Real Assets: Listed Infrastructure and Natural Resources?

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Unlock opportunity

Presenter
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Brian Blongastainer
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Brian is a global investment strategist leading Newton's thematic investing business and guiding the messaging and positioning of the infrastructure, international equity and global equity income strategies. As a member of the investment team, Brian works collaboratively with the investors to identify, develop and implement themes into the firm's multidimensional research process, as well as to cultivate thematic products. He guides the messaging and positioning of Newton's leadership in thematic investing to clients and prospects and produces thought leadership pieces highlighting the firm's thematic research framework and capabilities. Previously, Brian was member of Newton's equity research team, covering the consumer discretionary sector globally.

Brian joined Newton in September 2021, following the integration of Mellon Investments Corporation's equity and multi-asset capabilities into the Newton Investment Management Group. Before joining Newton, Brian was a senior research analyst and research analyst at Mellon Investments Corporation and The Boston Company Asset Management (both BNY Mellon group companies). Previously, Brian served as a product development manager focused on developing new products, providing market data and insight, and supporting the firm's relationship with BNY Mellon Wealth Management.

Prior to joining BNY Mellon, Brian worked at Fidelity Investments serving in multiple roles within the retail and institutional asset-management divisions.

Brian has a BA from Bates College, an MBA from Babson College and a master's degree in Education from Cambridge College. He received his CFA[1] designation in 2012 and is a member of the CFA Institute and the CFA Society Boston. Brian also holds the Chartered Market Technician designation and is a member of the Market Technicians Association.

Joined Newton: 2021
Joined BNY Mellon group of companies: 2011
Joined industry: 2004

Note: [1] CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

# Liquid Real Assets: What are they?
Physical assets trading on public markets

What are liquid real assets?

- Physical assets that trade on public markets.

- Directly tied to the underlying value of these physical assets.

- Generate consistent income through yields and long-term contracts.

- Provide alternative investment opportunities with inflation protection and stable returns.

Categories/Types of Real Assets:

- Real Estate: Investment companies that own assets related to real estate such as buildings, land, and real estate securities.

- Infrastructure: Assets that provide essential services for society, including highways and power utilities.

- Commodities and Natural Resources: Physical goods like metals, oil, and agricultural products.

Source: Newton, 2025.
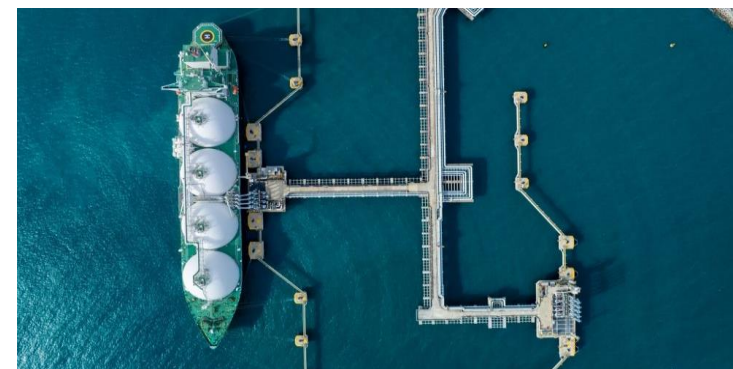
Key Benefits of Real Asset Exposure

Benefits spanning markets

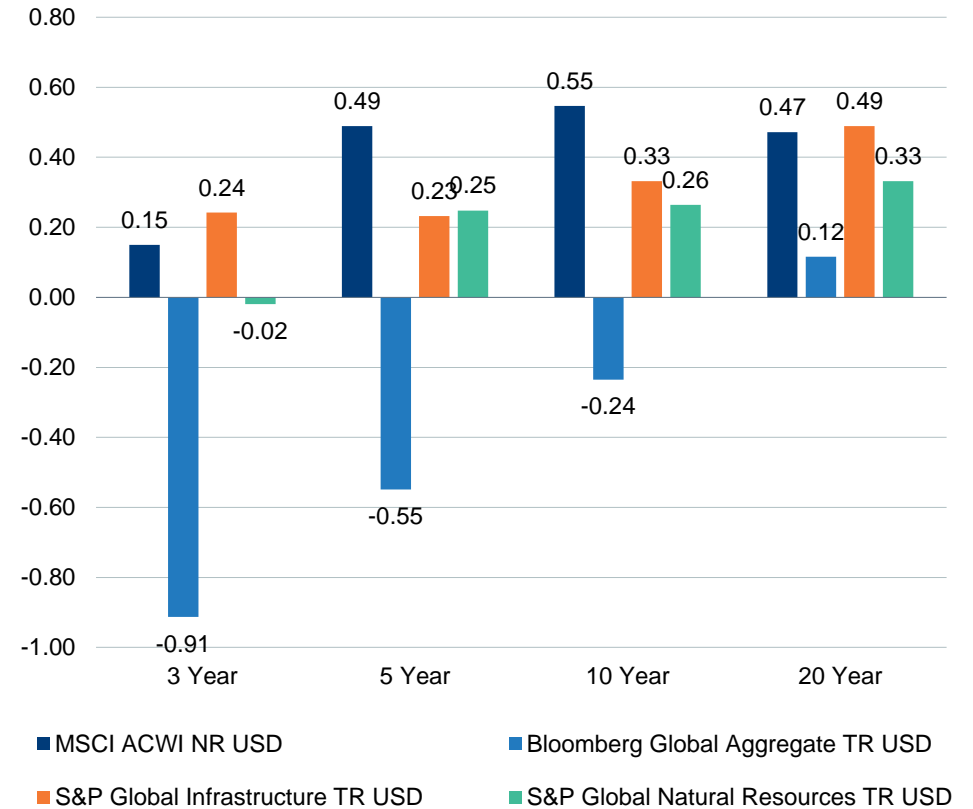|	
Yield	Consistent income generation from resilient cash flows tied to long-term contracts or leases
Inflation Protection	Asset values and revenues often increase with inflation
Diversification	Reduced market risk exposure due to lower correlations with traditional investments
Positive Risk-Adjusted Returns	Potential for competitive returns, including stable income and capital appreciation

Source: Newton, 2025.

Why Real Assets Make Sense in a Portfolio: Yield

Generate income

- **Yield:** Consistent income generation from resilient cash flows tied to long-term contracts or leases

- Many real assets are income-producing, offering investors a steady and attractive yield. This consistent income stream can provide a reliable cash flow, which is especially valuable during times of market volatility

Dividend Yield
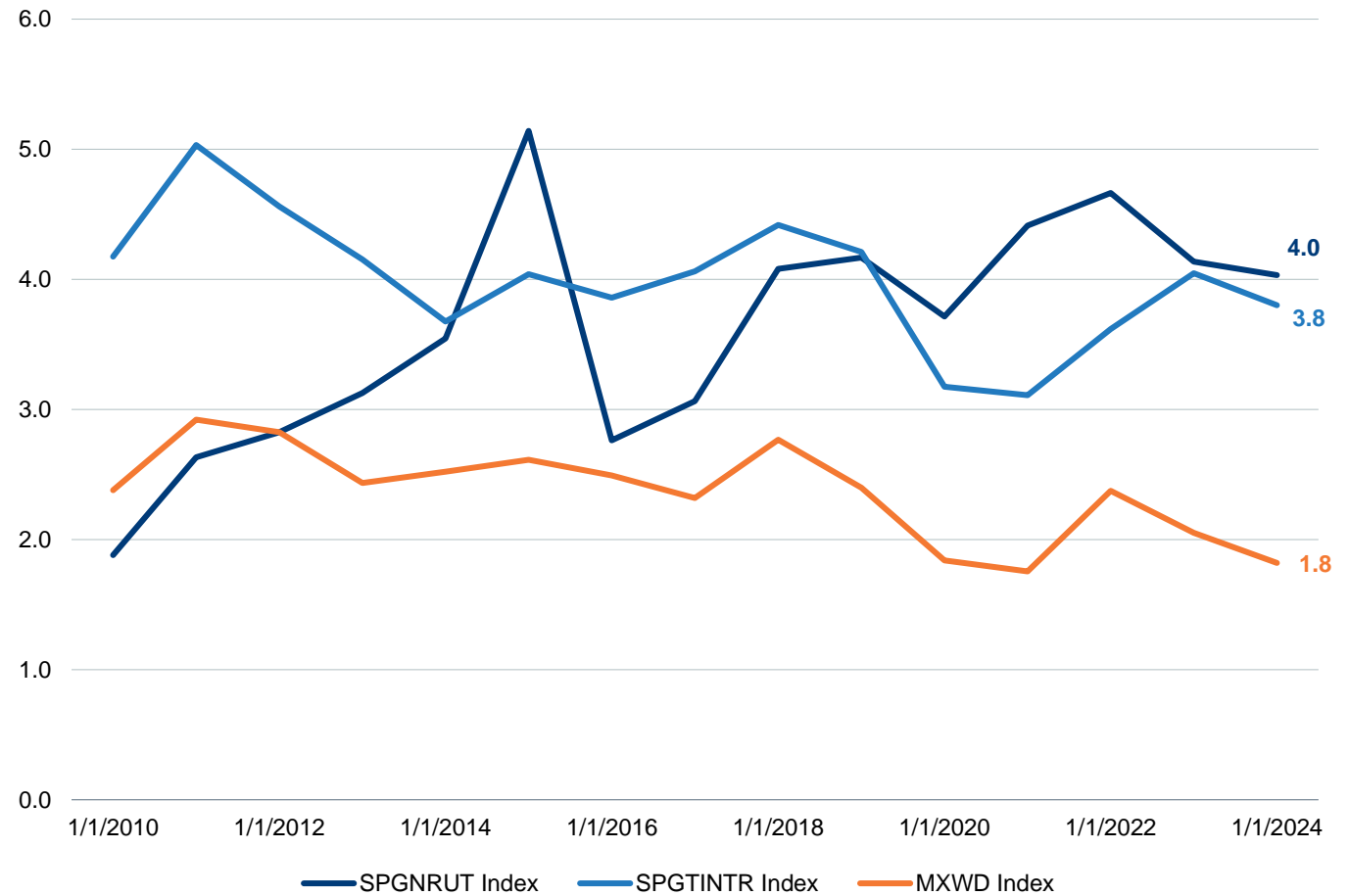
Legend: SPGNRUT Index, SPGTINTR Index, MXWD Index

Final values: 4.0, 3.8, 1.8

Why Real Assets Make Sense in a Portfolio: Inflation Protection
Safeguarding value

- **Inflation Protection:** Asset values and revenues often increase with inflation
- **Inflation hedge:** property values, rents, and tolls tend to increase with inflation
- Real assets tend to increase in value along with inflation, as they contractually or directly pass on higher prices to consumers, allowing investors to keep pace with inflation
- Commodities also tend to increase alongside inflation, often passing price increases through to consumers

Average Calendar Year Returns, 20 Years (Inflationary years 2005, 2007, 2011, 2021-2023)
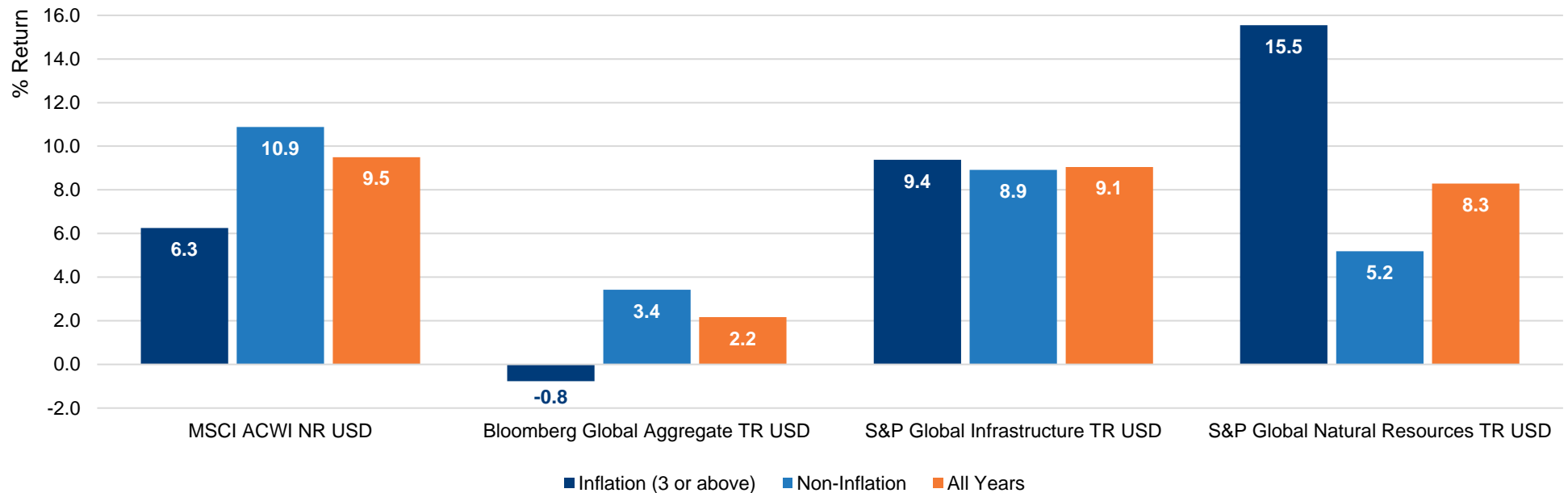
Chart — % Return by index:

Index	Inflation (3 or above)	Non-Inflation	All Years
MSCI ACWI NR USD	6.3	10.9	9.5
Bloomberg Global Aggregate TR USD	-0.8	3.4	2.2
S&P Global Infrastructure TR USD	9.4	8.9	9.1
S&P Global Natural Resources TR USD	15.5	5.2	8.3

Why Real Assets Make Sense in a Portfolio: Diversification

Benefits spanning markets

Benefits:

- Diversification: Reduced market risk exposure due to lower correlations with traditional investments

10 Year Correlation, Monthly Returns
(12/31/2014 to 12/31/2024)

	MSCI ACWI	S&P Global Natural Resources TR USD	S&P Global Infrastructure TR USD	Bloomberg Global Aggregate
MSCI ACWI	1.00			
S&P Global Natural Resources TR USD	0.81	1.00		
S&P Global Infrastructure TR USD	0.84	0.79	1.00	
Bloomberg Global Aggregate	0.53	0.37	0.58	1.00

Source: Bloomberg and Newton, as of December 31, 2024.

Why Real Assets Make Sense in a Portfolio: Differentiated Returns
Benefits spanning markets

- **Positive Risk-Adjusted Returns:** Potential for competitive returns, including stable income and capital appreciation

Annualized Returns

	3 Year	5 Year	10 Year	20 Year
MSCI ACWI NR USD	5.4	10.1	9.2	7.7
Bloomberg Global Aggregate TR USD	-4.5	-2.0	0.2	1.9
S&P Global Infrastructure TR USD	7.1	5.3	5.9	7.3
S&P Global Natural Resources TR USD	1.7	5.8	5.3	5.7

Sharpe Ratio

	3 Year	5 Year	10 Year	20 Year
MSCI ACWI NR USD	0.15	0.49	0.55	0.47
Bloomberg Global Aggregate TR USD	-0.91	-0.55	-0.24	0.12
S&P Global Infrastructure TR USD	0.24	0.23	0.33	0.49
S&P Global Natural Resources TR USD	-0.02	0.25	0.26	0.33

- MSCI ACWI NR USD
- Bloomberg Global Aggregate TR USD
- S&P Global Infrastructure TR USD
- S&P Global Natural Resources TR USD

Source: Morningstar and Newton, as of December 31, 2024.

Why Real Assets Now: Thematic Drivers

Various tailwinds driving demand

AI Power Demand	Increasing energy needs due to AI applications in infrastructure, data centers, utilities, industrials, and nuclear power. About 80% of our infrastructure fund aligns with the AI theme.
Reshoring	Political and economic incentives to bring manufacturing jobs back to the US, supported by election tailwinds and domestic investment agendas. Policies proposed by leaders, such as tax reductions, lower energy costs, and regulatory rollbacks, bolster this trend.
Government Policies	Initiatives like the Infrastructure Investments and Jobs Act and The Inflation Reduction Act stimulate infrastructure activity, driving sector investments.

Source: Newton, 2025.

Why Real Assets Now: High Correlation Between Stocks & Bonds
Good time to diversify

Stock and Bond Correlations Near All-Time Highs (1 yr-rolling)

Legend: 1 Year Correlation — Maximum — Average — Minimum
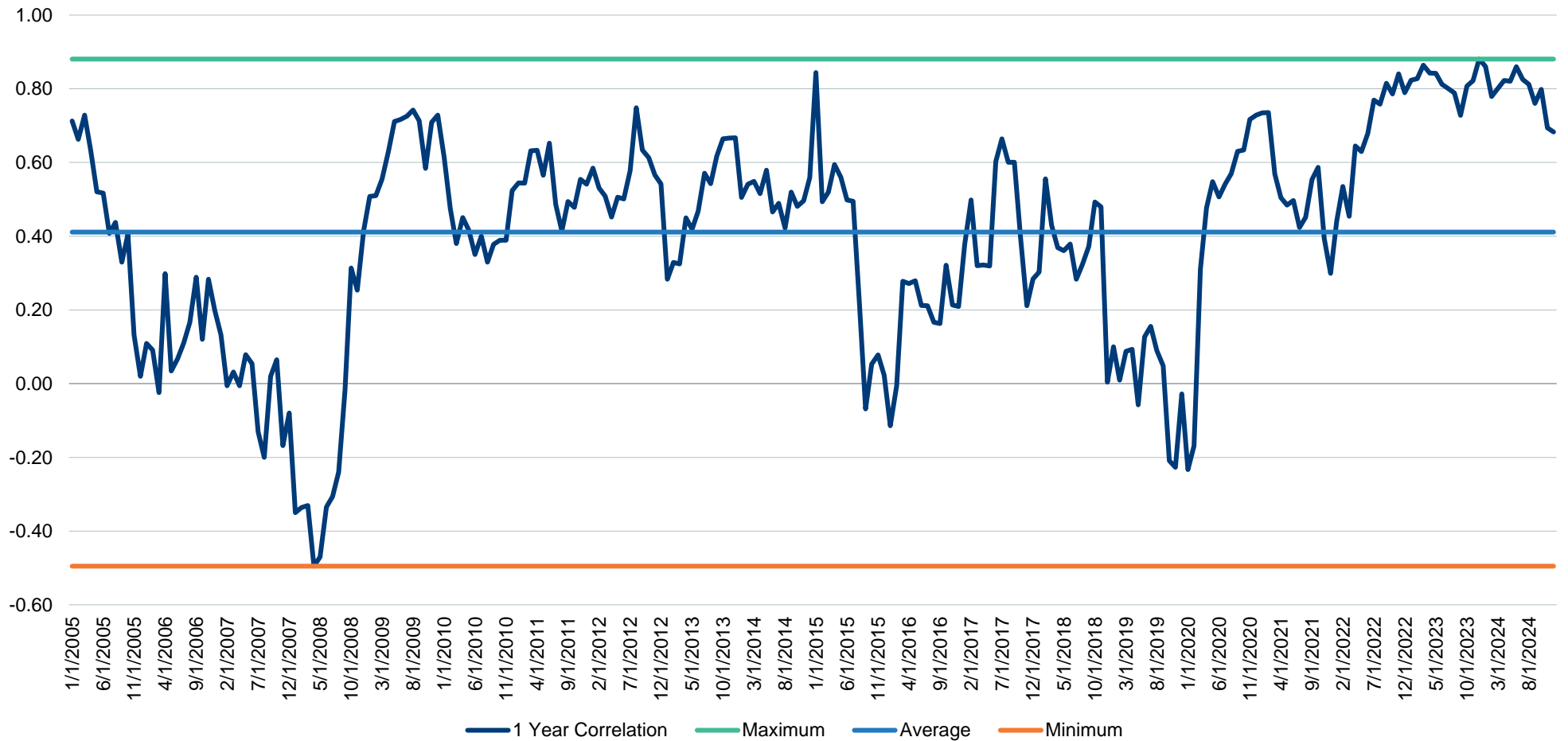
Source: Morningstar and Newton, as of December 31, 2024.

Why Real Assets Now: Valuation
Attractive entry point

P/E Discount to ACWI

Natural Resources P/E Discount to ACWI

P/E Discount to ACWI
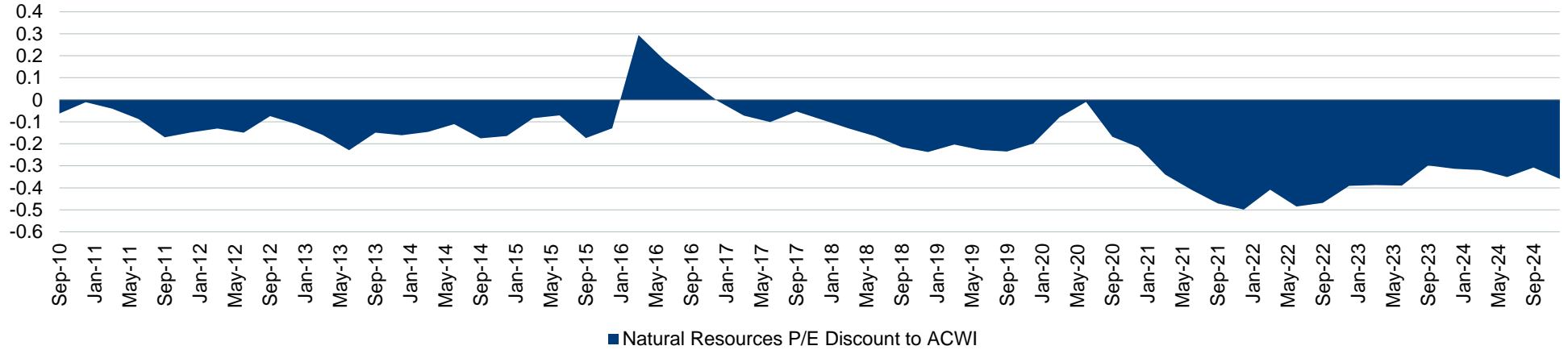
Infrastructure P/E Discount to ACWI
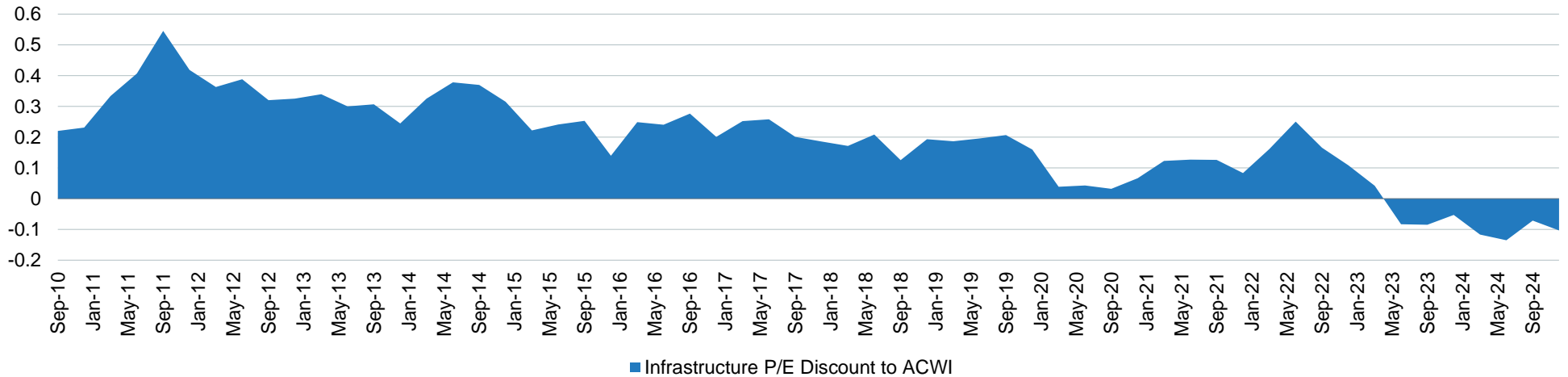
Source: Bloomberg and Newton, as of December 31, 2024.

Why Liquid Real Assets
Public > Private

- **Liquidity:** Publicly listed infrastructure assets are easily traded, offering greater liquidity compared to private infrastructure investments

- **Risk-Reward Profile:** These investments provide a similar risk-reward profile as unlisted infrastructure companies, making them an attractive option

- **Market Opportunities:** At the end of 2023, publicly listed infrastructure was trading at a 30% discount to private infrastructure, indicating potential for value investments

- **Recent Trends:** While there has been a decline in private infrastructure deal activity, publicly listed infrastructure remains robust

Index	10-Year Annualized Return	10-Year Standard Deviation
Listed Infrastructure*	6.32%	15.49%
Private Infrastructure**	5.91%	15.80%

* Source: S&P Global Infrastructure TR USD, Morningstar as of September 30, 2024.
** Source: Infra300 VW USD.

EV/EBITDA MULTIPLES

— S&P Global Infrastructure Total Return Index
••• Private Infrastructure

Source: Newton, 2025.
*Source: S&P Global Infrastructure TR USD, Morningstar as of September 30, 2024.
**Source: Infra300 VW USD, Scientific Infra & Private Assets, infra300® 2024Q2 Release,
https://publishing.edhecinfra.com/factsheets/Indices/Infra300_Report_2024Q2_Public.pdf.
Bloomberg, RealfinX Platform, December 31, 2023.

Newton Resources

BNY Mellon Natural Resources Fund

BNY Mellon Global Infrastructure Income ETF (BKGI)

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The Allure of Alternatives: Listed Infrastructure

We believe listed infrastructure could be a compelling option for investors seeking alternative investments.

📖 Blog

Capitalizing on Infrastructure: Public Markets Versus Private Equity

Is it time for investors to flip from private to publicly listed infrastructure?

📖 Blog

Global Natural Resources Outlook 2025: Navigating the Multi-Year Commodities Cycle

Cyclical and secular forces continue to support longer runways of growth for select commodities.

📖 Blog

Infrastructure Outlook 2025: Public and Private Investment Should Provide Opportunity

We believe a renewed emphasis on infrastructure will provide investment tailwinds.

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Not Your Parents' Energy Sector

Energy companies adjust their focus.

📖 Blog

Artificial Intelligence: The Second-Order Effects

As AI begins to influence multiple areas beyond technology, we review the latest developments and explore investment opportunities.

Source: Newton, 2025.

Real Assets in Review
Key takeaways

Benefits of Real Assets	**Diversification:** Real assets provide a robust way to diversify investment portfolios, reducing overall risk.
	Inflation Protection: These assets typically appreciate in value during inflationary periods, preserving purchasing power.
	Yield Generation: Real assets often offer attractive yield opportunities compared to traditional asset classes.
	Positive Risk-Adjusted Returns: Investing in real assets can enhance portfolio performance with favorable risk-return profiles.
Reasons to Invest Now.	**Positive Tailwinds:** The increasing power demand driven by AI, the trend towards reshoring, and supportive government policies create a conducive environment for investing in real assets.
	Valuation Gaps: Current market conditions present opportunities to acquire real assets at a discount, potentially leading to significant future gains.
	Low Correlation with Stocks and Bonds: At a time when the correlation between stocks and bonds is at an all-time high, real assets offer a unique investment option with low correlation to these traditional markets.

Source: Newton, 2025.

Disclosures

Important information

For US investors