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Global infrastructure to thrive

Sydney, 22 September 2016 – An enormous shortfall in global infrastructure over the past three decades will drive a US\$40 trillion investment in the global infrastructure sector by 2030 according to a new white paper launched by VanEck today.

VanEck's ['Investing in global infrastructure'](#) white paper highlights that the growth of the infrastructure sector will be driven by two structural factors: a growing population, and a significant underinvestment in infrastructure over the past 30 years in particular in western economies. Both factors will lead to infrastructure investment of over US\$40 trillion by 2030.

Russel Chesler, Director of Investments and Strategy, VanEck Australia said, "While the substantial deficit in infrastructure assets will prompt governments around the world to invest considerably in infrastructure assets in the coming years. The defensive characteristics of global infrastructure securities are just as likely to drive private sector investment in the sector as a shield against ongoing market volatility.

"Infrastructure assets are generally long lived, protected by barriers to entry and benefit from inelastic demand providing investors with a steady and reliable income stream which is particularly attractive in the current environment of slow economic growth, market volatility and constrained returns.

"Investors have been forced to allocate assets to riskier investments in a search for income. Global listed infrastructure provides a mid-range dividend yield which is more stable than other equity yields. The capital growth is also much more stable than other equities and both the income and capital growth have some protection against inflation," Mr Chesler said.

"Infrastructure securities have also demonstrated a low correlation to other asset classes providing diversification benefits for investors wishing to complement existing asset classes such as Australian equities, international equities or global fixed income.

"These factors make global infrastructure securities a compelling investment proposition for investors. Global infrastructure has been one of the best performing asset classes returning 12.78 percent¹ year-to-date.

"Historically, investment in large infrastructure assets has been limited to large institutional investors.

"This year, VanEck launched Australia's first global infrastructure ETF on the ASX giving investors easier access to a well diversified portfolio of global infrastructure securities one trade on ASX. VanEck Vectors FTSE Global Infrastructure (Hedged) ETF (ASX code: IFRA) tracks the FTSE Developed Core Infrastructure 50/50 Hedged into Australian dollars Index, the world's leading diversified global infrastructure benchmark," Mr Chesler said.

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¹ Source: Morningstar Direct, performance of the FTSE Developed Core Infrastructure 50/50 Hedged into Australian dollars Index from 1 January to 19 September 2016.

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