

Real Assets: Listed Infrastructure and Natural Resources?

**Florida Public Pension Trustees
Association (FPPTA)**

January 27 – 29th | Orlando, FL

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Unlock opportunity





Presenter

Brian Blongastainer



Brian Blongastainer **Global investment strategist**

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 CFA¹ 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

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Liquid Real Assets: What are they?

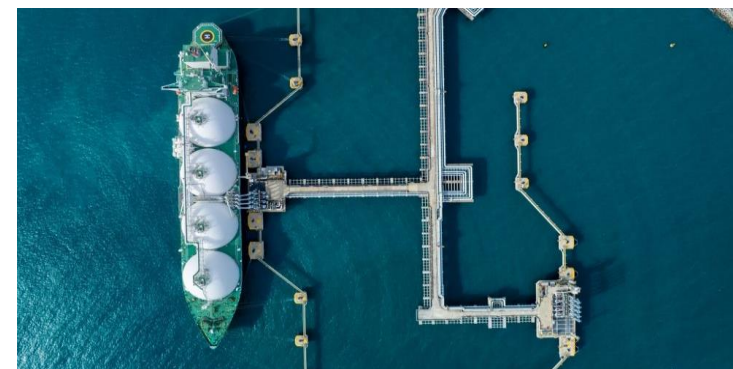
Physical assets trading on public markets

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.



Key Benefits of Real Asset Exposure

Benefits spanning markets

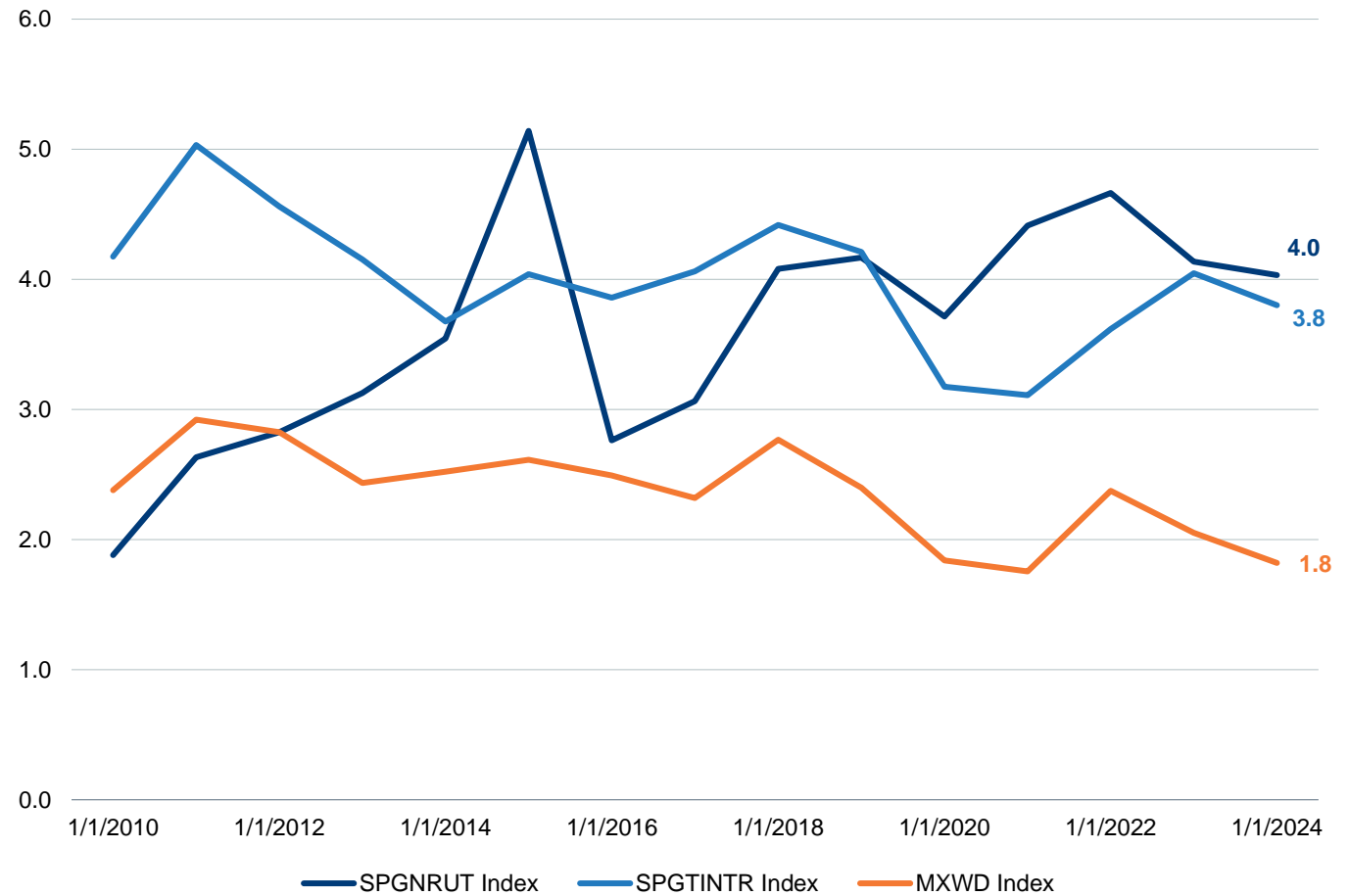
Yield	Consistent income generation from resilient cash flows tied to long-term contracts or leases
Inflation Protection	Asset values and revenues often increase with inflation
Diversification	Reduced market risk exposure due to lower correlations with traditional investments
Positive Risk-Adjusted Returns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

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



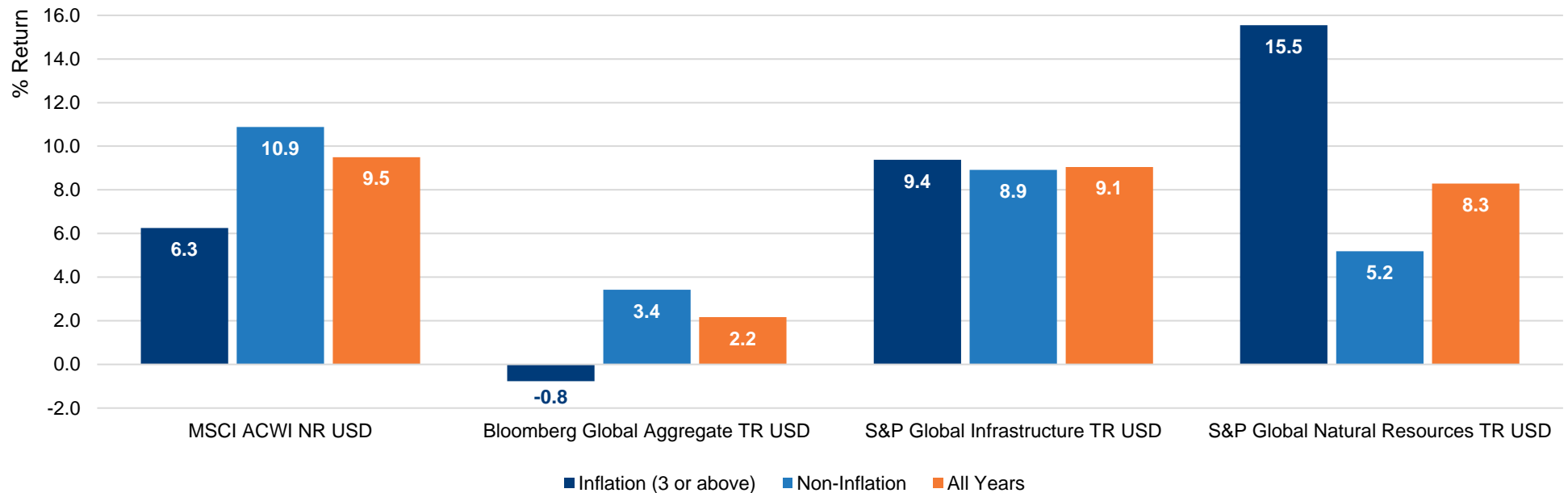
Source: Bloomberg and Newton, as of December 31, 2024.

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)



Source: Bloomberg, Morningstar, Newton.
Returns are calendar year returns from 1/1/2005 to 12/31/2023.
Note: 2024 is YTD, from 1/1/2024 to 11/30/2024. CPI data for December not yet available.

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

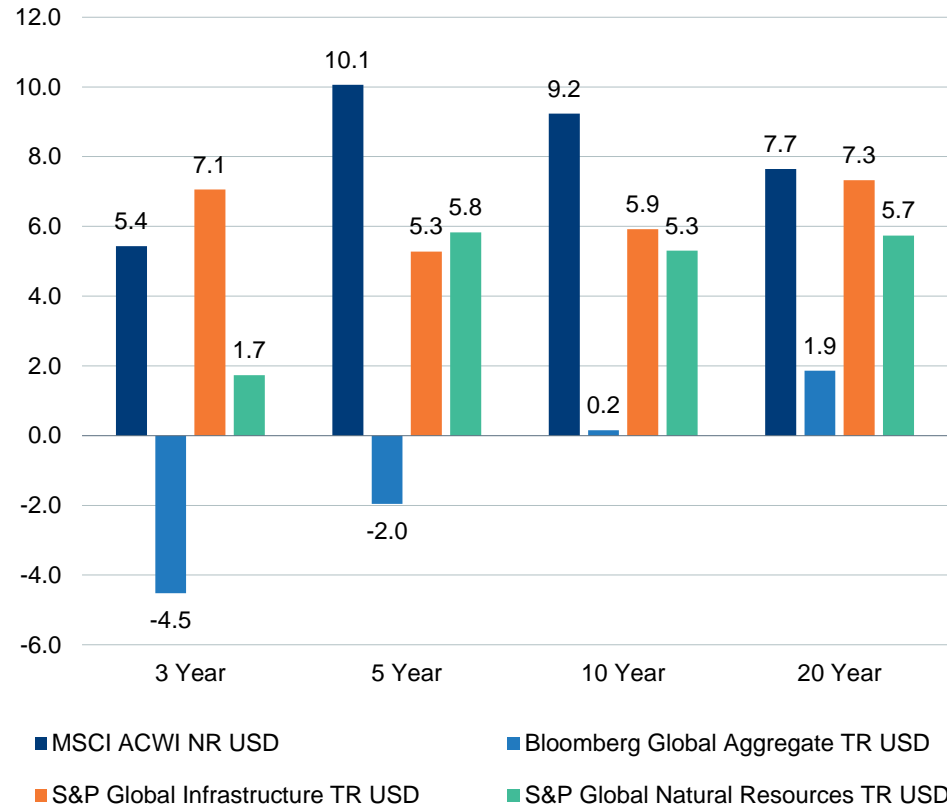
Source: Bloomberg and Newton, as of December 31, 2024.

Why Real Assets Make Sense in a Portfolio: Differentiated Returns

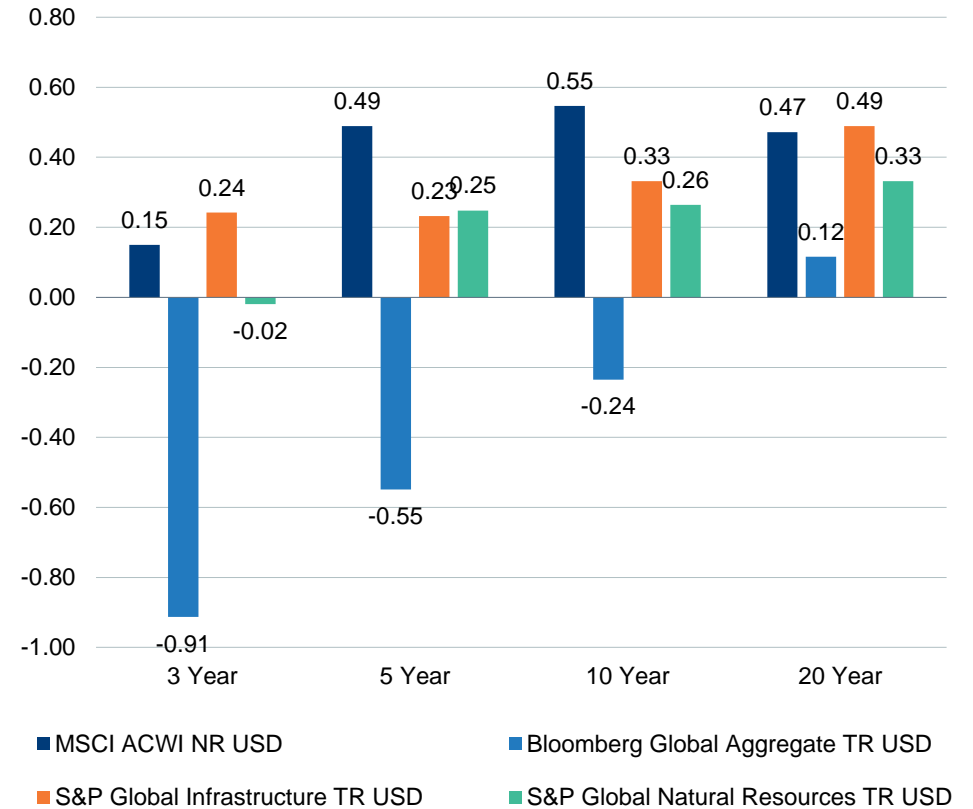
Benefits spanning markets

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

Annualized Returns



Sharpe Ratio



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

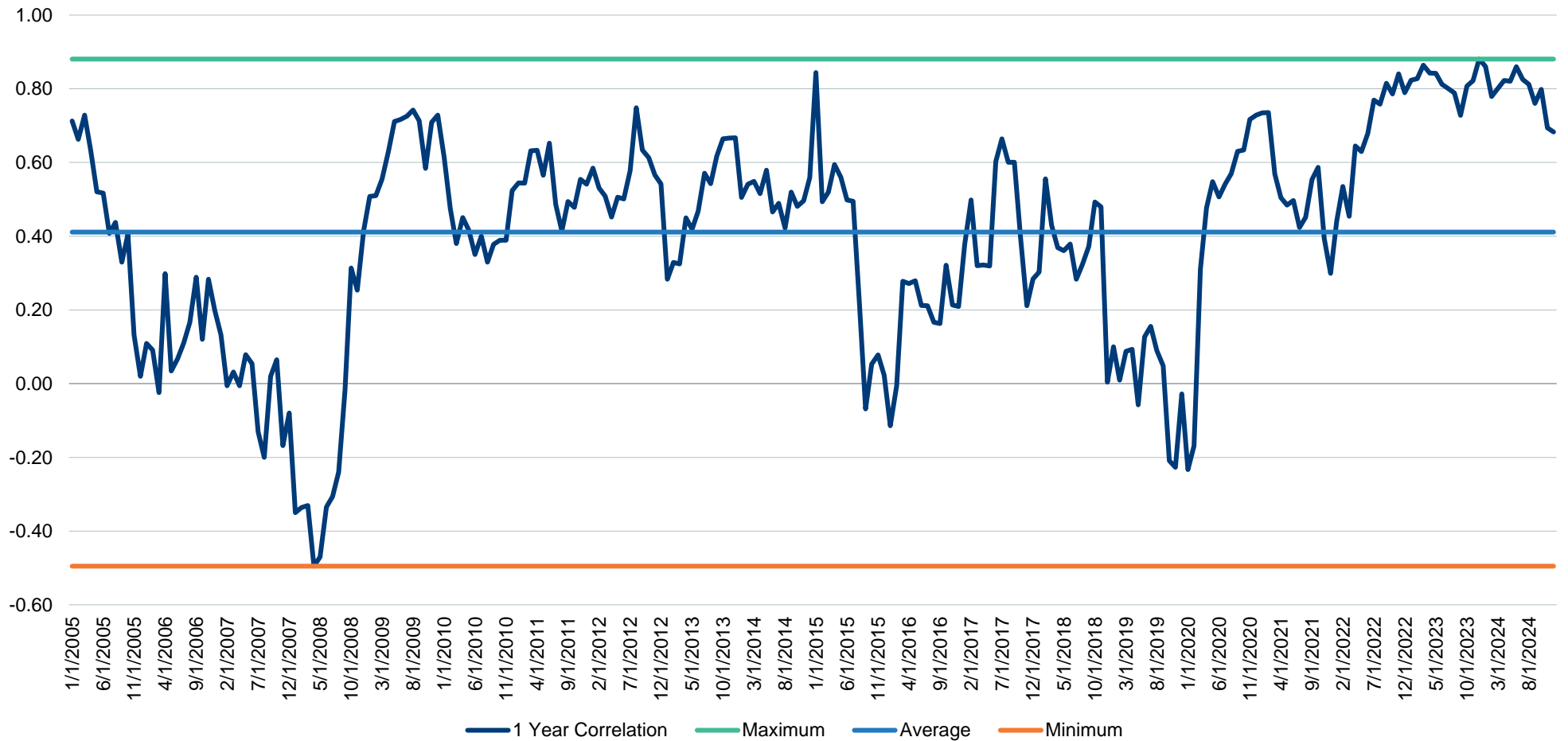
Initiatives like the Infrastructure Investments and Jobs Act and The Inflation Reduction Act stimulate infrastructure activity, driving sector investments.

NEWTON Investment Management

Why Real Assets Now: High Correlation Between Stocks & Bonds

Good time to diversify

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

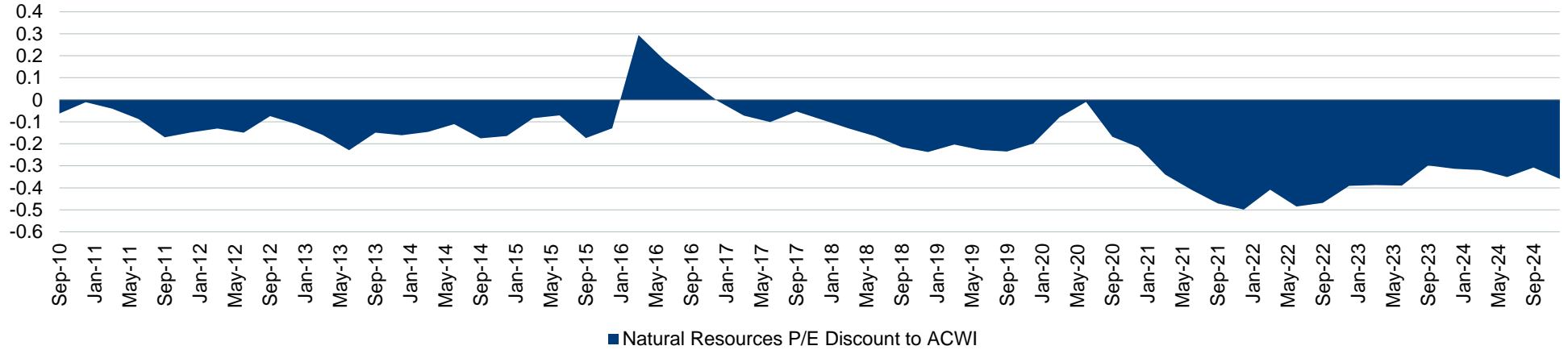


Source: Morningstar and Newton, as of December 31, 2024.

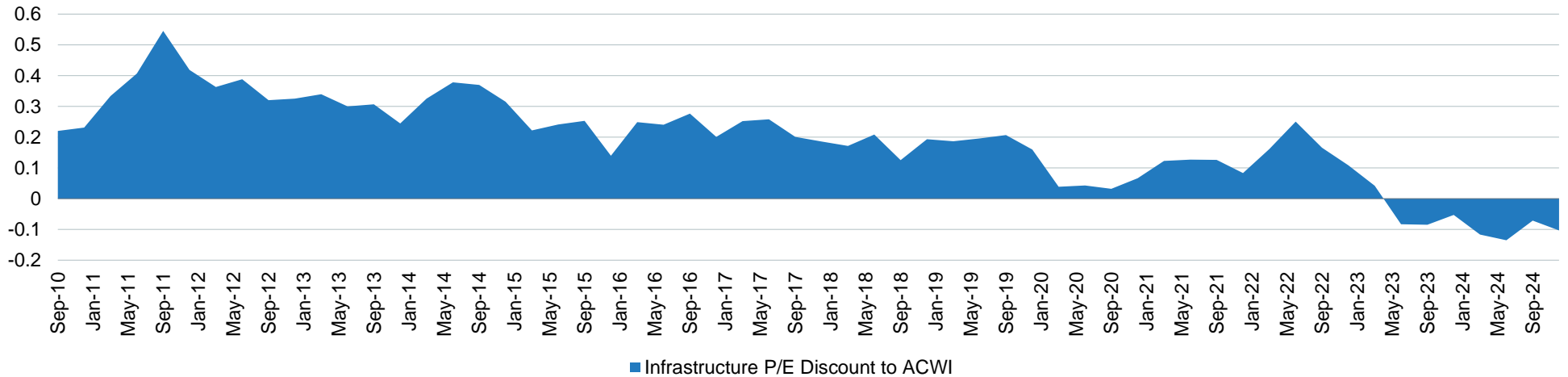
Why Real Assets Now: Valuation

Attractive entry point

P/E Discount to ACWI



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

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.

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



BNY Mellon Natural Resources Fund

TICKER: DLDRX | Fund Code: 6009 | CUSIP: 0552/AR59 | SHARE CLASS: Class I | Literature: Download

OVERVIEW | PERFORMANCE | FEES & EXPENSES | PORTFOLIO | STATS & RISKS | DISTRIBUTIONS | LITERATURE

Why invest in this Fund?

The fund seeks long-term capital appreciation. To pursue its goal, the fund normally invests at least 85% of its net assets, plus any borrowings for investment purposes, in stocks of companies in the natural resources and natural resources related sectors. Generally, these are companies principally engaged in owning or developing natural resources, or supplying goods, technology and services relating to natural resources.

PORTFOLIO MANAGERS

DAVID INTOPRA, Research Analyst, Newton Investment Management North America, LLC Managing Fund Since 2020, Joined Firm in 2006, Joined Industry in 2000

BROCK CAMPBELL, CFA, Portfolio Manager, Newton Investment Management North America, LLC Managing Fund Since 2003, Joined Firm in 2005, Joined Industry in 2005

MIN. CLASS INVESTMENT	CLASS INCEPTION DATE	CLASS STATUS
\$1,000	10/31/03	Not available for purchase by individual investors.

FUND ASSETS	CLASS ASSETS	PORTFOLIO TURNOVER RATE
\$1,228,359,784 As of 01/03/25	\$1,017,465,579 As of 01/03/25	103.94% As of fiscal year end 09/30/24

MORNINGSTAR CATEGORY	BENCHMARK	MORNINGSTAR OVERALL RATING
Natural Resources	S&P Global Natural Resources Index	★★★★★

FUND HOLDINGS
41

BNY Mellon Global Infrastructure Income ETF (BKGI)

CUSIP: 09661T826 | NAV: \$ 30.58 | CHG: \$ 0.27 (0.69 %) | MKT PRICE: \$33.65 | CHG: \$0.29 (0.96 %) | TOTAL EXPENSE RATIO: 0.65% | Gross

OVERVIEW | PERFORMANCE | FEES & EXPENSES | PORTFOLIO | STATS & RISKS | DISTRIBUTIONS | LITERATURE

Why invest in this Fund?

- The Fund seeks long-term total return, and also targets, but does not guarantee, an annualized gross forward-looking 12-month yield at 4% or more for its portfolio (the "targeted yield").
- Generally, infrastructure assets (such as utilities, oil and gas pipelines, communication services and providers of these services) often contain inflation-linked assets to the Consumer Price Index, which may help investors mitigate the erosive pressure of rising costs.
- The Fund provides a differentiated infrastructure approach – focusing on both traditional energy, industrial and utilized and non-traditional infrastructure assets (communication services, health care and real estate), which can provide a broader opportunity set in the infrastructure space.
- Infrastructure exposure offers investors an additional equity allocation with a focus on defensive business models and quarterly dividend income.
- Liquid ETF structure allows investors to buy or sell any time the market is open.

PORTFOLIO MANAGERS

JAMES A. LYDOTE, CFA, Deputy COO, Newton Investment Management North America, LLC Managing Fund Since Inception, Joined Firm in 1998, Joined Industry in 1988

BROCK CAMPBELL, CFA, Portfolio Manager, Newton Investment Management North America, LLC Managing Fund Since Inception, Joined Firm in 2005, Joined Industry in 2005

INCEPTION DATE	NET ASSETS	NUMBER OF SHARES OUTSTANDING
11/02/22	\$35,172,269 As of 01/03/25	1,150,001 As of 01/03/25

MARKET PRICE 52-WEEK HIGH	MARKET PRICE 52-WEEK LOW	DISTRIBUTION FREQUENCY
\$32.56 As of 09/02/24	\$26.82 As of 02/13/24	Quarterly

MORNINGSTAR CATEGORY	NUMBER OF HOLDINGS	PRICE GAINING RATIO
Infrastructure	32 As of 11/30/24	12.39 As of 11/30/24



Blog

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.



Blog

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.

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.

Disclosures



Important information

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The Firm's assets under management, client and employee counts are as of the most recent quarter end, unless noted otherwise. Where applicable, assets under management include discretionary and non-discretionary assets, the notional value of overlay strategies, assets of bank-maintained collective investment funds for which NIMNA has been appointed sub-advisor, assets managed by investment personnel acting in their capacity as officers of affiliated entities and assets under advisement for a model of securities which the Firm does not arrange and as to which we do not affect the purchase or sale of securities. Newton's assets under management include assets collectively managed by NIM and NIMNA.

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The following provides a simplified example of the cumulative effect of management fees on investment performance: An annual management fee of 0.80% applied over a five-year period to a \$100 million portfolio with an annualized gross return of 10% would reduce the value of the portfolio from \$161,051,000 to \$154,783,041. The actual investment advisory fees incurred by clients may vary depending on account size, structure, cash flow and other account-specific factors. Newton's standard fees are shown in Part 2A of its Form ADV.

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Past results are not indicative of future performance and are no guarantee that losses will not occur in the future. Future returns are not guaranteed and a loss of principal may occur.

Performance is expressed in U.S. dollars unless noted otherwise. Performance results for one year and less are not annualized. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Performance presented for measurement periods prior to September 1, 2021 represents the performance of the strategy when managed at Mellon Investments Corporation ('Mellon'), an affiliate of NIMNA. Performance presented for measurement periods prior to February 1, 2018 represents the portable performance results of a prior affiliated firm. Mellon was formed on January 31, 2018, through the merger of The Boston Company and Standish into Mellon Capital.

To derive Ten Largest Holdings, Characteristics, Economic Sector Weightings, Country Weightings and Portfolio Holdings for presentation purposes, a representative institutional account ('Account') has been identified to be used as a proxy for the strategy. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an Account's entire portfolio and in the aggregate may represent only a small percentage of an Account's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

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