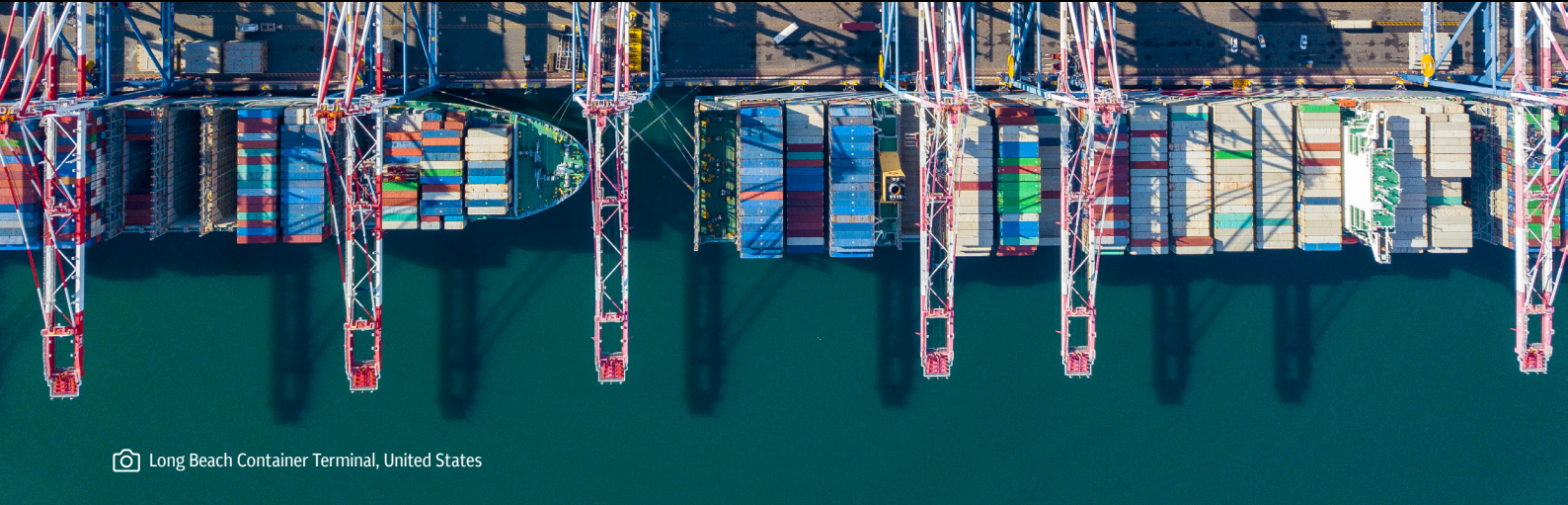




 Long Beach Container Terminal, United States

MACQUARIE ASSET MANAGEMENT

Built to yield: How infrastructure powers portfolio income

If you only have a minute



Infrastructure is a high-yielding asset class, offering a yield materially above that of other equities and comparable to low-risk debt.



The yield is also sustainable, underpinned by the historical stability of infrastructure earnings — a function of the asset class's compelling fundamentals.



Returns are not solely income driven. Alongside yield, infrastructure has historically benefited from steady EBITDA growth, with limited reliance on multiple expansion.



For investors seeking yield and growth, infrastructure may present a uniquely attractive combination.

Why yield matters for investors

For many investors, a high yield is an attractive investment characteristic.

- Yield is a powerful contributor to portfolio outcomes. Unlike capital appreciation, which depends on asset sales and market timing, yield provides a bankable, upfront return that can be reinvested, spent or used to rebalance portfolios through the cycle.
- In periods of market volatility or dislocation, this regular income stream becomes particularly valuable. Yielding assets have historically helped smooth returns, reduce reliance on market timing, and support portfolio resilience across a range of economic environments.
- What differentiates infrastructure is not just the level of yield it offers, but the consistency with which that yield has been delivered through time.
- Where applicable, the benefits of infrastructure income may be further enhanced by favourable tax treatment, reinforcing the role of yield as a durable contributor to portfolio outcomes.

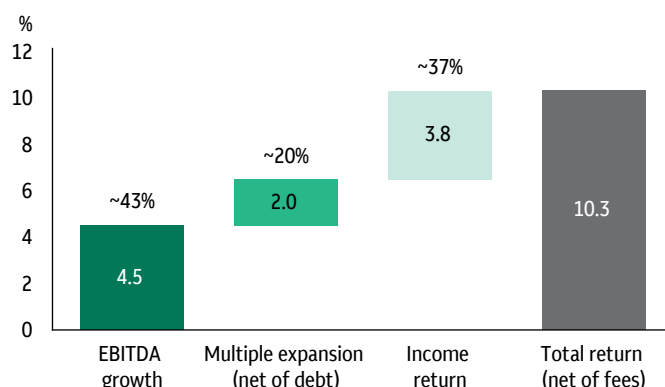
Infrastructure's yield compared with other asset classes

Private infrastructure has historically generated a meaningful portion of its total return from income. Between 2014 and 2024, 3.8 percentage points of private infrastructure's 10.3% annual return came from yield (Figure 1). More than two-thirds of the remaining return came from EBITDA growth, with multiple expansion only a relatively minor contributor.

This sets it apart from private equity and listed equities, where multiple expansion has accounted for a significantly larger share of total return.¹ The return profile highlights infrastructure's ability to generate cashflow-backed returns, rather than relying on favourable market re-rating.

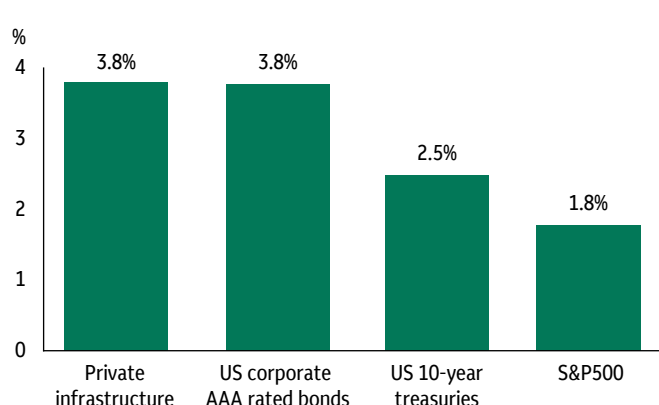
Moreover, infrastructure's yield is high compared to other asset classes. Over the same period, average infrastructure yields exceed those of listed equities and were broadly comparable to AAA-rated US corporate bonds (see figure2). While government bonds yields have risen more recently, infrastructure continues to offer an attractive income profile supported by long-duration assets and stable cashflows.

Figure 1:
Breakdown of private infrastructure returns 2014-2024



Sources: Macquarie Asset Management, Inframation (October 2025).

Figure 2:
Average yields by asset class 2014-2024



Sources: Macquarie Asset Management, Inframation, Macrobond, Schiller data (October 2025). Average yield 2014-2024.



Chart takeaway

Infrastructure has a significant yield component to its return profile.



Chart takeaway

Infrastructure's yield is higher than treasuries and listed equities

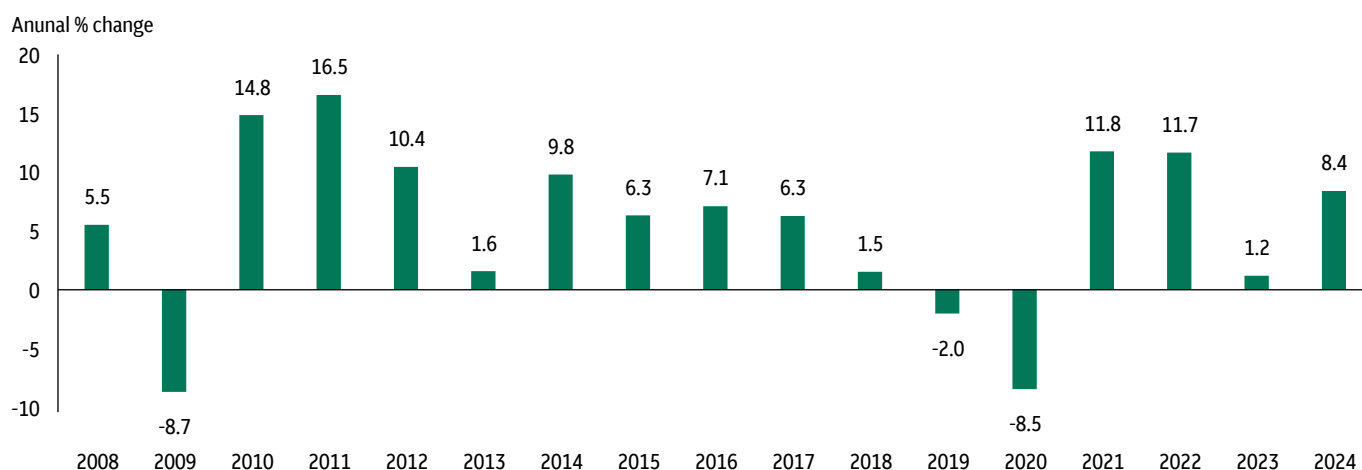
Infrastructure's yield is also reliable, underpinned by the stability of earnings

Sustainable yield requires earnings that are stable across economic conditions. This is exactly what infrastructure provides.

Figure 3 below shows private infrastructure's annual EBITDA growth from 2008-2024. Over this period, earnings declined in only three years, with the largest decline limited to 8.7%, during the global financial crisis. By comparison, The S&P500 experienced a far more severe contraction, in both EBITDA (25.2% decline) and net profits (65% decline) in the same year.

Importantly, single-digit earnings declines are unlikely to threaten distributions, particularly for assets with conservative payout policies and long-term financing structures.

Figure 3
Private infrastructure EBITDA growth over time



Sources: Macquarie Asset Management, Inframation (October 2025).



Chart takeaway

Infrastructure's earnings have remained resilient, even during major macroeconomic shocks.

 Reden Solar, France

So, what drives this earnings resilience?

1 Essential services support demand through the cycle

Infrastructure assets provide essential services that are fundamental to daily economic and social activity. Demand for water, electricity, transport, and digital connectivity tends to persist even during periods of weaker economic growth. This essential-service nature helps insulate revenues (and by extension EBITDA) from cyclical fluctuations in consumption and supports earnings stability when broader economic conditions deteriorate.

For example, during years when GDP growth was below its long-term average, infrastructure assets still achieved roughly 4.4% average annual EBITDA growth (Figure 4), underscoring the resilience of infrastructure earnings even in weaker macroeconomic environments.

2 Inflation protection supports earnings resilience and yield durability

Infrastructure also has inbuilt mechanisms to protect against higher inflation. Many assets benefit from explicit inflation indexation through regulatory frameworks, while others rely on pricing power derived from monopolistic positions or contracted revenue arrangements. As a result, higher input costs are often offset by higher revenues, supporting margin stability. Empirically, infrastructure EBITDA growth has historically been stronger during periods of above average inflation than during low inflation environments (Figure 5).

For income focused investors, this inflation linkage is critical. It reduces the risk that distributions are eroded in real terms and supports the durability of yield across different macro regimes.

Figure 4:
EBITDA and GDP growth

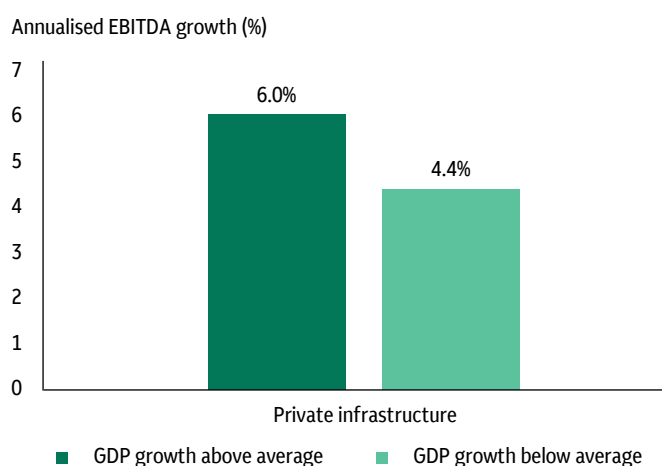
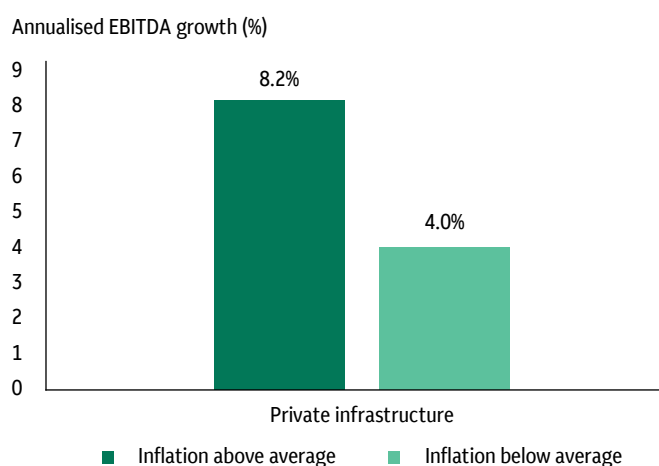


Figure 5:
EBITDA and inflation



Sources: Macquarie Asset Management, Inframation, Macrobond, IMF (October 2025).



Chart takeaway

Infrastructure's earnings performance is resilient to weaker GDP growth and high inflation.

3 High margins and structural growth drivers reinforce downside protection and growth

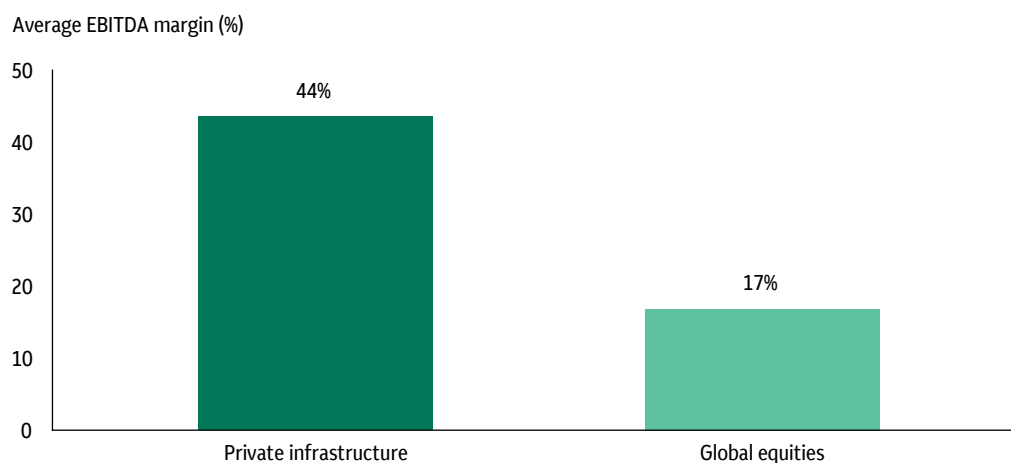
Infrastructure's earnings resilience is further reinforced by its structurally high margins. At an asset-class level, infrastructure margins are more than double those of global equities (Figure 6), reflecting regulated revenue models, long-lived assets, and high barriers to entry.

These high margins can help insulate earnings from negative shocks, allowing assets to absorb revenue volatility or cost pressures without jeopardising cashflow generation.

At the same time, the asset class has disproportionately high exposure to powerful structural growth trends, including digitalisation, demographics, and the energy transition. Demand for data infrastructure, electricity networks and essential transport continues to grow irrespective of short-term economic cycles.

This combination of high margins, essential demand and structural tailwinds allows infrastructure assets to 'grow through' periods of economic weakness, supporting both yield stability and long-term capital growth.

Figure 6
EBITDA margins: Private infrastructure versus global equities



Sources: Macquarie Asset Management, Inframation (October 2025).



Chart takeaway

Infrastructure has high margins relative to global equities, helping support the stability of its earnings

The bottom line: Yield plus growth is an attractive combination

Infrastructure's ability to deliver attractive yield is underpinned by stable, resilient earnings rather than financial engineering or valuation expansion. Inflation-linked revenues, high margins, and exposure to long-term structural growth trends support the sustainability of income through a range of economic environments.

For investors seeking reliable income with growth potential, infrastructure offers a differentiated return profile that can play a valuable role in diversified portfolios.

Endnotes

1. By listed US equities we are referring to the S&P500. For more details on the return breakdown of private equity and US listed equities see our paper "Private Infrastructure performance: Uncovering the source of returns".

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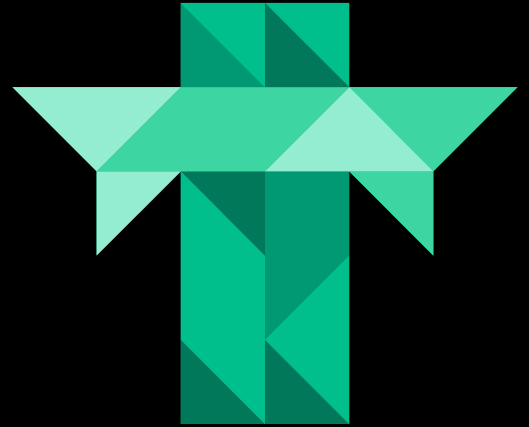
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