

The Next Institutional Asset Class: From Concept to Reality

Meeting the world's growing infrastructure needs will require responsible development and significant capital. Transitioning sustainable infrastructure development into an institutional asset class can achieve this important goal.

Today, vast groups of people around the world lack access to basic infrastructure.



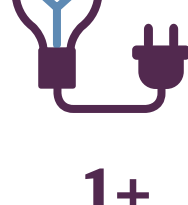
844+ Million

Clean water
Source: UNICEF



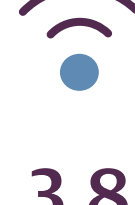
2+ Billion

Basic sanitation
Source: UNICEF



1+ Billion

Reliable electricity
Source: International Energy Agency



3.8 Billion

Internet access
Source: UN

Developed countries have significant infrastructure needs as well.



\$500 Billion

is needed for infrastructure in the U.S. alone over the next 10 years.

Source: Global Infrastructure Hub



About 60%

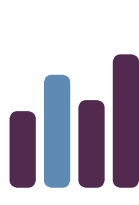
of greenhouse gases result from infrastructure development and use.

Source: CCCEP

The United Nations and other world leaders agree on the benefits of improving infrastructure responsibly.



Better development practices



Better economic growth



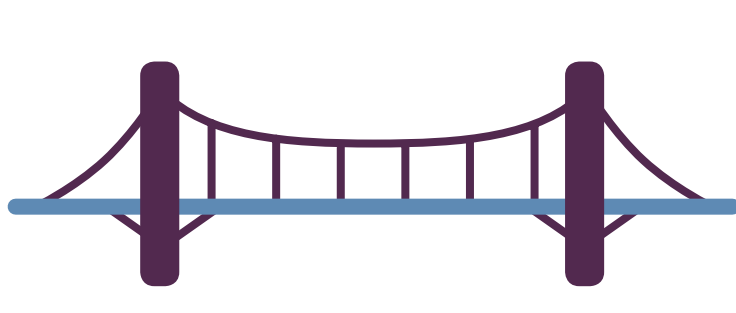
Reduced climate risk

Globally, there's a critical investment gap in infrastructure.

\$4.2 Trillion

Estimated annual investment worldwide through 2040

Source: Global Infrastructure Hub



\$782 Billion

Estimated annual investment shortfall

Source: Global Infrastructure Hub

Investors are waiting in the wings.

\$60 Trillion

in assets are in long-term funds well-suited for infrastructure investments.

Source: World Economic Forum

53%

of 2017 U.S. shareholder proposals focused on sustainability.

Source: Harvard University



"We've reached an inflection point where doing right for the world and doing well for investors is converging."

Scott Miner

Chairman of Investments and Global CIO, Guggenheim Investments

How do we turn sustainable infrastructure investing into an institutional asset class?

In the Guggenheim Sustainable Development Quotient, we outlined the four attributes investors need to see in a project.



Compelling rates of return



Good governance characteristics



Environmental soundness



Positive social impact

Measuring sustainability within this framework is the next critical step.

"Going forward, investors will require consistent methodologies and standards for infrastructure investments to be included in the sustainable development asset class."

Anne Walsh

Chief Investment Officer, Fixed Income, Guggenheim Investments



Guggenheim and the WWF commissioned the Stanford Global Projects Center to study the evaluation of sustainable development. There were three key findings.

1

No single tool or metric

has emerged as a global industry standard.

2

Standards vary widely

assessing as few as 6 criteria or as many as 60.

3

More data analysis

is needed in infrastructure sustainability reporting.

From here, those in the infrastructure sector must work together.

Align metrics

to encourage wider adoption by investors.

Reduce cost

of applying metrics for investors and project teams.

Enable feedback loops

to demonstrate how metrics improve outcomes.

Improve communication

between tools to enable reporting aggregation.

"A sustainable infrastructure institutional asset class is within reach. It's time to expand our efforts and make that promise a reality."

Scott Miner

Chairman of Investments and Global CIO, Guggenheim Investments

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