

# Bullseye: The Optimal Infrastructure Benchmark

For global listed infrastructure mandates, we believe the FTSE Global Core Infrastructure 50/50 Index offers the best representation of the opportunity set and an attractive starting point for actively managed portfolios.

As the listed infrastructure universe has evolved, so have the indexes that define it. In 2015, FTSE Russell launched the FTSE Global Core Infrastructure 50/50 Index to complement their existing FTSE Global Core Infrastructure series, developed in partnership with leading infrastructure investors and institutional asset consultants, including Cohen & Steers. Security weights in the index are rebalanced semi-annually to target subsector exposures that are consistent with the representative universe, with individual securities capped at 5% of the index's market capitalization.

While different benchmarks may be suitable for different investments, we believe the FTSE index provides an optimal representation of core infrastructure businesses, while offering broad diversification across subsectors and geographic regions. By contrast, we view other infrastructure benchmarks as being too heavily concentrated geographically and having suboptimal allocations to certain subsectors such as communications and utilities, while excluding other subsectors entirely, in the case of railway operators.

## Key Characteristics of the FTSE Global Core Infrastructure 50/50 Index:

- **Subsector allocation:** The index targets weightings of 50% utilities, 30% transportation and 20% commercial infrastructure (communications and pipelines).<sup>(1)</sup> It is currently the only major infrastructure index to include freight railways, which can offer valuable characteristics such as high barriers to entry and strong market positions.
- **Geographic diversification:** The index has no significant regional concentrations and a modest emerging markets allocation (11% as of 6/30/2018).
- **Risk/return profile:** Since its inception at the end of 2009, the index has exhibited strong total returns, low volatility and attractive downside protection (see table below).
- **Specialist resources:** Index sponsor FTSE Group has a history of collaborating with industry participants and uses index service provider LPX Group in the identification and ongoing evaluation of index constituents.<sup>(2)</sup>

## Index Highlights<sup>(1)</sup>

	Managed Weightings	Subsector Allocation	Geographic Diversification
<b>FTSE Global Core Infrastructure 50/50 Index</b>	Yes: 50% utilities, 30% transportation, and 20% to telecommunications and pipelines	Only index to include freight rails; diversified across subsectors	Diversified; modest emerging markets allocation
<b>Dow Jones Brookfield Global Infrastructure Index</b>	No	Excludes utilities with any generation assets; significant pipelines weighting	Heavy focus on North America with a modest allocation to Asia and continental Europe; small emerging markets allocation
<b>S&amp;P Global Infrastructure Index</b>	Yes: 40% utilities, 40% transportation infrastructure, and 20% to pipelines	No communications; large pipelines weighting; material weighting in non-infrastructure transport logistics companies	Diversified; modest emerging markets allocation

At June 30, 2018. Source: Cohen & Steers.

	3 Year				5 Years				Since FTSE Index Inception <sup>(3)</sup>			
	Annualized Return	Standard Deviation	Upside Capture	Downside Capture	Annualized Return	Standard Deviation	Upside Capture	Downside Capture	Annualized Return	Standard Deviation	Upside Capture	Downside Capture
<b>FTSE Global Core Infrastructure 50/50 Index</b>	7.1%	9.7%	56.1%	41.8%	7.7%	9.5%	64.2%	59.7%	9.0%	10.2%	63.3%	50.9%
<b>Dow Jones Brookfield Global Infrastructure Index</b>	4.5%	10.7%	55.8%	65.9%	7.1%	10.3%	69.3%	74.4%	9.7%	11.1%	68.8%	54.5%
<b>S&amp;P Global Infrastructure Index</b>	5.0%	10.6%	63.0%	73.6%	7.1%	10.3%	73.1%	81.1%	6.1%	12.3%	72.0%	84.2%
<b>MSCI World Index</b>	8.5%	10.3%			9.9%	10.0%			9.3%	11.9%		

At June 30, 2018. Source: Cohen & Steers. Data quoted represents past performance, which is no guarantee of future results.

(1) Index weightings, allocations and geographic diversification are subject to change without notice.

(2) LPX Group, based in Switzerland, is a leading sponsor of indexes for listed private equity and infrastructure.

(3) December 30, 2009.

**FTSE Global Core Infrastructure 50/50 Index Diversification**

Geographic	Weight	Sector	Weight
<b>North America</b>	<b>62.2%</b>	<b>Electric</b>	<b>40.4%</b>
United States	52.5%	Regulated Electric	27.0%
Canada	9.8%	Integrated Electric	13.4%
<b>Asia Pacific</b>	<b>20.2%</b>	<b>Pipelines</b>	<b>13.4%</b>
Japan	5.3%	<b>Communications</b>	<b>8.9%</b>
Australia	4.8%	Tower	7.7%
Hong Kong	3.0%	Satellites	1.2%
China	2.0%	<b>Railways</b>	<b>8.5%</b>
India	1.2%	Freight Rails	6.4%
South Korea	0.5%	Passenger Rails	2.1%
Other Asia Pacific	3.5%	<b>Airports</b>	<b>7.7%</b>
<b>Europe</b>	<b>13.7%</b>	<b>Gas Distribution</b>	<b>7.7%</b>
Italy	3.6%	<b>Toll Roads</b>	<b>6.9%</b>
United Kingdom	3.3%	<b>Water</b>	<b>2.7%</b>
Spain	3.0%	<b>Marine Ports</b>	<b>2.5%</b>
France	1.6%	<b>Diversified</b>	<b>1.3%</b>
Germany	0.5%		
Russia	0.3%		
Other Europe	1.4%		
<b>Latin America</b>	<b>3.3%</b>		
Brazil	1.3%		
Mexico	1.5%		
Chile	0.4%		
Colombia	0.1%		
<b>Middle East-Africa</b>	<b>0.5%</b>		

At June 30, 2018.

Portfolio weights are subject to change without notice. Due to rounding, values may not add to 100%. See index definitions below.

**Index Definitions**

An investor cannot invest directly in an index, and index performance does not reflect the deduction of any fees, expenses or taxes. The FTSE Global Core Infrastructure 50/50 Net Tax Index is a market-capitalization-weighted index of worldwide infrastructure and infrastructure-related securities and is net of dividend withholding taxes. Constituent weights are adjusted semi-annually according to three broad industry sectors: 50% utilities, 30% transportation, and a 20% mix of other sectors, including pipelines, satellites, and telecommunication towers. The Dow Jones Brookfield Global Infrastructure Index is a float-adjusted market-capitalization-weighted index that measures performance of globally domiciled companies that derive more than 70% of their cash flows from infrastructure lines of business. The S&P Global Infrastructure Index provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure, the index includes three distinct infrastructure clusters: utilities, transportation, and energy. The MSCI World Index (net) is a free-float-adjusted index that measures performance of large- and mid-capitalization companies representing developed market countries and is net of dividend withholding taxes.

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Cohen & Steers is a global investment manager specializing in liquid real assets, including real estate securities, listed infrastructure, commodities and natural resource equities, as well as preferred securities and other income solutions. Founded in 1986, the firm is headquartered in New York City, with offices in London, Hong Kong, Tokyo and Seattle.

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**Actively Managed Global Listed Infrastructure Portfolios**

Our framework for infrastructure investing starts with screening the Cohen & Steers listed infrastructure universe, composed of roughly 350 companies with a \$2.4 trillion market capitalization. Among other considerations, we target owners and operators of infrastructure assets characterized by:

- Predictable cash flows
- Primarily regulated industries
- Contracted assets with long-term concessions
- Monopolistic market positions
- High barriers to entry

Cohen & Steers seeks to add value for investors by actively selecting companies through a repeatable process executed by infrastructure specialists that combines top-down subsector analysis with bottom-up company-level research. We also work closely with clients to determine a suitable approach to investing in listed infrastructure, whether implemented as a carve-out of global equities or as part of a real assets allocation.