

Investing in Infrastructure through a Loan Portfolio



For the majority of institutional investors, it is especially interesting to use debt instruments to gain exposure to infrastructure. However, evaluating and selecting the corresponding infrastructure loans is complex and requires an experienced partner. In particular, investor-specific regulatory requirements must be taken properly into account.

Infrastructure loans combine investor needs for diversification and stability. Because of their low correlation with other asset classes, investments in infrastructure provide good portfolio diversification. Furthermore, the highly predictable cash flows and long maturities are attractive to investors. Compared to other forms of debt-based investment with similar returns, infrastructure loans have shown lower risk, a lower probability of default and higher recovery ratios.

Examples are the financing of public utilities such as power stations, transmission networks, storage facilities, roads and railroads, airports and seaports, as well as social infrastructure. It is most important to diversify across regions and projects, and to consider the contractual and statutory guarantees for cash flow payments.

Apart from such individual customized strategies, open-ended funds such as the "Deka Infrastrukturkredit" are an excellent way to invest in infrastructure projects. The fund's portfolio currently includes 12 loans which are covered by senior collateral and attract floating rates of interest, thus also affording some protection from rising rates. Robust performance and extremely low volatility are additional convincing arguments. Whether for



"Institutional loan funds offer clients a direct and easy way of getting invested in a high quality infrastructure portfolio."

Torsten Knapmeyer,
Managing Director of
Deka Immobilien and WestInvest

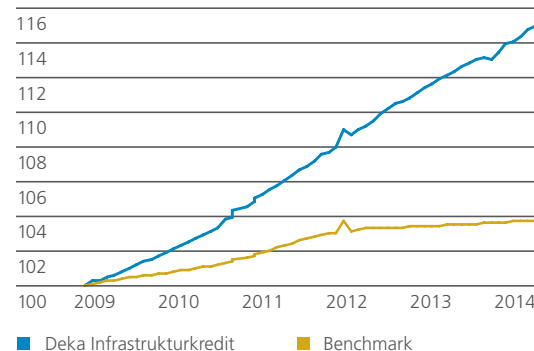
Creating a suitable infrastructure portfolio for an individual fund is a client-specific process: there is no plain vanilla solution. The client's exact needs primarily determine the form in which exposure is taken to infrastructure loans. The financing projects included in the portfolio are chosen according to the investor's risk profile.

an individual fund or for "Deka Infrastrukturkredit", suitable infrastructure loans are always picked in accordance with the DekaBank's strict loan standards. DekaBank maintains at least a 50% stake in each loan for the entire term and consequently remains vested together with the client, in a unique partaker model. ■

The opinions expressed here reflect our assessment at the time of writing and are subject to change at any time and without prior notice. Users should obtain independent financial advice that addresses their particular investment objectives. The sole basis for the purchase of units of the sub-funds of Deka Loan Investments are the respective contractual terms, which you can request from DekaBank, 60625 Frankfurt. Past performance is not a reliable indicator of future performance.

Deka Infrastrukturkredit Performance

Index: June 2009 = 100



Source: Deka Immobilien Investment, September 2014

Facts and figures

30 years

Experience in providing finance for infrastructure investments

> 300 m

Euros of assets in infrastructure debt funds