

Infrastructure Implementation Guide

Infrastructure is paving the road ahead for investors

Mega forces like geopolitics, AI, and demographics are driving infrastructure's emergence as a structural theme. At the same time, infrastructure can play an important role in portfolios, due to its non-cyclical nature, potential inflation hedge, and diversification, sitting at the intersection of growth and income

Powered by Mega Forces: Geopolitical Fragmentation & Digital Disruption

The IIJA is allocating \$1.2T over the next decade¹ across:



60,000 construction projects underway²



175,000 miles of road repair²



10,200 bridge-modernization projects²

Explosive digital growth, is driving demand for infrastructure investment



A single GenAI search consumes nearly **10x** the energy of a conventional web search³



Global data center electricity demand could **double** between 2022 and 2026, driven by AI⁴



Data creation is projected to surge **165%** from 2024 to 2028, increasing demand for data centers⁵

Infrastructure can play many roles in a portfolio

- Inflation Hedging**
 Service contracts are often inflation-linked, providing potential inflation-hedged revenue streams
- Low Volatility**
 Essential services tend to remain in demand regardless of economic cycles
- Long-term Cash Flows**
 Long-term government and operator contracts can provide consistent cash flows
- Diversification**
 Infrastructure assets may have low correlation with other traditional asset classes

Source: BlackRock, *The New Infrastructure Blueprint*. Published June 2024

Forward-looking estimates may not come to pass. 1. U.S. Department of Transportation, "Bipartisan Infrastructure (BIL)/Infrastructure Investment and Jobs Act (IIJA), 2/16/2023. 2. U.S. Department of Transportation, "U.S. DoT celebrates Biden administration's progress delivering on the bipartisan infrastructure law," 9/18/2024. 3. ScienceDirect, "The growing energy footprint of artificial intelligence," 10/2023. 4. MIT Sloan, "AI has high data center energy costs – but there are solutions," 1/7/2025. 5. Statista, "Amount of data created, consumed, and stored 2010-2023, with forecasts to 2028," 11/21/2024.

Access the infrastructure opportunity set with iShares ETFs:

Investors can consider using ETFs for access to infrastructure across regional & specialized exposures

iShares Infrastructure Active ETF (BILT)

Active exposure to public companies that own or operate physical assets

- Utilities
- Midstream
- Transport
- Digital

Global active management with local insights

iShares U.S. Infrastructure ETF (IFRA)

Index exposure to U.S. companies that own, build, or enable infrastructure

Infrastructure owners & operators: cyclical companies involved in producing construction materials, as well as providing construction services

Infrastructure enablers: non-cyclical companies such as water, electric, and gas utilities, along with railroad and pipeline operators

Balanced exposure to the U.S. infrastructure value chain

iShares Global Infrastructure ETF (IGF)

Index exposure to global listed infrastructure stocks

- Transportation
- Communication
- Electricity
- Water

Broad exposure to infrastructure sectors across the globe

SPECIALIZED EXPOSURES

iShares U.S. Power Infrastructure ETF (POWR)

Energy suppliers: companies providing the fuel & technologies for electrification

Power generation: Electric utilities and independent power producers

Power transmission: Grid operators, core transmission equipment, and energy storage technologies

Target the power value chain energizing the AI revolution

iShares U.S. Digital Infrastructure and Real Estate ETF (IDGT)

Data centers: data center REITs, cloud & storage infrastructure

Communications equipment: Networking & wireless infrastructure

Tower REITs: Cell tower operators

Target the companies involved in the storage & processing of AI

Mega forces: An investment opportunity

BlackRock identified five 'mega forces' that we believe are creating investment opportunities for our clients. These structural trends – like the rise of artificial intelligence and changing demographics – are re-shaping economies and portfolios now and long-term.

1

2

3

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Future of Finance

Digital Disruption & AI

Geopolitical fragmentation & economic competition

Transition to low carbon economy

Demographic divergence

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[Learn more](#) about how BlackRock thinks about navigating shifting geopolitical landscapes.

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Investing involves risk, including possible loss of principal.

Diversification and asset allocation may not protect against market risk or loss of principal.

Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and the general securities market.

International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets and in concentrations of single countries.

AI technology relies on large data sets which lead to inaccuracies. Companies in AI face competition, rapid obsolescence, and depend on demand from various industries. Regulatory scrutiny could limit AI development, with data collection facing closer examination and potential fines. Country-specific regulations could also impact AI and big data companies.

The Fund is actively managed and does not seek to replicate the performance of a specified index. The Fund may have a higher portfolio turnover than funds that seek to replicate the performance of an index. Convertible securities are subject to the market and issuer risks that apply to the underlying common stock.

The Fund's use of derivatives may reduce the Fund's returns and/or increase volatility and subject the Fund to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. The Fund could suffer losses related to its derivative positions because of a possible lack of liquidity in the secondary market and as a result of unanticipated market movements, which losses are potentially unlimited. There can be no assurance that the Fund's hedging transactions will be effective.

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