

Investment education

Understanding private infrastructure debt

Infrastructure assets are an essential component of modern life. They can also make attractive investments. Discover what they are and how they may bring higher income, broader diversification, and other potential benefits to your portfolio.

What is private infrastructure debt?

You and other investors lend money needed to operate, upgrade, and build essential infrastructure assets. In return, you earn regular interest payments and then get your original investment back when the loan matures.

What are examples of infrastructure assets?



Energy

Power plants, pipelines, transmission lines, renewables



Digital

Data centers, fiber optic networks, cellular networks



Transportation

Airports, toll roads, railways, ports



Social

Schools, hospitals, sports facilities, water and waste

What can private infrastructure debt do for you?

1

Increase income potential

Typically pay higher interest rates than similar publicly traded bonds

2

Expand portfolio diversification

Potential to reduce risks when combined with traditional stocks and bonds

3

Preserve wealth

Tend to be more conservative investments with less volatile returns

4

Manage inflation risks

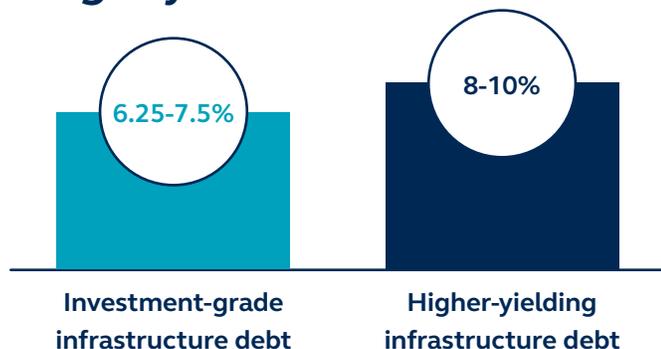
Often able to pass along higher operating costs during inflationary times

Why private infrastructure debt: Attractive income and risk-adjusted return potential

Private infrastructure debt usually involves long-term loans for investors able to commit money for extended time periods. Because investments are less liquid, they typically pay higher interest than traditional bonds, CDs, and other income-generating assets.

Infrastructure returns have lower volatility than corporate finance markets due to their inherent defensive and stable characteristics^{*1}. According to a 40-year study released by Moody's^{*2} in September 2025, high-yield infrastructure has approximately 50% less default rates and almost 50% higher recovery rates over any 5-year interval when compared to high-yield non-financial corporates. Data shows attractive risk-adjusted returns from infrastructure investing.

Target yields



Target yields are presented for discussion purposes only and are not projections of results for any investor. The actual results may differ materially from those depicted above based on numerous factors, including market changes. Target yields are based on market observations and reflect the loan yield-to-maturity.

^{*1} Prequin. June 2025

^{*2} Moody's. September 3, 2025. Infrastructure default and recovery rates, 1983-2024.

The income potential may help investors support overall portfolio performance and help maintain stability during periods of market volatility.

Is private infrastructure debt right for you?

The answer may be “yes” if you:

- ✔ Want to pursue attractive income and risk-adjusted returns while also striving to preserve your original investment
- ✔ Hold little or no assets in private markets and wish to expand diversification
- ✔ Have a long-term investing horizon and other sources of ready cash
- ✔ Seek defensive investment strategies with historically low volatility and low default rates
- ✔ Like the added stability of essential infrastructure assets often backed by government regulations or long-term contracts
- ✔ Are concerned about inflation and interested in investments that could benefit from rising prices

Ready to take action?

Talk to your financial professional. Together, you can determine which private investments might be right for your portfolio.

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