

WHY INVEST IN INFRASTRUCTURE



Featuring: Phil Eichhorn, Senior Investment Analyst

Video Released: June 2023

When people ask me about infrastructure investing, I like to relate it to something everybody knows a little something about the human body. So, you have a bunch of different systems that have very specific functions that are working together to create some sort of harmonious entity.

I like to start with the skeletal muscular system. And this is sort of the framework that everything else is built on, right? These are your public roadways, your interstates, your waterways. And this largely falls under the purview of local municipalities, as well as the federal government.

And truthfully, there's not a lot of private investment opportunity there, but it is the foundation that everything else is built on.

So, the next thing I would start thinking about is sort of the cardiovascular respiratory system. And I like to link that to transportation.

These are your seaports, your airports, your railways.

It's really the lifeblood of an economy.

And then I think about the digestive system as being similar to power slash utility.

You're really taking in energy like a natural gas or renewable energy. You put it into the system, process it and distribute it out to the rest of the systems. And with that is the less glamorous piece of waste. So, you have waste removal and water filtration systems.

Then finally, I like to think of the nervous system as communications.

This is really what is telling all the other systems what the systems are doing and how to operate. So, this is what sells headquarters in Florida, what's going on, what's coming into the seaport and Long Beach, and then from Long Beach, what goods are going to Minneapolis along the rail line.

This is where you have your cell towers, your satellites, your data centers.

Some of the traits that the system slash sectors have in common is that they're sort of a steady state. There's always sort of a constant, steady state. Sometimes it's elevated, sometimes it's depressed.

But for the most part, they're operating 24-7 and they're essential.

And so, what does that mean from an investment perspective? Effectively, you have stable cash flows and a lot of times those cash flows are contractual ten, 20, 40, even 99 years out. And frequently they're tied to inflation. And the other piece that they have in common is it's a natural monopoly.

For example, you have one heart. In order to replace that heart, it's going to be a huge undertaking. If you look at a utility that's serving a certain region, in order to take that utility out, pull it out, replace everything the utility does, it's going to be a huge undertaking, a lot of capital expenditure, and frankly, not likely.

So, you have a natural monopoly, you have steady cash flows. And what does that lead to? Effectively strong risk adjusted returns. And we think that's been proven historically.

We think it's a great time to be investing in infrastructure right now. There are a couple of things going for it. First of all, there's demand. Developing countries across the world have underinvested in infrastructure for a while now. For example, the United States. Estimates vary, but we're nearly \$100 billion under invested on an annual basis in infrastructure, according to different studies.

And then second is there's been two major pieces of legislation that have come through the United States recently. One is the infrastructure investment and jobs Act, and the other is the Inflation Reduction Act. And what these two pieces of legislation are doing is effectively funneling federal dollars into infrastructure investments and on top of that, we're encouraging private investment in infrastructure as well.

And we think that this legislation will ultimately lead to more legislation abroad, bringing capital both from governments as well as private parties into this space, and thus making it an attractive environment.

----- END OF TRANSCRIPT -----



VersusCapital
Investing in Real Assets since 2012

**For more information
on investing in Real
Assets subscribe
to our insights**

LEARN MORE

QUESTIONS? CONTACT US.

VersusCapital.com | 1-877-200-1878 | info@versuscapital.com

REAL ASSETS FUND (VCRRX): FUND SUMMARY RISKS

INVESTORS SHOULD CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES BEFORE INVESTING. A PROSPECTUS WITH THIS AND OTHER INFORMATION ABOUT THE FUND MAY BE OBTAINED FROM THE VERSUS CAPITAL WEB SITE (versuscapital.com). INVESTORS SHOULD READ IT CAREFULLY BEFORE INVESTING. AN INVESTMENT IN THE FUND IS SUBJECT TO A HIGH DEGREE OF RISK. THESE RISKS INCLUDE, BUT ARE NOT LIMITED TO, THOSE OUTLINED BELOW.

- Real assets entail special risks, including environmental problems, adverse changes in local economies, tenant default and regulations associated with infrastructure, timberland, and agriculture/farmland related companies.
- The Fund is "non-diversified" under the Investment Company Act of 1940. Changes in the market value of a single holding may cause greater fluctuation in the Fund's net asset value than in a "diversified" fund. The Fund is not intended as a complete investment program but instead as a way to help investors diversify into real assets. Diversification does not ensure a profit or guarantee against a loss.
- A multi-manager strategy involves certain risks. For example, it is possible that some Private Fund managers may take similar market positions, thereby interfering with the Fund's investment goal. The Fund may borrow as an investment strategy, up to one third of the Fund's gross asset value. Borrowing presents opportunities to increase the Fund's return, but potentially increases the losses as well. Because the Private Funds may themselves borrow and incur a higher level of leverage than that which the Fund is permitted, the Fund could be effectively leveraged in an amount far greater than the limit imposed by the Investment Company Act of 1940.
- The adviser, sub-advisers and Private Fund managers manage portfolios for themselves and other clients. A conflict of interest between the Fund and these other parties may arise which could disadvantage the Fund. For example, a suitable but limited investment opportunity might be allocated to another client rather than to the Fund.

(Continued) REAL ASSETS FUND (VCRRX): FUND SUMMARY RISKS

- The Fund's investments in Private Funds are priced based on estimates of fair value, which may prove to be inaccurate. Therefore, the value of the Fund's investments will be difficult to ascertain, and the valuations provided in respect of the Fund's Private Funds, Sub-REITs, and other private securities, will likely vary from the amounts the Fund would receive upon withdrawal of its investments. Additionally, given the limited liquidity of the Private Funds, the Fund may not be able to alter its portfolio allocation in sufficient time to respond to any underlying material changes, resulting in substantial losses from risks of Private Funds.
- Fund Holdings and sector allocations are subject to change at any time and should not be considered recommendations to buy or sell any security.
- **The Fund does not intend to list its shares on any securities exchange during the offering period, and a secondary market in the shares is not expected to develop. There is no guarantee that shareholders will be able to sell all of their tendered shares during a quarterly repurchase offer. An investment is not suitable for investors that require liquidity, other than through the Fund's repurchase policy.**
- **You should not expect to be able to sell your shares other than through the Fund's repurchase policy, regardless of how the Fund performs.**

Shareholder Services



1.855.653.7173

Distributor

The logo for Foreside, consisting of the word "FORESIDE" in a blue, serif font with a white outline.

Foreside Funds Distributors LLC

DISCLOSURE

The information contained herein has been obtained from various sources and is believed to be reliable as of the date of publication, but the accuracy or completeness of the information cannot be guaranteed. The opinions expressed are as of the date of publication and are subject to change without notice.

Any discussion of general market activity, industry or sector trends, or other broad-based economic, market, political or regulatory conditions should not be construed as research or investment advice.

Oral statements related to the content of this presentation should not be relied upon by prospective investors in connection with making an investment determination. Moreover, to the extent that any oral statements made relative to this presentation conflicts with, or appears in an any manner to be inconsistent with, a written statement made in this presentation, recipients should not assume that such oral statement is accurate. Oral statements regarding current conditions and analyses of historical trends and events are based on opinion and belief. No assurance can be given that oral statements expressing views, conditions or trends relative to the presentation's content will occur or continue, since this will depend upon future events and factors outside of the control of Versus Capital.