

Infrastructure for Tomorrow: Rising Above a Wall of Worry



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As investors look ahead to a more challenging market environment, many are asking how to position portfolios for uncertainty while still aligning long-term growth themes like artificial intelligence (AI). We see listed infrastructure as a compelling answer to many of the challenges investors face today, including:

1. A path to profitable generative-AI growth potential
2. The prospects of slowing economic growth and persistent inflation
3. The ability to enhance traditional portfolios while positioning for outperformance

Infrastructure offers a combination of defensive earnings potential, attractive valuations, and structural growth, with roughly 60% of the investable universe benefiting from AI-related demand. Historically, infrastructure has delivered resilient cash flows and relative outperformance when growth slows or inflation remains elevated. Below, we outline our outlook for infrastructure and its role in a portfolio.



INVESTMENTS

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

AI Growth vs. AI Bubble: Where Infrastructure Fits

Generative AI (Gen AI) has been the dominant market force over the past 2.5 years. It has driven higher market valuations, transformed the outlook for industries, and contributed to a softening labor market. Gen AI has also led to a surge in AI-related

infrastructure investment and power demand. As the ultimate revenue potential of Gen AI remains unclear and major technology companies have announced large capital expenditures, concerns over an AI bubble and related party circularity have risen.

Listed infrastructure can help de-risk AI exposure.

- Growth tied to AI demand particularly in utilities, power generation, and digital infrastructure is regulated, contracted, and vetted by public regulators, making it far more conservative than pure-play technology investments.
- When utilities raise earnings growth expectations due to power demand from data centers, it reflects verified customer commitments and approved investment plans, not speculative demand.

- As we look forward, we believe AI-related capital plans may allow utilities to deliver EPS growth above the high end of historical ranges, even if broader AI development moderates.

For investors, this provides a more stable, infrastructure-driven expression of the AI theme, which may resonate with investors who want exposure without taking concentrated technology risk.

Rising investment levels across public utilities point to a stronger foundation for future growth.



CBRE Investment Management and company reports as of July 31, 2025. Selection of these public utilities is for illustrative purposes only and not a recommendation to invest in those securities. CAPEX forecasts 2024-2025 per Edison Electric Institute; 2026 and per CBRE Investment Management based on public company disclosures and informed by rate base growth expectations. Earnings forecasts per CBRE Investment Management as of September 2024. Earnings forecasts are based upon company level forecasts which are based upon company disclosures and CBRE IM analyst estimates for capital expenditures, equity ratios, regulated returns on equity, and other variables which can affect the earnings power of public utilities.

The figures shown reflect publicly disclosed capital spending plans and earnings projections for a selection of U.S. public utility companies. Forward-looking budgets (such as 3-year capital expenditure plans) and expected earnings growth rates are based on company reports and analyst estimates as of the dates noted. These estimates may change and are not guaranteed.

The chart illustrates that utilities have increased planned investments in their systems compared with prior years, and that analyst forecasts currently expect moderate growth in both capital expenditures (CAPEX) and earnings over the next several years. Actual results may differ due to regulatory decisions, economic conditions, changes in project costs, and other risks affecting utility operations.

This material is intended to help explain general industry trends and should not be relied upon as personalized investment advice. Always consider your individual financial situation and consult a qualified advisor before making investment decisions.

Valuations: An Attractive Starting Point

Despite strong performance in 2025, listed infrastructure has lagged broad equities creating a meaningful valuation opportunity:

- Infrastructure trades at a 20%+ discount to global equities (vs. a long-term 7% premium).
- Absolute valuations sit near decade-low multiples.

This disconnect between fundamentals and valuation is a key reason we believe the asset class has the potential to deliver compelling returns going forward. We believe this as a rare entry point into high-quality, essential-service companies at discounted prices.

Infrastructure remains attractively valued relative to global equities.

EV/EBITDA | Global Infrastructure vs Global Equities



Source: CBRE Investment Management, iShares MSCI ACWI ETF, SPDR S&P Global Infrastructure ETF, ProShares Dow Jones Brookfield Global Infrastructure ETF, of 10/31/2025. Information is the opinion of CBRE Investment Management, which is subject to change and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Forecasts and any factors discussed are not a guarantee of future results.

This chart is for informational purposes only and is not a recommendation to buy or sell any investment.

It compares valuation metrics (EV/EBITDA) for global infrastructure securities versus global equities over time, based on publicly available index data. These valuation measures reflect how markets have historically priced each asset class but do not predict or guarantee future performance.

The chart also shows the relative valuation “premium” or “discount” of infrastructure compared with global equities. A premium indicates infrastructure traded at higher valuation multiples, while a discount indicates lower multiples. Historical averages are provided only as context; market conditions, interest rates, regulatory changes, and economic cycles can all influence valuations and may cause results to differ materially from past patterns.

Forward-looking estimates shown are based on third-party index data and analyst assumptions as of the dates noted. These are subject to change and may not materialize.

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Resilient Growth in a Slowing, Inflationary Environment

In an environment of potentially moderating economic growth and persistent inflation, infrastructure can be a valued contributor to growth in a portfolio. Historically, infrastructure's resilient cash flows and income have led to both upside capture during higher growth periods as well as provided relative strength when market conditions

are challenged. Infrastructure's regulated and contracted inflationary trackers have also led to annualized performance during higher inflation periods. Below, we review these key characteristics of infrastructure compared to broad equities: upside capture, downside protection and performance during inflationary periods.

Key asset class characteristics for infrastructure

25-year upside downside capture¹

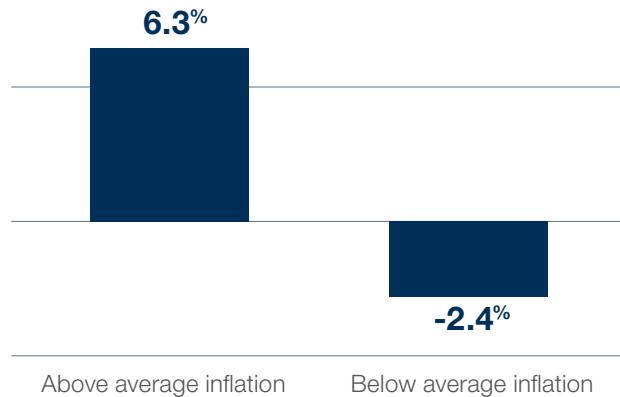
78%	70%
Upside capture	Downside capture

25-year standard deviation

14.1%	15.4%
Global listed infrastructure	Global equities

>50%
of total return is income

Average annualized relative performance Global infrastructure vs. Global equities during inflation regimes²



1. Source: CBRE Investment Management as of October 31, 2025 in USD. 25-year: October 31, 2000–October 31, 2025. Global Equities: MSCI World Index, Global Infrastructure: UBS Global Infrastructure & Utilities 50/50 Index September 2001 through February 28, 2015, beginning March 1, 2015, is the FTSE Global Core Infrastructure 50/50 Index.

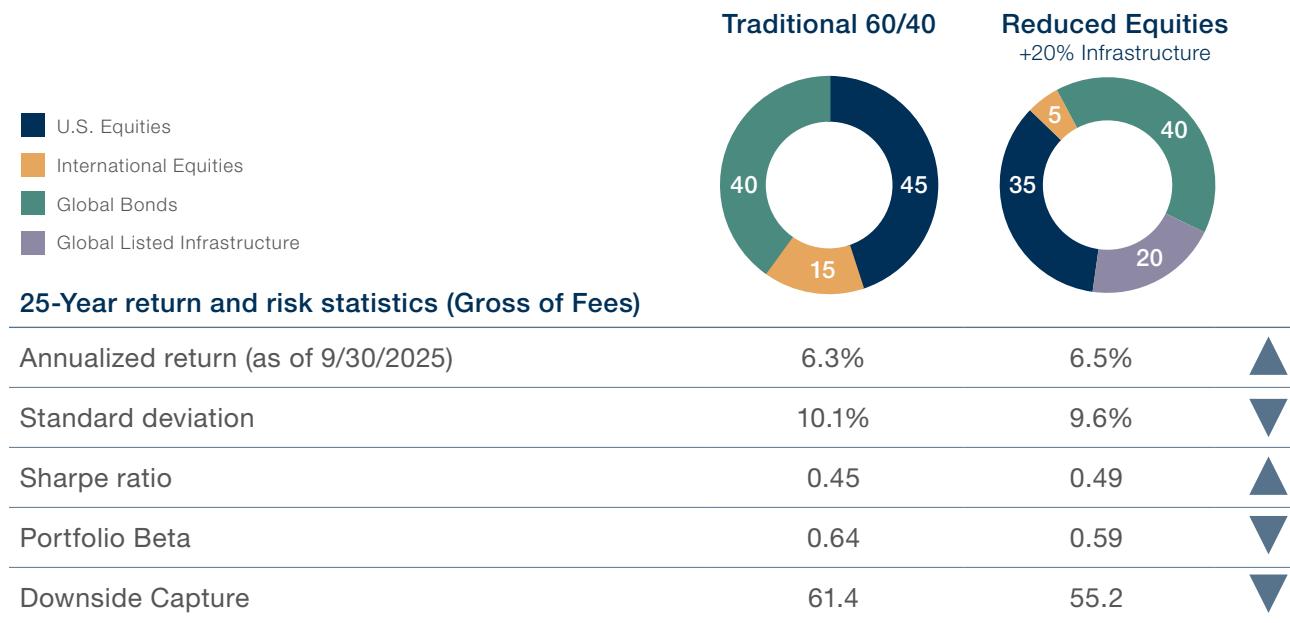
2. Source: CBRE Investment Management, U.S. CPI, UBS Global Infrastructure & Utilities linked to FTSE Global Core Infrastructure 50/50 Index, MSCI World Index as of 12/31/2024. Trailing 25-years based on average monthly total returns during inflation regimes, annualized. Inflation Regimes calculated using the year-on-year change in the U.S. CPI, normalizing its history using a z-score, and tracking the 3-month moving average of that z-score. The Inflation Regime is determined by both the level and the change in the indicator, requiring two months in the same cycle in order to confirm a new regime. Information is the opinion of CBRE Investment Management, which is subject to change and is not included to be a forecast of future events, a guarantee of future returns, or investment advice. Percentages may not total 100% due to rounding. Any factors noted are not indicative of future investment performance.

Portfolio blending with broad equities

Given the set of characteristics referenced above, the blending of infrastructure into traditional portfolios has made strategic sense—infrastructure has increased return, lowered volatility/ beta,

and improved portfolio resiliency. We believe the opportunity today is tactically enhanced by relative valuations and the accelerating earnings growth that our companies are seeing.

Sourcing an allocation to infrastructure from broad equities may enhance the risk-adjusted return of a multi-asset portfolio.



Notes: CBRE Investment Management 09/30/2025. 60/40 mix includes, US Equities: S&P 500; International Equities: MSCI AC World Index ex USA; Global Bonds: Bloomberg Global Bond Aggregate Index; Global Infrastructure: FTSE Global Core Infrastructure 50/50 Index. The 25-year return and risk statistics are reflected by linked UBS Global Infrastructure & Utilities 50/50 Index and FTSE Global Core Infrastructure 50/50 Index. Portfolio beta and downside capture is in reference to the MSCI World Index. There can be no guarantee any such allocations or targets will ultimately be achieved. The above is for informational purposes only and does not constitute investment advice or a recommendation to purchase any security. An index is unmanaged and not available for direct investment.

This illustration is for informational purposes only and is not a recommendation to buy or sell any investment.

The chart compares historical risk and return characteristics of a traditional 60/40 stock-and-bond portfolio with a hypothetical portfolio that reduces equity exposure and adds an allocation to infrastructure. Results reflect gross of fee index data over a 25-year period and are not based on the performance of an actual portfolio. Indexes are unmanaged and cannot be invested in directly.

The statistics shown—such as annualized return, volatility (standard deviation), Sharpe ratio, beta, and downside capture—are backward-looking and do not guarantee future results. They represent how certain asset classes performed historically under specific market conditions, which may not be repeated. Any improvement in risk-adjusted returns in the hypothetical portfolio is dependent on the assumptions used and may differ in real-world scenarios.

Allocations, returns, and risk measures are subject to change and may vary based on market conditions, interest rates, inflation, and other economic factors. Past performance is not indicative of future performance.

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Positioning for 2026: Where We See Opportunity

Our portfolio focuses on developed-market global infrastructure, emphasizing utilities, transportation, and digital assets. Within utilities, we target companies positioned to benefit from AI-driven load growth, reshoring, and electrification, while maintaining diversification across regulatory environments that support capital investment and affordability. Transportation assets, including toll roads, offer consistent pricing power and resilience in inflationary periods. In digital infrastructure and energy, we invest in data centers, contracted power generation, and midstream energy assets that we

believe can deliver attractive, risk-adjusted cash flows.

Today's market presents both challenges and opportunities. Listed infrastructure stands out with compelling entry valuations, structural growth driven by AI, inflation-linked cash flows, and lower volatility compared to broader equities. As investors prepare for the next phase of the cycle, listed infrastructure can serve as a durable, growth-aligned allocation that may help reduce concentration risk and improve long-term outcomes.

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