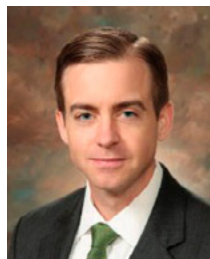


Global listed infrastructure

A defensive asset class



You're in good hands with infrastructure. As we enter 2019, the issues that sparked market volatility last year remain unresolved, including: a government shutdown, a global trade standoff, growth slowdown fears, and other late-cycle investment risks. We believe investors should continue to seek shelter and recommend Global Listed Infrastructure as a prudent way to add defense and portfolio downside protection.



Hinds Howard
Principal,
Associate Portfolio Manager

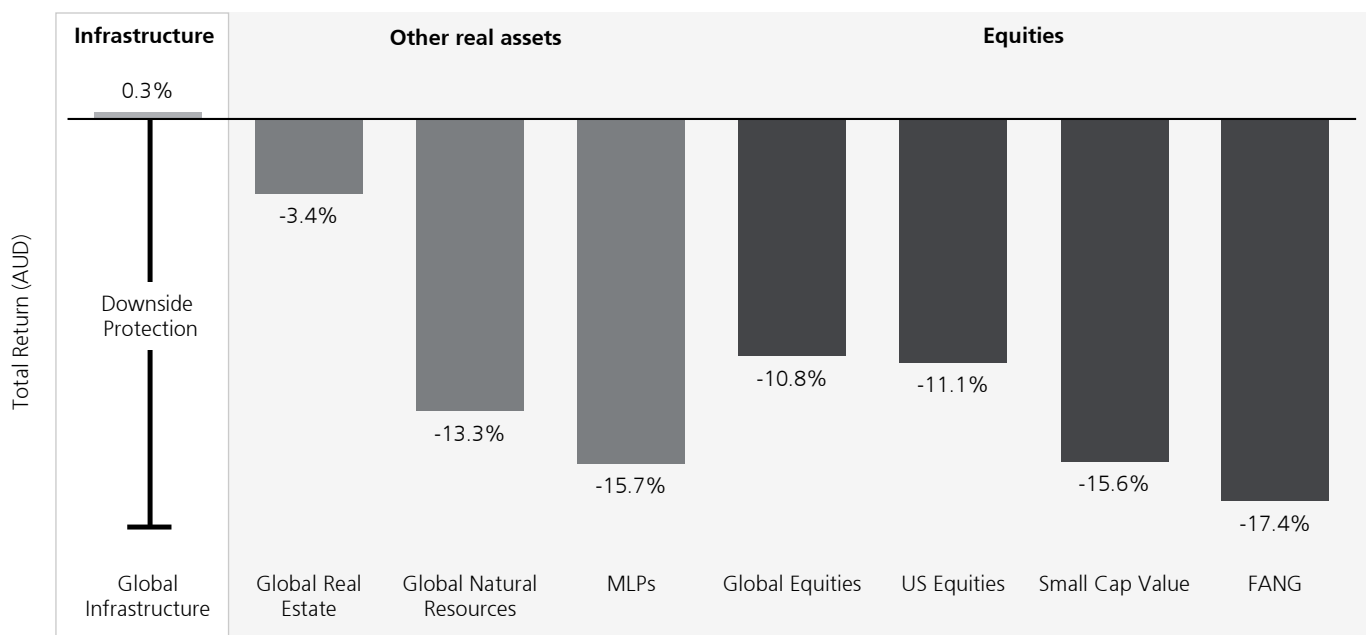
Volatility is back in the stock market. The S&P 500 posted its worst December in 87 years and the "FANG" stocks are down 20%+ from peaks. Virtually, all major asset classes were negative in 2018. While there may have been no place to completely escape the carnage, Global Listed Infrastructure outperformed other real asset securities and equities by a wide margin during the sell-off, providing downside protection. Risks and volatility remain elevated in 2019, and infrastructure deserves a starting spot on your portfolio's defense.

In the chart, we highlight performance of Global Listed Infrastructure versus other listed real assets and listed equity alternatives. During the Q4 2018 equity market slide, infrastructure's defensive characteristics helped deliver outperformance of more than 1,000 basis points and provided downside protection relative to other equities and related real assets such as Natural Resources and MLPs.

Downside protection but also upside

The infrastructure asset class has a long track-record of downside protection and outperformance in tumultuous market environments. Over the past 20-years, Global Listed Infrastructure has captured only 53% of the global equity market downside. Also, adding infrastructure is not admitting defeat or betting on a recession. Infrastructure leaves the potential for upside capture intact if the market risks subside, as evidenced by upside capture versus global equities of more than 82% over the long-term.

Exhibit 1: index performance comparison
21 September 2018 through 31 December 2018



Source: CBRE Clarion, Bloomberg, Morningstar Direct as of December 31, 2018. Correction period is from the S&P 500 52wk high (September 21, 2018) to market inflection point and recovery (December 31, 2018).

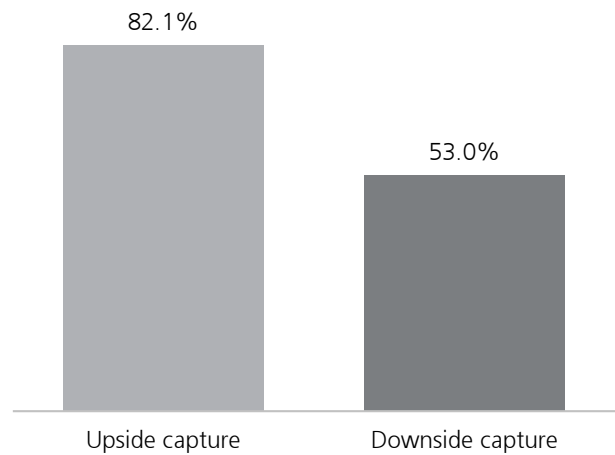
Infrastructure is a defensive asset class because of the characteristics of the underlying assets owned by Global Listed Infrastructure companies. Those assets tend to share the following characteristics:

- Inelastic demand due to the essential nature of the assets we use in everyday life
- High barriers to entry due to the critical and often irreplaceable nature of the assets
- Contracted revenue streams that in many cases offer inflation protection

Due to the above characteristics, earnings and dividend growth of infrastructure companies tend to be steady and predictable, making them particularly attractive at times of market uncertainty. The macro environment may remain challenging for investors and we believe the characteristics of Global Listed Infrastructure is well-positioned for continued outperformance in 2019.

CBRE Clarion Securities has a well-resourced and experienced team with a long-track record of investing in Global Listed Infrastructure. We welcome the opportunity to speak to you about the investment opportunity and our capabilities.

Infrastructure vs. Global equities upside/downside analysis



January 1, 2000 – December 31, 2018

Source: CBRE Clarion as of December 31, 2018.

Listed infrastructure does not only provide downside protection, it may capture a majority of the upside as well.



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