



Key characteristics of each infrastructure risk category are set out in Figure 1 below.

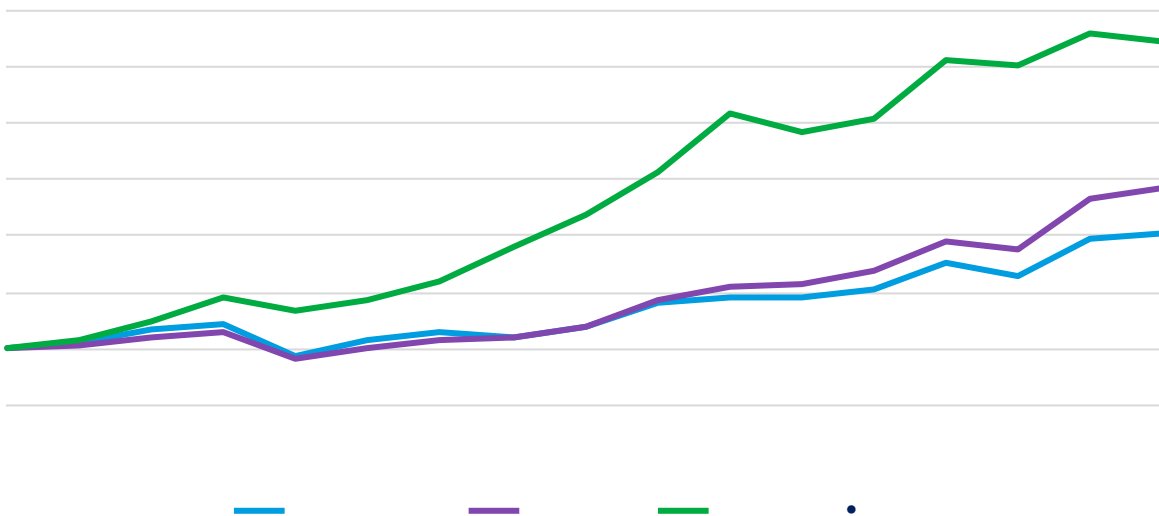
Reasons for considering allocations to infrastructure

There are a number of reasons investors have been adding unlisted infrastructure exposure to portfolios over the past decade. Some of the most important include:

³ J.P. Morgan. Guide to Alternatives, as of August 31, 2020. Returns were calculated using quarterly data from June 30, 2008, to March 31, 2020.

⁴ &RUUHODWLRQ FDOFXODWLRQV KDYH QRW EHHQ DGCâ @pÀ `8p D•€đ Ep Q EV € Ep QÀCâBH†8v€ BI DQTDDEWBH`€E

In addition to the above points, we also note that private markets infrastructure has historically been a strong performer. Figure 2 below sets out the cumulative returns for the EDHEC infra300 index (an index designed to track private markets infrastructure returns) compared to the S&P 500 and MSCI World Indices.



Source: Mercer.Bloomberg

Notes:

Implementation options

Strategy and availability

5 HWXUQ SUR % OH

Cash yield

In general, Mercer strongly recommends that investors consider adopting a program approach for infrastructure

LQYHVWLQJ 7KLV DOORZV IRU SURSHU GLYHUVL%FDWLRQ DFURVV DVVHW W\SHV JHRJUDSKLHV ULVN SUR%OHV DQG YLQWDJH \HDUV DV ZHOO

as capturing the highest quality opportunities as they come

Environmental, social and governance (ESG) considerations

ESG is an important topic within

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liquid and require investors to commit to funding capital calls over

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7 KLV GRHV QRW FRQVWLWXWH DQ R†HU WR SXUFKDVH RU VHOO DQ\ VHFUXLWLHV)RU 0HUFHU V FRQŠLFW RI LQWHUHVW GLVFORVXUHV FRQWDFW \RXU 0HUFHU UHSUHVHQWDWLYH RU VHH ZZZ PHUFHU FRP FRQŠLFWVR% QWHUHVW

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