

Press Release

Aquila Capital: Infrastructure investments have proven to deliver value in times of high inflation

- **In 2022, investments in infrastructure were able to evidence their hedging function under real conditions**
- **Aquila Capital Infrastructure Fund (ACIF) has exceeded the EUR 500 million mark in capital commitments and further inflows are expected**
- **ACIF's defensive investment strategy provides effective protection against economic downturns, increasing interest rates and high inflation**

Hamburg, 31 July 2023 – Aquila Capital announces that the Aquila Capital Infrastructure Fund (ACIF) exceeded EUR 500 million in capital commitments in the second quarter of 2023. The fund was thus able to record further capital inflows in a challenging fundraising environment and further growth is expected going forward.

Contributing to the continued interest of investors is the fact that infrastructure in 2022 proved that the asset class can generate value in times of high inflation and other macroeconomic and political disruptions. Despite rising inflation, increasing interest rates and continued macroeconomic uncertainty, infrastructure investments¹ recorded a clear increase in value last year, with the ACIF achieving an even stronger growth than the infrastructure index EDHEC Infra 300. In contrast, listed asset classes suffered substantial declines – both global bonds² and global equities³ recorded a negative performance in a significant double-digit percentage range. Infrastructure thus evidenced its low correlation to macroeconomic parameters and listed asset classes under real conditions in a challenging environment.

Christian Brezina, Head of Diversified Infrastructure & Multi Asset Investments at Aquila Capital, comments: *“In addition to adequate returns, protection against macroeconomic risks plays an important role for infrastructure investments. Firstly, many infrastructure assets have a low correlation with the economic cycle, which effectively protects investors from economic*

¹ Performance of the asset class infrastructure investments in 2022 based on the EDHEC Infra 300 index (in local currencies).

² Performance of the asset class global bonds in 2022 based on the S&P Global Developed Aggregate Bond index (in USD).

³ Performance of the asset class global equities in 2022 based on the MSCI World TR index (in USD).

downturns. Secondly, debt financings at asset level can be hedged against rising interest rates, which means security in view of central banks' currently more restrictive monetary policies. And thirdly, investments in renewable energy infrastructure, for example, can provide protection against inflation, as energy price rises exceed the overall economic inflation rate both in the long term and at present. For our fund, this means: more than 90% of the assets in our portfolio are either unaffected by rising inflation or even benefit from it."

Looking forward, further private capital is likely to flow into the infrastructure sector. Since government spending will not be sufficient to cover the backlog demand for infrastructure investments, an increasing involvement of private investors will be required. This can only be achieved through delivering decent and at the same time predictable returns. In addition, megatrends such as the exponential growth of global data volumes, the expansion of renewable energies or the increasing demand for charging infrastructure in the context of e-mobility are providing impetus in selected infrastructure market areas.

ACIF delivered a positive performance each year since its launch in 2017

ACIF pursues a defensive strategy and focuses on core and core+ infrastructure investments. It is broadly diversified across all relevant sectors such as transportation, power generation, utilities, telecommunications and social infrastructure. As of 30 June 2023, about 30% of the portfolio was made up of direct or co-investments, mainly in renewable energy projects. Approximately 70% consisted of investments in broadly diversified target funds. The strategy benefits from stable and recurring revenues and predominantly regulated assets or assets with long-term contracted cash flows from brownfield assets in Europe and other OECD countries.

Jan Peters, investment manager responsible for the fund at Aquila Capital, says: *"A special feature of ACIF is that we can invest committed capital into our direct project pipeline quickly, thus enabling investors to actively participate in the strategy already shortly after their decision to invest. The chosen structure of an open-ended Luxembourg SICAV-RAIF reflects the structure of the constantly developing market for infrastructure investments and offers investors advantages over traditional closed-ended funds. As an [open-ended fund](#), ACIF does not have a fixed term and thus offers investors a high degree of flexibility, as they can continuously adjust their capital commitments and thus optimise their allocation to infrastructure through the portfolio."*

About Aquila Capital

Aquila Capital is part of Aquila Group, an investment and asset development company focused on generating and managing essential assets on behalf of its clients.

Currently, Aquila Capital manages EUR 14.7 billion on behalf of institutional investors worldwide. Our primary objective is to generate performance for our clients by managing the complexity of essential assets.

By investing in clean energy and sustainable infrastructure, Aquila Group contributes to the global energy transition and strengthens the world's infrastructure backbone. The company initiates, develops, and manages essential assets along their entire value chain and lifetime.

Today, the company manages wind energy, solar PV and hydropower assets of 13.9 GW capacity. Additionally, 1.9 million square metres of sustainable real estate and green logistics projects have been completed or are under development. Aquila Group also invests in energy efficiency, carbon forestry and data centres. Aquila Group has been carbon neutral since 2006 and aims to act carbon negative. Sustainability has always been part of our value system and is an integral part of our investment strategies, processes and management of our assets. Aquila Group has around 650 employees and 17 offices in 16 countries worldwide.

Further information: <https://www.aquila-capital.de/en/>

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