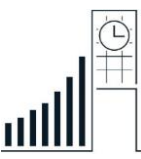


# IFRA: iShares U.S. Infrastructure ETF

*Alternatives*

*Anthony Chafik, Alex Rivera*



# Overview of IFRA

## ETF

- IFRA follows the performance of US companies that have infrastructure exposure
- Benefits from domestic infrastructure activities
- This index is equally weighted between both owners and operators of infrastructure companies like railroads, materials, and construction companies

## Fund Characteristics

MSCI ESG Fund Rating: AA

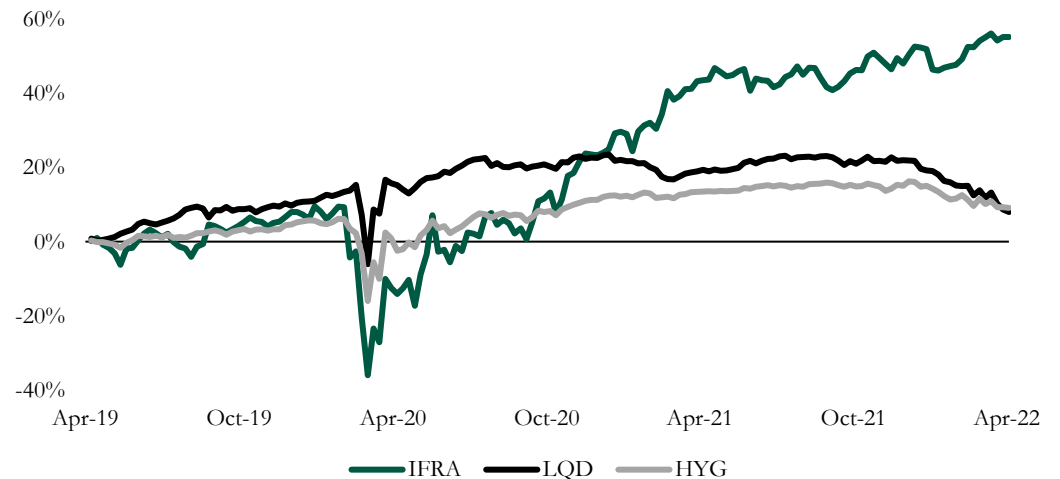
Fund was found in 2018

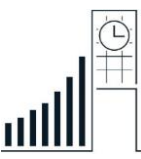
Index Beta: 1.06

## Current Performance

- Current Price: \$39.20
- Net Assets: \$899.11 Million
- Expense Ratio: 0.30%
- Yield: 1.68%
- Average Volume: 173,645
- 52-Week High: \$39.60

## Historical Performance





# Holdings Overview

## Company Exposure

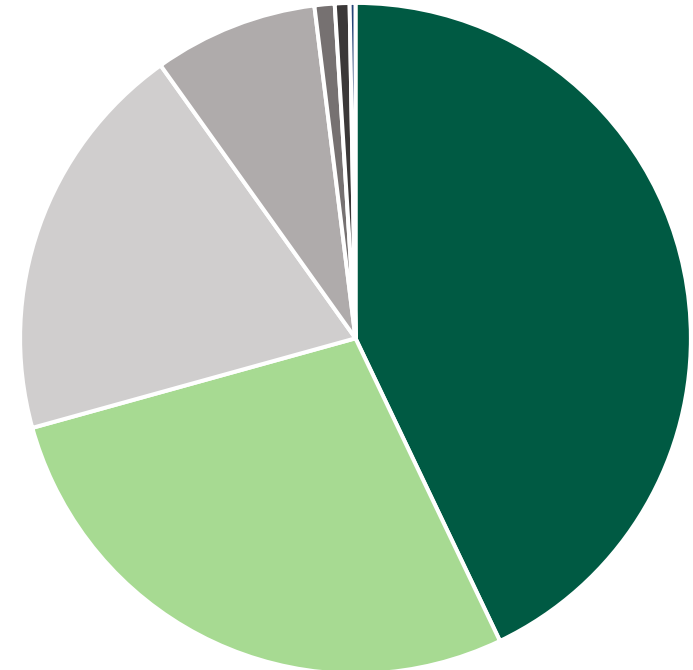
- IFRA is well balanced, having a total of 159 companies in their holdings
  - Top 10 holdings make up 7.84% of the index
  - Constellation Energy Corporation (NASDAQ: CEG) is the top holding which comprises 0.85%

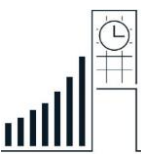
## Select Holdings



## Sector Weightings

- Utilities 42.91%
- Industrials 27.78%
- Materials 19.43%
- Energy 7.91%
- Consumer Discretionary 0.97%
- Information Technology 0.71%
- Cash and or Derivatives 0.28%





# Bipartisan Infrastructure Bill

## What is the Bipartisan Infrastructure Bill?

- The \$1.2 Trillion Bipartisan Infrastructure Package was passed in November 2021 by Congress
  - America Society of Civil Engineers gave a C-rating to America's infrastructure
- \$550 billion of new investments in America's infrastructure over the next five years

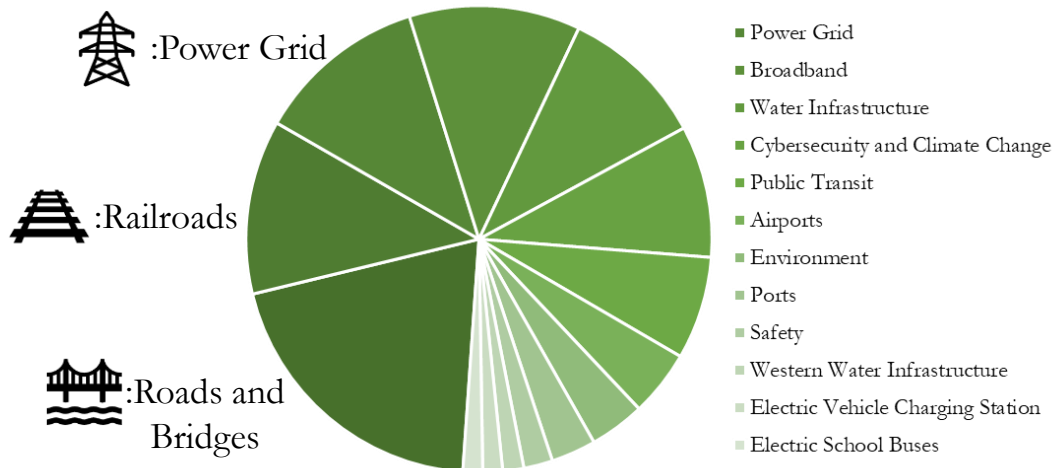
## Key Infrastructure Development

\$66 Billion for Railroads

\$110 Billion Roads & Bridges

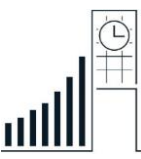
\$65 Billion for Power Grid

## Funding Allocation



## Focus on ESG

- \$50 billion placed into a resilience fund to combat climate change and address flooding, wildfires, and coastal erosion
- Includes \$21 billion towards environment clean up of old oil wells and mines
- \$7.5 billion towards the creation of more electric vehicle charging stations
- \$7.5 billion towards replacement of bus fleets around the country to zero emission buses



# Material Shortage

## Industry Shortage

- Overall construction input prices are up 22.3% and nonresidential construction is up by 23.2%
- Sanctions on Russia are causing a large shortage on many metals like aluminum, steel, and copper
- The conflict is also causing there to be a loss of 5 million barrels a day of oil exports

## How Does IFRA Benefit?

- 19.43% of IFRA holdings are material companies:
  - These companies are producers of aluminum, titanium, steel, and other metals
- IFRA also has 7.91% of its holdings in energy
- A large portion of IFRA's 42.91% utilities holdings also have a large stake in oil reserves

## Key Product Shortages

### Metals

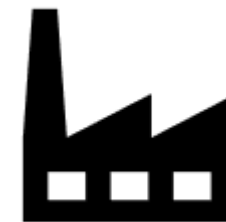
### Oil

22  
**Ti**  
47.867  
Titanium

13  
**Al**  
26.982  
Aluminium

29  
**Cu**  
63.546  
Copper

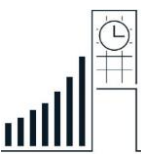
13  
**Zr**  
91.224  
Zirconium



Steel



Oil

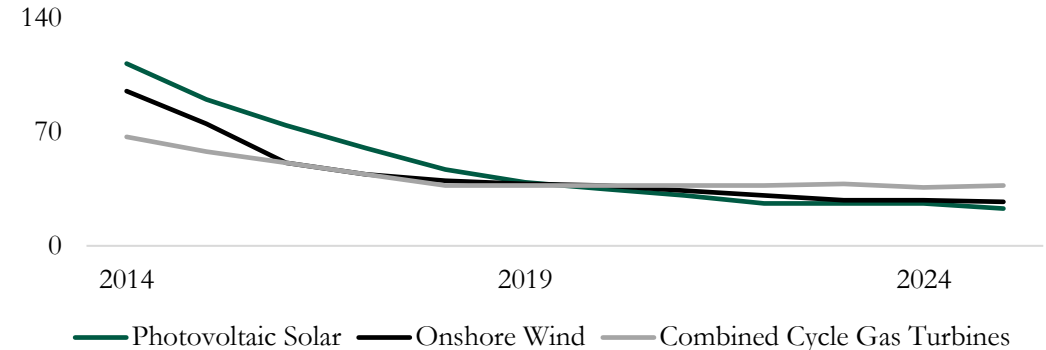


# Future Infrastructure Demand

## Decarbonization

- Carbon emissions must be reduced across all aspects of modern life
- Analysts estimate \$16 trillion of funding will be required by 2030 to limit global warming to 2°C
- The magnitude of decarbonization initiatives can allow for more cashflow generating renewable assets

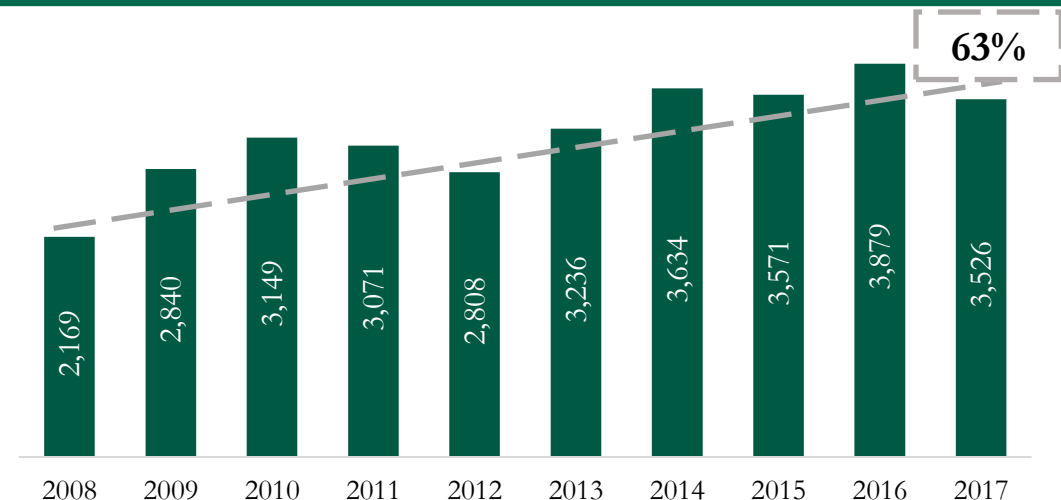
## Decreasing Renewable Energy Costs

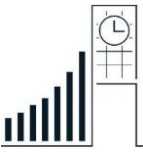


## Aging Utilities and Operating Assets

- 70% of electricity transmission and distribution systems are into the second half of their lifespans
- U.S. infrastructure assets will require over \$2.5 trillion in additional funding to replace older operating assets and address decarbonization
- Increasing climate change has caused more severe outages over the past 20 years, affecting 36.7 million people in 2017

## Total Number of Outages





# Investment Risks

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High interest rates can increase costs for taking on new projects

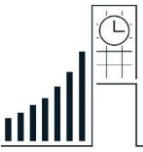
Hedge against high inflation to reduce impact on operating cashflows

Construction delays can lead to cost overruns requiring higher cost of debt

Prioritizing planning, communication and anticipation to minimize delays

Increased supply chain issues may result in materials not being in stock

IFRA provides a hedge by allowing exposure to both operators and owners



# Questions?

Buy **IFRA**

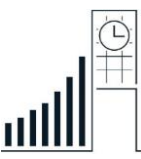


Allocation:  
~\$5000



Shares: 127



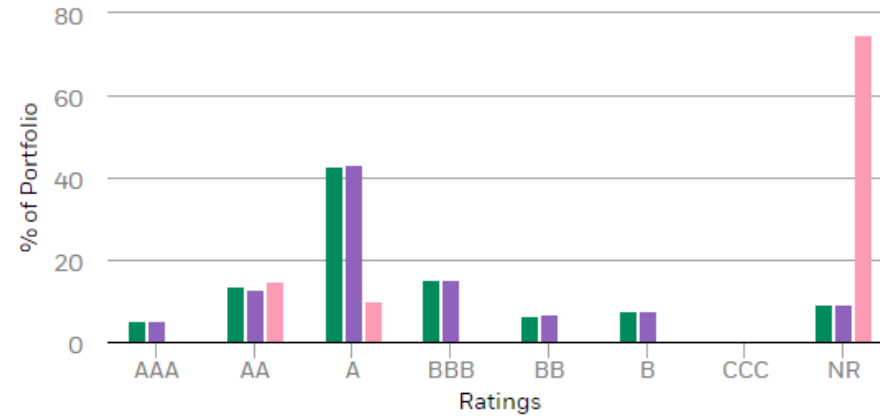


# Appendix A: ESG Ratings Distribution

## MSCI ESG RATINGS DISTRIBUTION

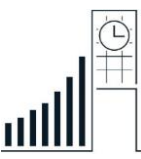
The distribution of ESG ratings of the holdings in your portfolio(s) provides transparency into the overall ESG Rating, by illustrating how exposed you are to leaders (AAA,AA) vs. laggards (B,CCC).

Rating	BIF Portfolio with IFRA	Current BIF Portfolio	Benchmark
AAA	5.25%	5.30%	0.00%
AA	13.47%	12.68%	15.00%
A	42.96%	43.35%	10.00%
BBB	15.03%	15.17%	0.00%
BB	6.57%	6.63%	0.00%
B	7.69%	7.76%	0.00%
CCC	0.00%	0.00%	0.00%
NR	9.03%	9.11%	75.00%



■ BIF Portfolio with IFRA   
 ■ Current BIF Portfolio  
■ Benchmark

Holdings without an MSCI ESG Rating include: SRLN, ETHE, USO, GLD, PPLT, DAC, CPER, MAIN, SPY

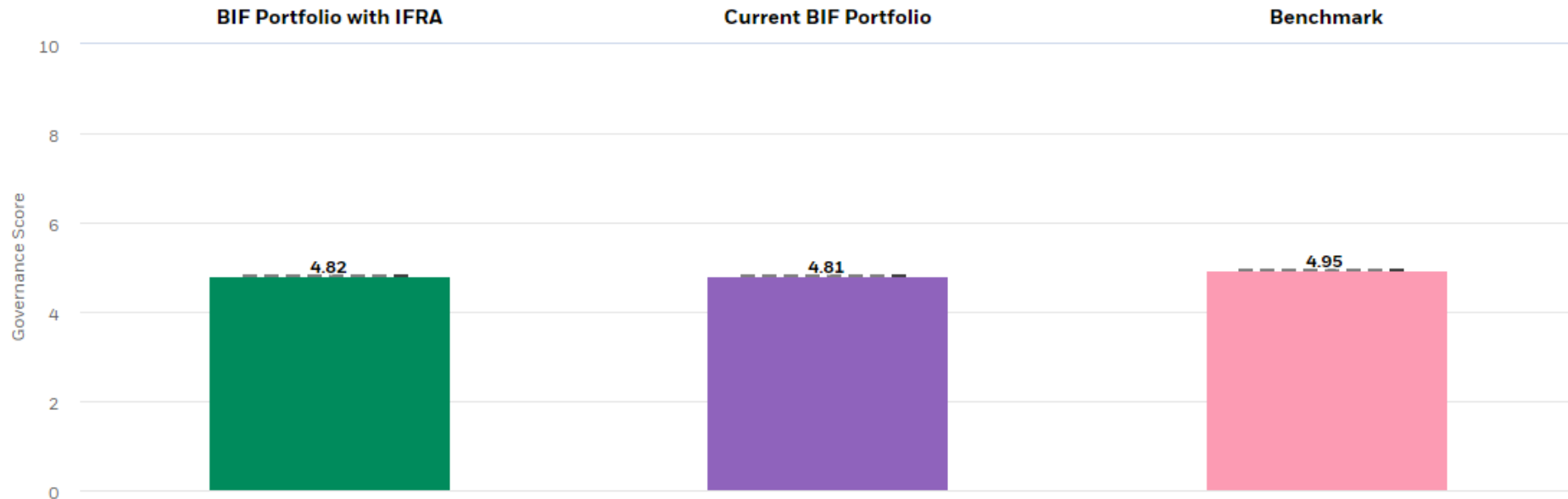


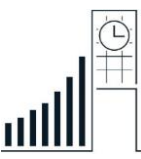
# Appendix B: Governance Score

## MSCI ESG RATING & SCORES

ESG Rating   Environmental Score   Social Score   Governance Score

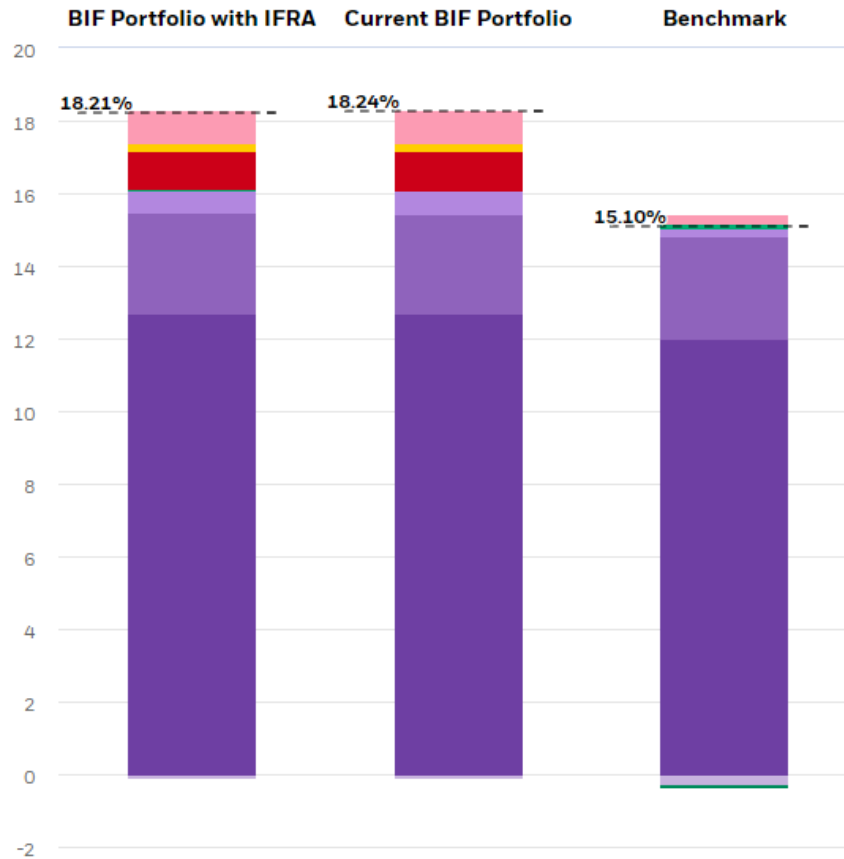
Measures the management of and exposure to key social risk and opportunities, such as human capital, product liability, data privacy, and health & safety.





# Appendix C: Risk

Risk Factor	BIF Portfolio with IFRA	Current BIF Portfolio	Benchmark
Equity	16.00%	15.99%	14.80%
Equity Market	12.70%	12.68%	12.00%
Equity Country	2.77%	2.76%	2.83%
Equity Sector	0.61%	0.63%	0.23%
Equity Style	-0.08%	-0.08%	-0.26%
Fixed Income	0.03%	0.03%	0.00%
Rates	0.00%	0.00%	-0.09%
Spreads	0.03%	0.03%	0.09%
Alternatives	1.06%	1.07%	0.00%
Foreign Exchange	0.20%	0.20%	0.01%
Idiosyncratic	0.92%	0.94%	0.28%
Other	0.00%	0.00%	0.00%
<b>Estimated Risk</b>	<b>18.21%</b>	<b>18.24%</b>	<b>15.10%</b>





# Appendix C: Risk

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