



Infrastructure Stocks and How You Can Invest In Them

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Infrastructure is literally the driver of any society and any economy. Although we may take it for granted, we use infrastructure every day. Whether it's moving from one place to another, getting water supplied to large cities, or even calling a loved one on the phone,

all these things won't be possible without an elaborate infrastructure network.

Traditionally, investment in infrastructure has been done by governments. This is because the amount of capital needed to develop and maintain infrastructure is quite high. There is no single individual who can be able to do this on their own. Besides, infrastructure is also seen as a social "commodity" and as such, it falls within the duties of governments to invest in it.

But we have also seen the flow of private capital towards infrastructure investment through public private partnerships. Right now there are some very good opportunities for private investors to make good returns by partnering with local authorities in infrastructure development.

What Is Infrastructure?

Before we even start talking about infrastructure stocks, let's give you a small definition of what

◀ infrastructure means. The term infrastructure simply refers to the physical structures and systems that are needed to support the economy. We are talking about things like roads, railways, power lines, sewer systems, and so on. However, there are two types of infrastructure. Here they are:

- **Hard Infrastructure** – This is basically the physical aspect of infrastructure. It includes transport networks like roads, subways and airports. You also get energy systems, telecoms, and water systems falling under this category.
- **Soft Infrastructure** – soft infrastructure refers to the institutional framework that keeps the economy running. Law enforcement, government, banking, emergency services are some of the common forms of soft infrastructure.

What Are The Major Types Of Infrastructure Investments?

Generally, investments on infrastructure will focus on the hard infrastructure. It's very rare to see any kind of investments on soft infrastructure. For many investors, companies that build or operate infrastructure assets tend to be the main target for investment. In essence, as a private investor

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you'd rarely invest on the hard infrastructure directly. But you can invest on companies that are directly involved in building or maintaining those assets. There are three main categories of infrastructure investments that any investor should know about. Here they are:

Transportation infrastructure - physical asset that move people and goods from one location to another (roads, railways, airports, and sea ports)

Commodity infrastructure – the physical assets and systems that transport commodities that are essential to the economy including water, oil, electricity, natural gas, and others.

Data infrastructure – these are the physical assets that are responsible for the movement of data and communication. They include things like data centers, telecom systems and others.

Most of these assets are largely built by the government. But in recent years, we have seen private companies developing and operating airports, toll roads, sea ports, energy

systems and communication systems. Investing in these companies could give you an important exposure to infrastructure assets around the world.

Why Should You Invest On Infrastructure?

There is massive demand for infrastructure investments especially in emerging markets where GDP growth is also quite high. In developed countries like the US, there is also need to revamp exiting infrastructure systems. However, due to financial constraints, governments are inviting the private sector to help raise the needed capital for these projects. We have also seen the privatization of infrastructure management to reduce costs by many governments. All these actions open a door for private investors to make good returns by investing on infrastructure companies.

How to Invest On Infrastructure

Investing on Infrastructure assets is quiet easy. The Brookfield Real Assets Income Fund gives you exposure to infrastructure assets through a managed portfolio. The fund focuses on real asset investments around the world. You can buy in on the NYSE under the ticker symbol RA.