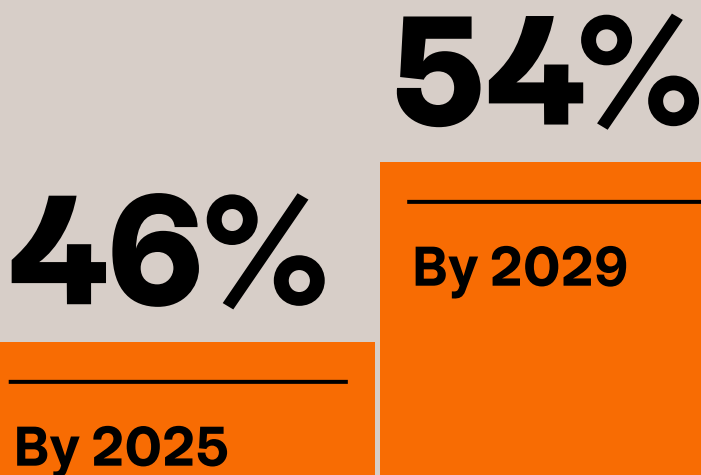
around the world need to partner with the private sector to fund their projects. 55% of our respondents believe this will create new investment opportunities.

Respondents across all regions plan to increase their exposure to infrastructure equity, in particular, over the next three to five years. But despite the widespread belief that it will match the 11%+ yearly returns of private real estate, average allocations lag a long way behind those of real estate – and most

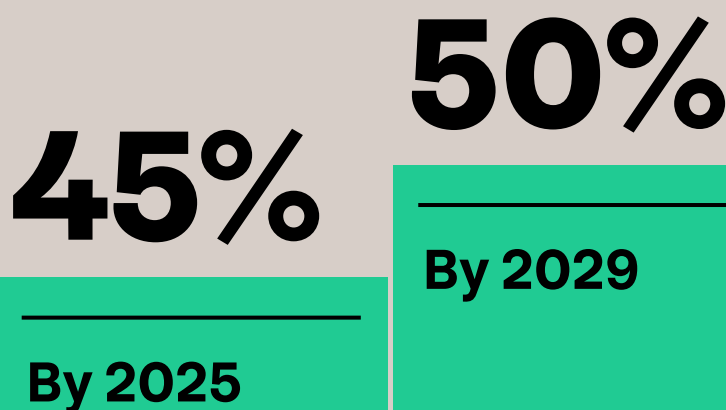
respondents still invest **nothing at all** in either infrastructure equity or debt.

That said, there are important regional variations. APAC investors, particularly in Australia, are already allocating significant portions to infrastructure. Similar trends can be seen in Canada. And in the US, where the focus has historically been on real estate, there's a growing movement to catch up.

Investors intending to invest in infrastructure equity



Investors intending to invest in infrastructure debt



2. Risk management is key too

The most popular reason to invest in infrastructure debt is the **illiquidity premium** (45%), while in equity it's to **increase financial returns** (41%).

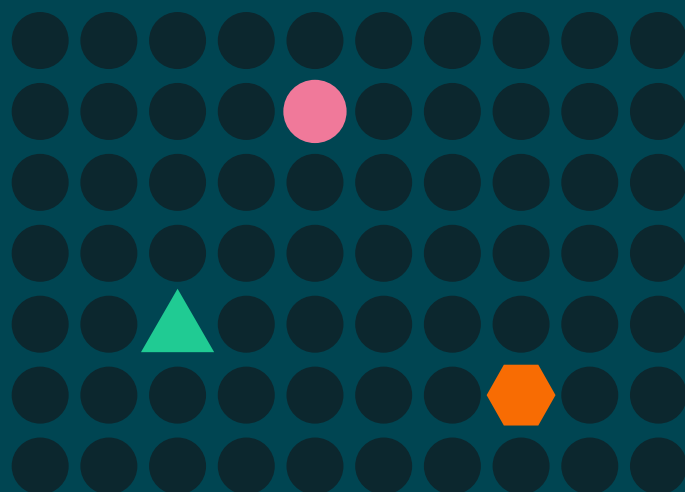
That said, **portfolio risk management** comes a very close second in both cases, showing how infrastructure is perceived to offer strong returns alongside benefits to portfolio diversification.

Our respondents are also considering how megatrends will influence their approach to infrastructure – especially emerging themes like the physical and digital infrastructure needed for the AI boom and energy transition. By taking a forward-looking approach to portfolio construction, investors can capitalise on these transformative trends and support portfolio performance.

Top reasons to invest in infrastructure



Top three megatrends affecting infrastructure investment:
artificial intelligence
the energy transition
global supply chain disruptions



3. It's not renewable *or* conventional energy: It's both

Looking more deeply at infrastructure assets, a striking 4 in 5 infrastructure investors **plan to increase their exposure to renewable energy projects**, such as solar and wind farms. And an almost equal proportion plan to do the same with traditional power sources like oil and gas.

Energy efficiency is another growing area of interest, especially in the US. There's more awareness now of the need to optimise energy usage in infrastructure projects, and the corresponding financial

opportunities – especially where government incentives exist.

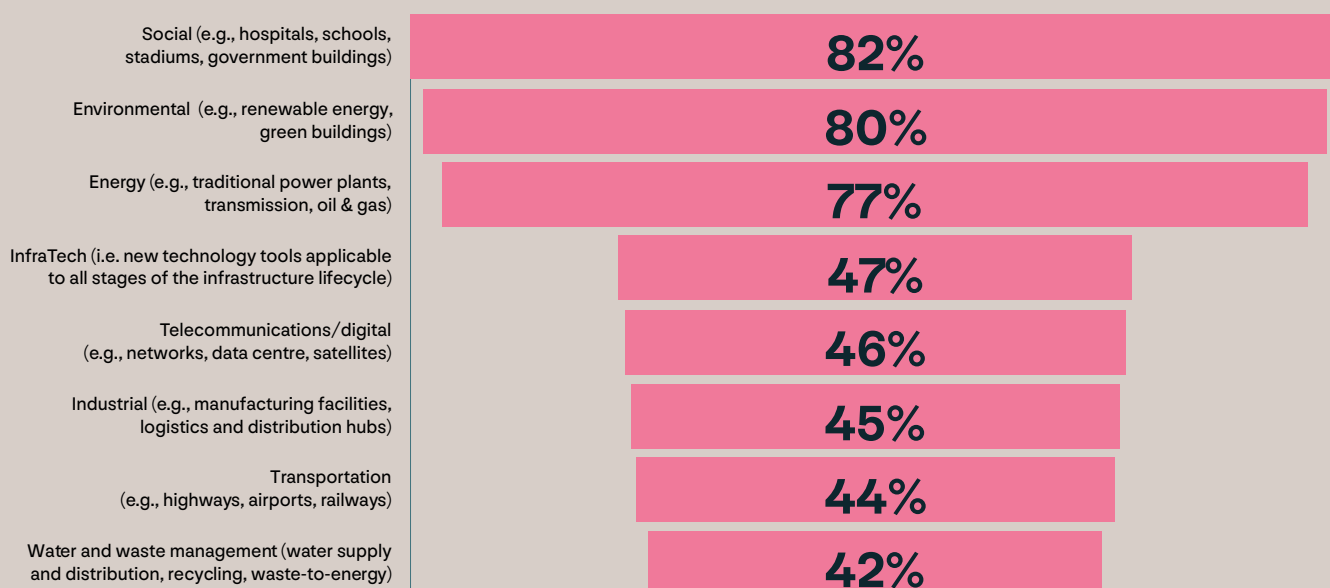
Energy efficiency is a top 3 priority for 48% of US investors, and 82%

agree energy-transition focused funds are a particularly attractive opportunity, compared to 75% globally.

A striking 4 in 5 infrastructure investors plan to increase their exposure to renewable energy projects.

Increase equity exposure next 12 months

Percentage of respondents planning to increase their exposure to infrastructure sub-themes



4. Social equality is the #1 sustainability consideration

The surging interest in infrastructure is mostly being driven by financial opportunities and risk management, but sustainability is also a key driver of strategy. **55% of investors** believe infrastructure investments should contribute to greater social equality.

82%, meanwhile, plan to **increase their exposure to social infrastructure** – including hospitals, schools, and community buildings.

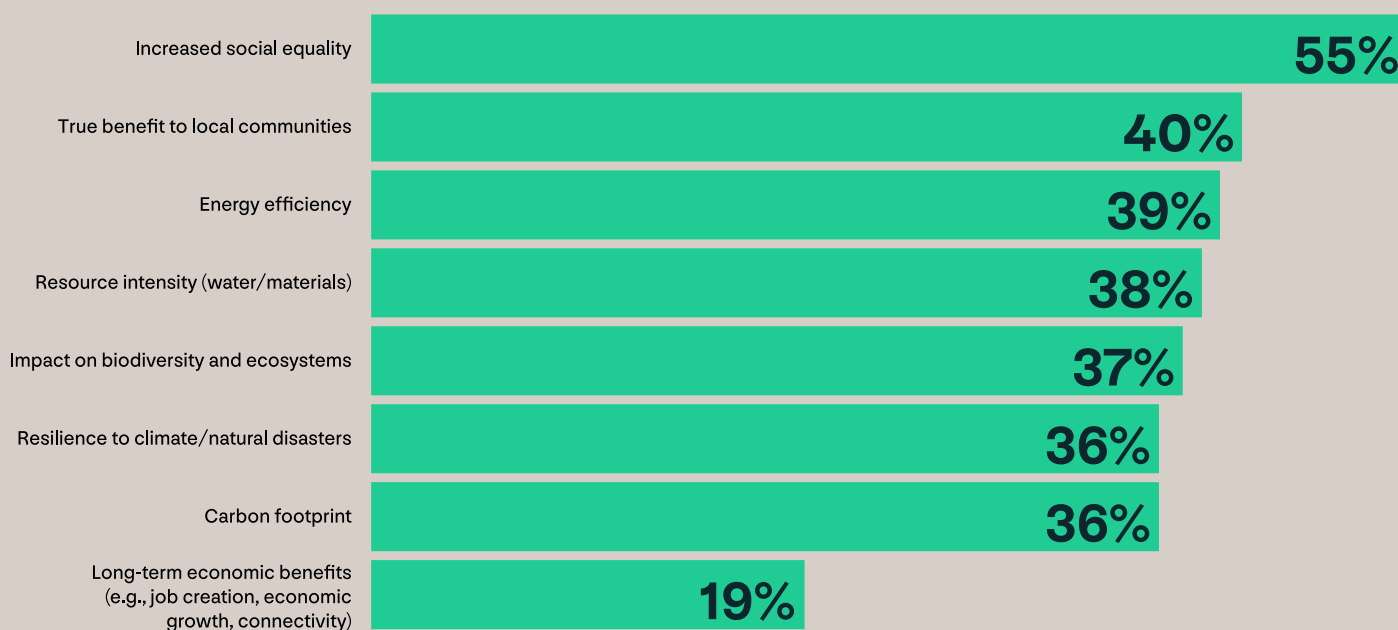
And our research challenges the perception that sustainability is less important to investors in the US than it is elsewhere. Investors in the US are actually more likely to say sustainability is an important factor in decision-making, with 81% agreeing versus 72% globally.

This social impetus is about more than meeting community needs; it's about concrete, long-term value

creation. According to John Anderson at Manulife, “In markets with strong social investment opportunities, like Europe, Canada, and Australia, the performance has been excellent. They may be hard to acquire, but we love owning them.”

Investors' top sustainability considerations

Percentage of respondents citing factor as a top 3 consideration



A new chapter begins

Infrastructure already has a key place in the portfolios of private markets investors – but our inaugural Private Markets 700 Barometer finds that momentum is undeniably building.

We expect this to continue as portfolios are forced to evolve by megatrends like the rise of new technologies and decarbonisation. Infrastructure's potential to deliver high returns and diversification benefits could help investors chart a course through complexity that derives financial returns from sustainable investments.

“Infrastructure is on the rise, I expect exposures to other private market asset classes will be trimmed over time.”

Luba Nikulina, Chief Strategy Officer

The IFM Private Markets Barometer 2024 explores the latest trends in private markets, based on insights from over 700 institutional investors worldwide.

Access full insights, including:

1

Asset class breakdown:

Expected allocations across private equity, debt, real estate, and infrastructure.

2

Moving up the risk curve:

Examining investors' shift to higher levels of risk tolerance.

3

Sustainability-driven choices:

The role of social and environmental goals in infrastructure strategies.

4

Regional investment trends:

Regional preferences for investment, including 'home bias' for some investors.

5

Challenges and solutions:

Top ten challenges of infrastructure investment.

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IFM Investors is a global asset manager, founded and owned by pension funds, with capabilities in infrastructure equity and debt, private equity, private credit and listed equities. We believe healthy returns depend on healthy economic, environmental and social systems - and these are evolving on a scale never experienced before. To find opportunity, build value and meet the needs of future generations, you need scale, skill and expertise. That's what IFM Investors has built up over 30 years.

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