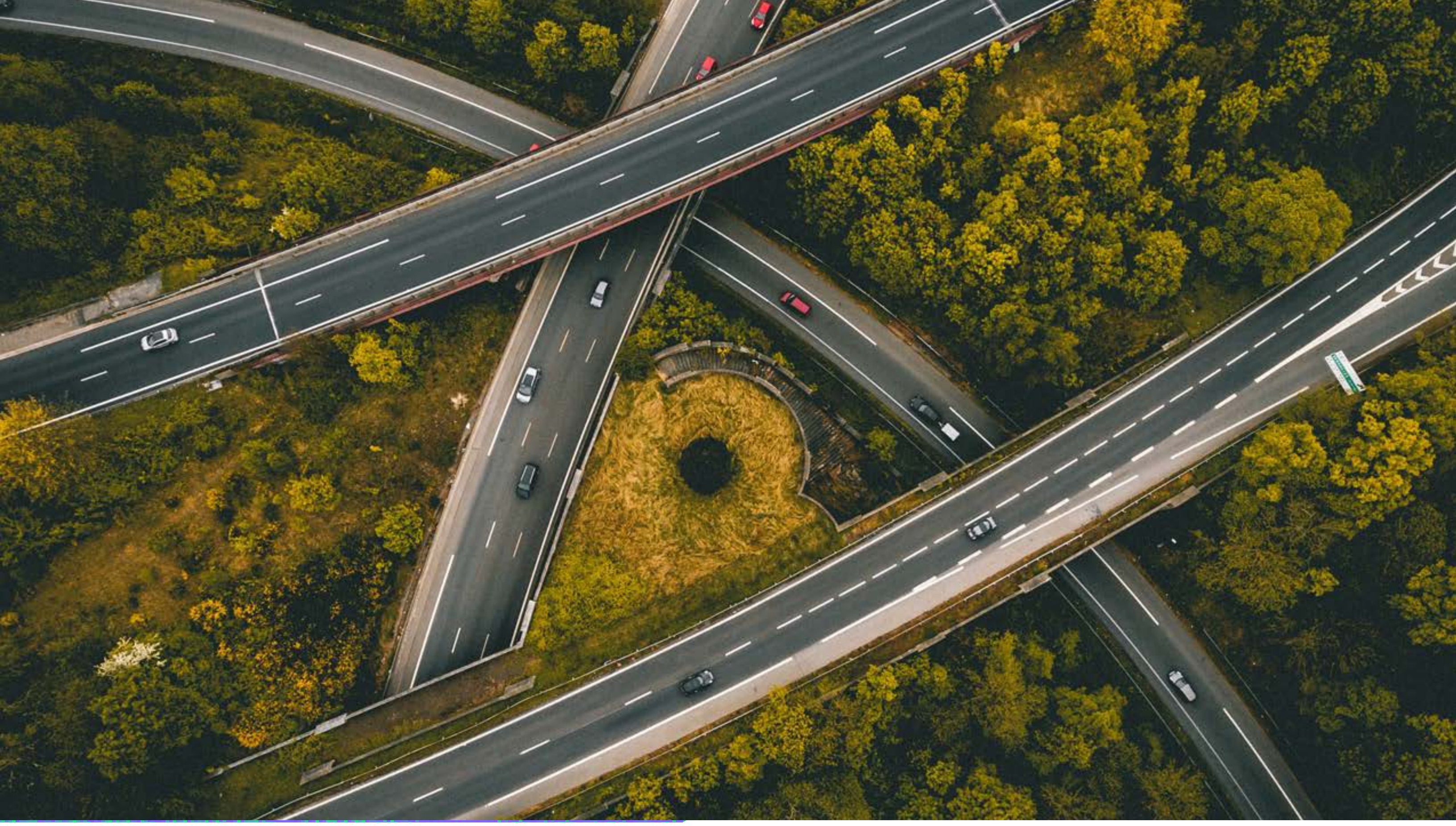

Infrastructure At A Time Of Uncertainty

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Author: Rahul Bhushan
Managing Director
ARK Invest Europe

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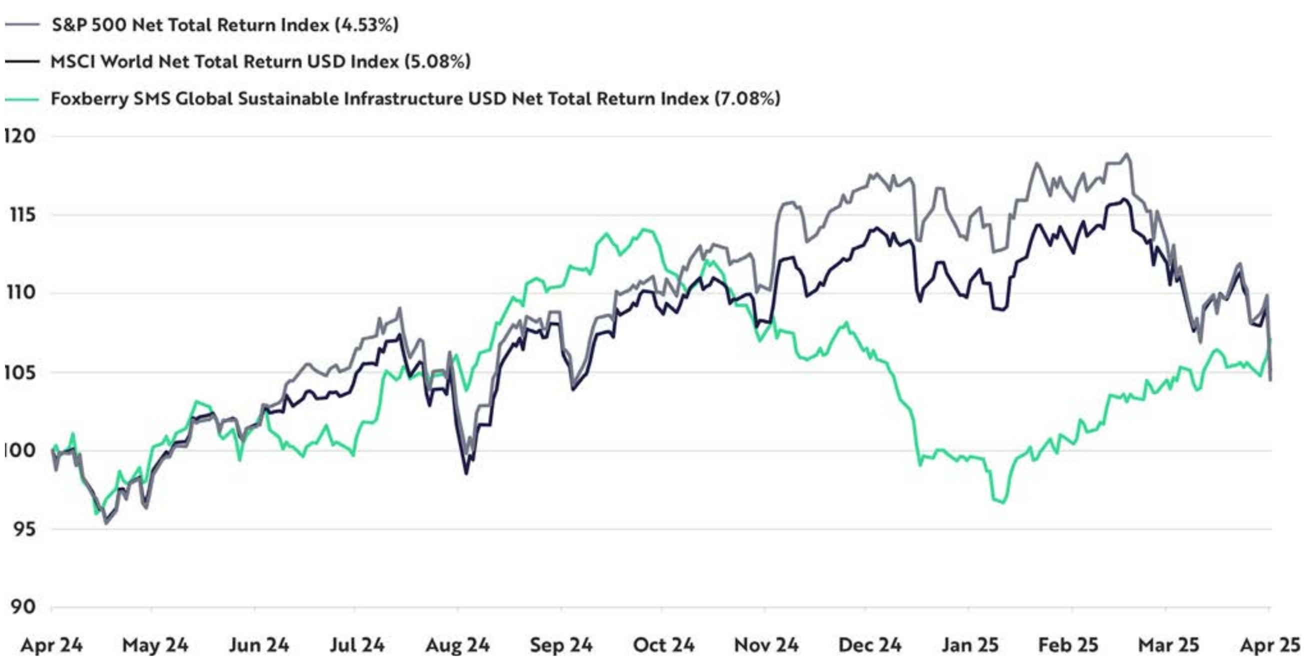
I. Infrastructure At A Crossroads in 2025

- The landscape for infrastructure investing continues to evolve rapidly. Trump's latest tariff salvos have jolted markets, stoking recession fears and volatility.
- Paradoxically, this turmoil is creating potential tailwinds – bond yields are falling as investors anticipate central bank support.
- Lower financing costs and policy shifts could open a new window of opportunity for infrastructure investors.

In this note, we highlight key themes, from trade-induced market dislocations to structural megatrends, that make a compelling case for infrastructure equities now. We also illustrate how the Rize Global Sustainable Infrastructure UCITS ETF ("NFRA") is positioned to capture these dynamics (fossil-free, high dividend, lower beta exposure to sectors like digital infrastructure, energy transition, and transport resilience).

II. Sustainable Infrastructure Shows Resilience: 1 Year Performance

The chart and tables below show the Foxberry SMS Global Sustainable Infrastructure USD Net Total Return Index tracked by our ETF ("NFRA"), the MSCI World Net Total Return USD Index and the S&P 500 Net Total Return Index.



Performance Comparison:

	1 Week	MTD	3 Months	YTD	1 Year
Foxberry SMS Global Sustainable Infrastructure USD Net Total Return Index	**1.36%**	**2.20%**	**7.48%**	**7.78%**	**7.08%**
MSCI World Net Total Return USD Index	-4.35%	-2.63%	-5.14%	-4.66%	5.08%
S&P 500 Net Total Return Index	-5.20%	-3.83%	-8.98%	-8.42%	4.53%

Volatility Comparison:

	1 Week	MTD	3 Months	YTD	1 Year
Foxberry SMS Global Sustainable Infrastructure USD Net Total Return Index	**9.52%**	**10.91%**	**9.89%**	**9.70%**	**9.84%**
MSCI World Net Total Return USD Index	26.42%	32.92%	15.59%	15.23%	12.62%
S&P 500 Net Total Return Index	34.88%	43.55%	18.78%	18.33%	14.78%

Source: Bloomberg, 03 Apr 2024 to 03 Apr 2025. All performance and volatility data is in USD, unless otherwise stated. The performance data shown does not reflect transaction costs and management fees incurred or charged by financial products such as the Rize Global Sustainable Infrastructure UCITS ETF. Please note that the value of an investment and any income taken from it is not guaranteed and can go down as well as up. You may not get back the amount you originally invested. If your investment currency is different to USD, then the return you will get from the investment may increase or decrease as a result of currency fluctuations between USD and your investment currency.

III. Trade War Turbulence

- President Trump's sweeping new import tariffs (10% baseline on all imports, with higher rates on key partners)[1] have shaken global markets and sent shockwaves through the financial world.
- Equities sold off sharply (Nasdaq futures –3.4% in a day)[2] and safe havens like bonds and gold surged.[2]
- Fears are mounting that a broadened trade war could tip the fragile economy toward recession, fuelling talk of a potential Fed pivot amid growing "spiral of doom" concerns.[3]
- In response, bond yields have plummeted; U.S. 10-year Treasury yields fell to ~4%, the biggest drop in 9 months.[4]
- Fed fund futures now price in a higher chance of Fed rate cuts to cushion growth.[5]

→ Why This Benefits Infrastructure

Rapidly falling interest rate expectations are a boon for infrastructure projects and companies. These are capital-intensive businesses that thrive as financing costs decline. If borrowing becomes cheaper due to central banks easing policy, infrastructure developers can refinance and invest in new projects at lower cost, bolstering future returns.

IV. Infrastructure As A Safe Haven

- Defensive Cash Flows*:* In uncertain times, investors gravitate toward stable, cash-generating assets. Infrastructure fits the bill: assets like toll roads, airports, cell towers, and utilities deliver essential services that people need regardless of the economic cycle. This reliability translates into steadier revenues and dividends, providing defence in a turbulent market.

- Inflation Pass-Through: A key appeal now – many infrastructure businesses have inflation-linked pricing. If Trump's tariff policies spark a second round of inflation or stagflation concerns (higher import costs), infrastructure revenues can adjust upward. For example, regulated utilities and transport concessions often pass through inflation via rate hikes or toll increases.

- Lower Beta, Higher Yield: Infrastructure equities historically exhibit lower beta than the broader equity market, while offering dividend income. For instance, NFRA's portfolio of global sustainable infrastructure stocks has a beta significantly < 1 (vs MSCI World) and a robust dividend yield ~3–4% (Bloomberg as of close 31 March 2025).

- Diversify Away: The asset class has shown it can diversify away from high-flying tech risk (in 2024, while "Magnificent Seven" tech stocks dominated gains, infrastructure provided a differentiated return stream, helping to diversify concentrated equity exposures.

V. 5-Year Beta To MSCI World

The Foxberry SMS Global Sustainable Infrastructure Index not only exhibits a low beta to the market (MSCI All-Country World Index) compared to traditional infrastructure indices but also commonly used thematic strategies in Europe.

	Index Name	5-Year Beta To MSCI World
Fixed Income Benchmark	Bloomberg Global Aggregate Value Unhedged	0.45
Sustainable Infrastructure	**Foxberry SMS Global Sustainable Infrastructure USD Net Total Return Index**	**0.79**
Traditional Infrastructure	FTSE Global Core Infrastructure USD Net Total Return Index	0.88
	ECPI Global ESG Infrastructure USD Net Total Return Index	0.78
	Dow Jones Brookfield Global Infrastructure USD Net Total Return Index	0.91
Sustainable Food	Foxberry Tematica Research Sustainable Future of Food USD Net Total Return Index	1.00
Equity Benchmark	MSCI All-Country World Investable Market USD Net Total Return Index	1.00
Clean Water	Solactive Clean Water USD Net Total Return Index	1.04
Cybersecurity	ISE Cyber Security UCITS USD Net Total Return Index	1.04
Healthcare Innovation	ROBO Global Healthcare Technology and Innovation USD Net Total Return Index	1.15
Clean Energy	Solactive Clean Energy USD Net Total Return Index	1.10
Digitisation	STOXX Global Digitalisation USD Net Total Return Index	1.19
Battery Value Chain	Solactive Battery Value-Chain USD Net Total Return Index	1.17
Hydrogen Economy	Solactive Hydrogen Economy USD Net Total Return Index	1.29
Automation & Robotics	STOXX Global Automation & Robotics USD Net Total Return Index	1.23

Source: Bloomberg, 04 April 2025.

VI. Secular Super-Cycle: Digital Infrastructure & Energy Transition Boom

We are at the front end of a *multi-decade infrastructure super-cycle* driven by the twin imperatives of decarbonisation and digitalisation. Governments and businesses worldwide are pouring capital into upgrading and expanding infrastructure to meet 21st-century needs.

- Digital Demand Exploding: The digital infrastructure theme is especially powerful in 2025. The rise of AI, cloud computing, and data consumption is fuelling unprecedented demand for data centres, fibre networks, and telecom towers. *Global data centre construction is at record levels* as AI investment surges. Industry projections show the *hyperscale data centre market* quadrupling from ~$163 billion in 2024 to over $600 billion by 2030 (24%+ CAGR)[6] – an astonishing growth trajectory. This translates into huge expenditures on servers, power systems, and real estate, benefitting companies in the digital infrastructure ecosystem (not to mention the spillover: AI computing demand is even reshaping electricity grids, driving massive grid and energy storage investments to power these server farms).

- Energy Transition in Overdrive: At the same time, the global push for *clean energy and climate-resilient infrastructure* is accelerating. Clean energy investment is now outpacing fossil fuel investment by roughly 2-to-1 globally.[7] In 2024, about $2 trillion went into clean tech (renewables, EVs, grids, storage, etc.), versus ~$1 trillion into oil, gas, and coal[8] – a gap that continues to widen.

- Transport & Resilience Upgrades: Traditional infrastructure is being reimagined for resilience. Aging highways, bridges, railways, and ports are getting overhauled with an eye on both capacity and climate adaptation.[9] These initiatives benefit companies involved in construction, engineering, smart mobility technology, and rail/transit operations – many of which are represented in NFRA's portfolio (e.g., rail operators, toll road concession owners, logistics infrastructure firms).

- Onshoring and Supply Chain Realignment: Trade tensions (exemplified by Trump's tariffs) are prompting manufacturers to re-shore or friend-shore production. This industrial realignment requires significant new domestic infrastructure – from expanded manufacturing facilities and logistics hubs to upgraded freight rail and warehousing.

VII. Public and Private Investment

- U.S. Private Sector Steps Up: Trump's fiscal pivot toward austerity (cutting government spending, shrinking agencies) means less federal funding for new infrastructure projects. But the need for infrastructure hasn't gone away – if anything, it's growing. As a result, private capital is rushing in to fill the gap. We're seeing robust interest from institutional investors, private equity capital is rushing in to fill the gap. We're seeing robust interest from institutional investors, private equity infrastructure funds, and other non-government sources to finance roads, bridges, broadband, and energy projects. (For example, the number of public-private partnership proposals is rising at state and local levels, and large asset managers have raised billions specifically for North American infrastructure opportunities.) NFRA's strategy is positioned to capture listed companies benefiting from this influx of private investment. Our ETF tilts towards sectors like cell tower REITs, independent power producers, railroad operators benefiting from private freight demand, etc.).

- Tariffs Fueling Onshore Investment: Additionally, Trump's tariff policy, while disruptive, could inadvertently turbocharge certain U.S. infrastructure segments. By making imported goods costlier, tariffs encourage domestic manufacturing and resource development. Companies looking to avoid import costs might build new factories or facilities in the U.S., which in turn requires new infrastructure (power, water, transportation) to support them. Similarly, if supply chains reroute to allies (e.g., Mexico or Canada) due to tariffs on China, infrastructure at border crossings, rail links, and trade corridors will need expansion.

- European Big Public Spending Push: Europe is taking the opposite tack: rather than austerity, many European governments are doubling down on fiscal spending for infrastructure (and defense) as a growth strategy. EU leaders have unveiled plans to mobilise up to €800 billion for defense and infrastructure upgrades.[10] This includes everything from traditional transport infrastructure to digital networks and energy systems. The European Commission and member states are relaxing fiscal rules to enable this investment boom.[11] As ECB President Lagarde highlighted in March 2025, these "transformational changes" – massive public outlays on infrastructure – are expected to support growth in the EU. For investors, this means European infrastructure firms (construction companies, renewables developers, rail and utility operators, etc.) have a strong tailwind of government spending and policy support.

- Monetary Policy Divergence Narrows: Six months ago, the transatlantic picture was divergent – the ECB was cutting rates while U.S. rates were still high. Now, with the trade war, the gap is closing. The ECB has continued to trim rates[12] (deposit rate heading towards ~2% by mid-2025) to stimulate its economy, and importantly it remains accommodative given the lower growth forecast (Eurozone 2025 GDP ~0.9%)[13]. In the U.S., markets anticipate Fed cuts if the situation worsens. The bottom line: low or falling interest rates on both sides of the Atlantic are creating a more benign environment for infrastructure finance.

VIII. Conclusion

We believe NFRA is uniquely positioned to help your clients navigate this environment. We believe the NFRA strategy captures the *income and stability* that are in demand when markets wobble, and the growth themes that excite in a long-term portfolio. It offers a differentiated sustainable infrastructure strategy that avoids the pitfalls of fossil exposure and capitalises on next-gen infrastructure themes. All with the convenience of a single trade. For investors seeking to bolster portfolios against uncertainty while still participating in structural growth, NFRA can be a timely solution.

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About the Author

Rahul Bhushan
Managing Director

@RahulBhushan
@RahulBhushanX

Rahul joined ARK in September 2023 following ARK's acquisition of Rize ETF (now ARK Invest Europe), of which he was co-founder and director. Rahul is a managing director and global head of index in Europe as well as director on the board of the ARK Invest UCITS ICAV. An expert strategist in thematic and sustainable investments, Rahul is responsible for spearheading global systematic (self-indexed) strategies, overseeing European UCITS product strategy and implementation, and leading investment research alongside managing our product specialist team. His research focus includes the energy transition, food sustainability, and the digital economy.

Prior to ARK Invest Europe, Rahul served as Co-Head of ETF Investment Strategies at Legal & General Investment Management (LGIM), a platform LGIM acquired from ETF Securities in 2018.

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ARK Invest International Ltd
70 Gracechurch Street
EC3V 0HR London

info-europe@ark-invest.com
www.europe.ark-funds.com

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