

Infrastructure: an investment strategy for today and tomorrow

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Infrastructure investments offer short, medium and long-term benefits for both investors and society.

We see infrastructure as a standout opportunity for investors. As an investment theme, infrastructure offers potential benefits in both the near term and over extended periods of time. What's more, benefits accrue not only to investors, but also to the economy and society as a whole.

Infrastructure projects can benefit investors from kickoff to completion, and they can have lasting economic effects even decades later.

Columbia Threadneedle
Investment Team

Benefits to investors	Benefits to investors	
	Shorter term (kickoff)	Longer term (completion and beyond)
Benefits to the economy	As infrastructure projects get underway, construction companies, materials suppliers, related service providers and their shareholders can all benefit from the increased demand.	Businesses can use improved infrastructure to move their goods and services more efficiently, presenting opportunities for investors seeking growth.
	A study of advanced economies found that if investment in infrastructure increases by 1% of GDP, the country's overall economic output will be 0.4% higher in the first year. ¹	Increasing infrastructure investments by 1% of GDP could generate an additional 3.4 million direct and indirect jobs in India, 1.5 million in the United States and 1.3 million in Brazil. ²
	Many infrastructure projects are long-dated — they can take years to build and generate revenues for decades — and they also have heavy cash components. These factors mean they can be useful inflation hedges over the long term.	Infrastructure has a socioeconomic rate of return of around 20%. So, every dollar of infrastructure investment made today will raise a country's GDP by 20 cents over the long run. ³

¹ International Monetary Fund, World Economic Forum Study. Data as of 10/14.

² McKinsey Global Institute, Bridging Global Infrastructure Gaps report. Data as of 06/16.

³ McKinsey Global Institute, Bridging Global Infrastructure Gaps report. Data as of 06/16.



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