

Morningstar® Global Multi-Asset Infrastructure IndexSM

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An Emerging Asset Class

Infrastructure is an important component to our structural environment. As an asset class, infrastructure represents a logical grouping of assets that share similar characteristics and have a collectively inherent, non-skill-based return. There are several fundamental attributes that make infrastructure an appealing investment option, such as low correlation to traditional asset classes, monopolistic-like structures, and long-duration projects with defensive characteristics. These attributes provide investors with a host of potential benefits, including portfolio diversification, income stability, and downside inflation protection.

Defining Infrastructure

Morningstar defines infrastructure as an essential service or platform supporting activities in society, including commerce, transportation, education, and communication, that require large capital investments. This can include both public and private institutions

providing toll roads, utilities, bridges, airports, hospitals, waste management, electricity, or schools, among other things.

Infrastructure investments have desirable financial characteristics because they are long-lived, capital-intensive projects or industries. Once built, infrastructure assets tend to have low operating and maintenance costs and exhibit economies of scale until capacity is reached. To ensure that these assets will be profitable, products or services supplied by infrastructure are generally provided under long-term contracts in which pricing and variable costs are indexed to inflation. As a result, this provides for a predictable and stable revenue stream that tends to grow in lockstep with GDP. The contractual escalation in prices offer a natural inflationary hedge, while the stable and predictable revenue growth provides shelter from the vagaries of the business cycle.

Morningstar Global Infrastructure Taxonomy

Economic Infrastructure				Social Infrastructure
Energy	Utilities	Transportation & Infrastructure	Communication & Telecom Assets	Social
Oil & Gas Midstream	Waste Management	Airports & Air Services	Communication Assets	Education
	Electric Utilities	Highways & Toll Roads	Cell Towers & Satellites	Medical Care
	Gas Utilities	Integrated Shipping, Logistics, & Land Transport		Managed & Long-Term Care Facilities
	Diversified Utilities	Shipping, Ports, and Marina Transport		
	Water Utilities	Railroads		
		Infrastructure Operations		
		Engineering & Construction		

The Morningstar Global Multi-Asset Infrastructure Index

The Morningstar Global Multi-Asset Infrastructure Index is a broadly diversified multi-asset-class index that seeks to represent the combined performance of global equity and global fixed-income securities that meet Morningstar's infrastructure asset-class definition. To achieve this, Morningstar creates a composite portfolio that holds the Morningstar® Global Equity Infrastructure IndexSM and the Morningstar® Global Bond Infrastructure IndexSM in equal proportions at each rebalance.

Precise Infrastructure Classification

Morningstar built this investable index from the bottom up, using a precise industry classification analysis and next-generation sector taxonomy. The resulting index comprises two super sectors: economic and social. The economic super sector is further divided into four infrastructure segments (Energy, Utilities, Transportation & Infrastructure, and Communication & Telecom Assets), among which there are 15 industry classifications.

Under the social super sector is the social infrastructure, which contains three additional industry classifications.

Rebalancing and Reconstitution

The Morningstar Global Multi-Asset Infrastructure Index is rebalanced—i.e., the portfolio weightings of each sub-index are adjusted to equal proportions—four times annually. Adjustments are performed after the close of business on the last business day of the month and are effective the following business day, i.e., the first business day of April, July, October, and January.

Calculation and Dissemination of Index Values

Price return index values for the equity sub-index are calculated and disseminated electronically at 15-second intervals. End-of-day index values are available for the bond sub-index and the composite index. Daily and monthly price, gross, and net return index values are distributed via various data channels and are available on the Morningstar Indexes website:

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Morningstar Global Infrastructure Taxonomy

