

Investing in Global Infrastructure: Building the Future Economy

July 15, 2021

As the U.S. infrastructure package has been in the headlines for the past few months, many investors are looking for exposure to applicable infrastructure investments. However, there has been a much broader push for improving infrastructure globally, which has been an issue particularly in emerging and middle income economies that have a growing population in urban areas. The [S-Network Emerging Infrastructure Builders Index](#) (EIBI), which is available on the C8 direct indexing platform, provides exposure to infrastructure development companies primarily domiciled in Middle Income countries (as classified by the World Bank). For reference, Middle Income countries include countries such as China (26.1% of index weight), Brazil (9.6% of index weight), Indonesia (5.3% of index weight), and Mexico (5.3% of index weight).¹ Among these geographic areas, the index offers a broad view of infrastructure sectors including: construction & engineering, machinery, construction materials, diversified metals & mining, heavy electrical equipment, industrial machinery, and steel.

According to World Bank data, total population in Middle Income countries grew 11.8% from 2010 to 2020, compared to only 6.5% growth in the United States.² Population growth has been particularly strong in urban areas since cities are often a hotbed for jobs, education, and cultural experiences. For example, the percentage of the total population of China in urban areas is expected to grow from 49.2% in 2010 to 70.6% in 2030.³ As urban areas expand to accommodate a growing population, power generation, water, and transportation systems become more important. Without adequate infrastructure in urban areas, economic development could be constrained. For example, inadequate roads for freight transportation could raise production and shipping costs, which could then lead to inflation. Living standards also need to be suitable enough for a growing population to retain and attract both businesses and consumers.

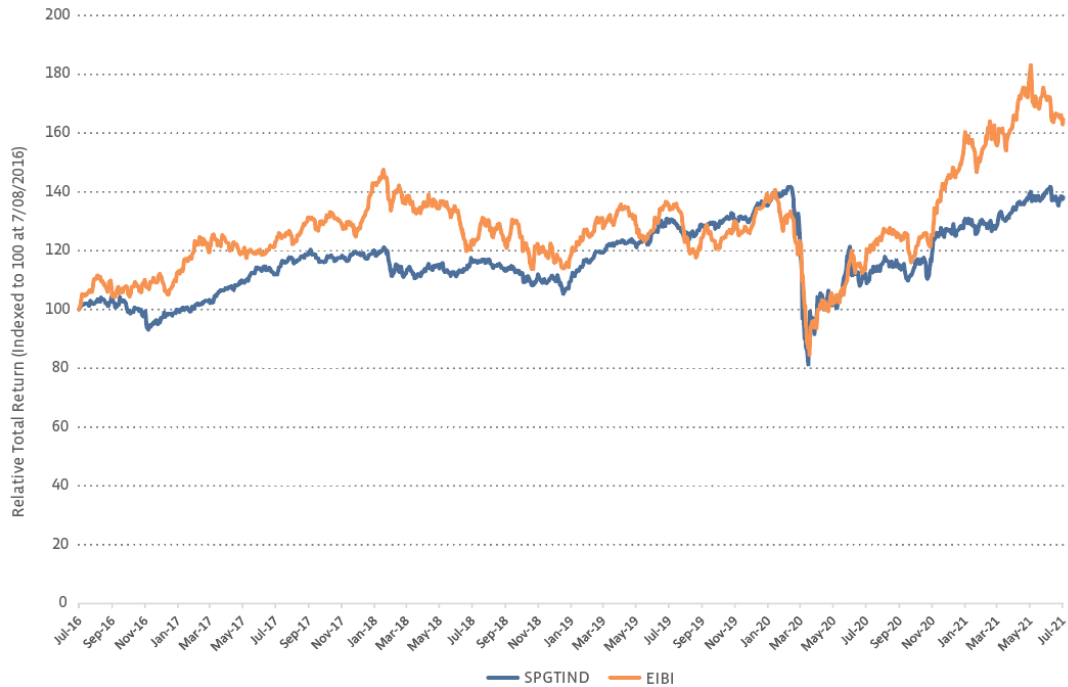
An index strategy might be preferred for many investors who may find it difficult to pick individual companies within the global infrastructure space. Although foreign companies have English language versions of financial statements available on their website, investors still need to consider finding translated versions of transcripts, understanding different reporting standards (IFRS vs. U.S. GAAP), and other incongruities with domestic stocks. EIBI simplifies this process for investors, while offering true global exposure relative to other global infrastructure indexes. Currently, only 1 out of 87 constituents within the index is domiciled in the U.S. Additionally, the index provides more inclusive exposure to market capitalization with 44.8% small-cap companies, 35.6% mid-cap companies, and 19.5% large-cap companies by portfolio weight. The [S&P Global Infrastructure Index](#) (SPGTIND) has more domestic exposure (37% concentration in U.S. stocks as of June 30, 2021) and a tilt toward larger market capitalization. EIBI has also achieved higher total return than SPGTIND over the past five years (64.7% for EIBI and 38.2% for SPGTIND).

1. All index weights as of 7/09/2021

2. The World Bank, Population, total - Middle income | Data (worldbank.org)

3. United Nations, World Urbanization Prospects The 2018 Revision (un.org)

EIBI Has Outperformed Other Global Infrastructure Indexes



Source: Bloomberg, Alerian and S-Network Global Indexes as of 7/09/2021

Index	Ticker	Total-Return Performance				
		30 Days	YTD	1-Year	3-Year	5-Year
Healthcare						
S-Network Healthcare Technology Index	HLTHX	3.87%	-0.18%	33.09%	124.48%	213.71%
S-Network Medical Breakthroughs Index	PMBI	0.54%	-3.88%	16.44%	31.49%	120.59%
S-Network Healthcare Innovation Index	PHIX	-0.98%	-4.37%	10.27%	43.04%	167.88%
Technology						
O'Shares Global Internet Giants Index	OGIGX	5.34%	3.90%	34.90%	129.14%	349.06%
S-Network North American Disruptor Index	SNNADX	1.16%	15.76%	52.13%	80.94%	NA
S-Network US Disruptor Index	SNUSDX	-0.69%	16.28%	62.29%	92.51%	232.26%
S-Network Tech Target Index	SNTECH	0.69%	14.65%	58.86%	55.95%	175.37%
Water						
S-Network Global Water Index	JGI	-0.69%	12.38%	37.74%	50.92%	82.46%
S-Network Global Water Works Index	JWW	-2.37%	6.59%	18.54%	45.14%	65.80%
S-Network Global Water Technology Index	JWT	0.93%	18.38%	58.78%	52.17%	93.96%
Smart Climate Risk						
S-Network Smart Climate Risk 50 Index	SNSC50	1.51%	13.48%	33.03%	55.86%	128.63%
S-Network Smart Climate 250 Index	SNSC250	2.55%	16.16%	37.55%	59.13%	129.33%
Other						
S-Network Streaming & Gaming Index	STREAM	-0.54%	10.75%	44.18%	99.31%	NA
S-Network Emerging Infrastructure Builders Index	EIBI	-3.83%	10.30%	36.44%	33.56%	64.66%
S-Network Space Index	SPACE	1.78%	23.12%	64.11%	20.49%	61.01%
S-Network MicroSectors Gold Miners Index	MINERS	-10.08%	-7.26%	-11.05%	50.95%	NA

Source: S-Network Global Indexes. All performance data as of July 9, 2021.

Related Research:

[Investing in Biotechnology: Disrupting the Healthcare Space](#)

[Investing in Space: Growth Beyond this World](#)

[Riding the ESG Wave by Investing in Water](#)

[How Is Digitization Impacting Businesses and Creating Opportunities for Investors?](#)

Underlying Index | Associated Product/Direct-Indexing Platform Availability

Healthcare

[S-Network Medical Breakthroughs Index \(PMBI\)](#) | ALPS Medical Breakthroughs ETF (SBIO)

[S-Network Healthcare Innovation Index \(PHIX\)](#) | SmartTrust Healthcare Innovations Trust; Available on the C8 platform and the SMArtX platform

Technology

[O'Shares Global Internet Giants Index \(OGIGX\)](#) | O'Shares Global Internet Giants ETF (OGIG)

[S-Network North American Disruptor Index \(SNNADX\)](#) | SmartTrust Technology Revolution Trust – Includes 30 stocks from SNNADX

[S-Network US Disruptor Index \(SNUSDX\)](#) | Available on the SMArtX platform

[S-Network Tech Target Index \(SNTECH\)](#) | Available on the SMArtX Platform

Water

[S-Network Global Water Index \(JGI\)](#) | Invesco Global Water Portfolio – Includes 25 stocks from JGI; Available on the C8 platform

Smart Climate Risk

[S-Network Smart Climate Risk 50 Index \(SNSC50\)](#) | Available on the C8 platform and the SMArtX platform

[S-Network Smart Climate Risk 250 Index \(SNSC250\)](#) | Available on the C8 platform

Other

[S-Network Infrastructure Builders Index \(EIBI\)](#) | Available on the C8 platform

[S-Network Space Index \(SPACE\)](#) | Procure Space ETF (UFO)

[S-Network MicroSectors Gold Miners Index \(MINERS\)](#) | MicroSectors Gold Miners 3x Leveraged ETN (GD XU), MicroSectors Gold Miners -3x Inverse Leveraged ETN (GD XD)

About Alerian and S-Network Global Indexes

Alerian is a leading independent index provider focused on building innovative, index-based investment strategies. Alerian acquired S-Network Global Indexes in 2020, expanding the firm's index offerings and services to partners. Combined, the firm serves the global investment community through indexing, benchmarking, and calculation services. Built on a foundation of data rigor and specialty research, Alerian and S-Network Global Indexes offer a comprehensive family of energy, income, and thematic indexes. Today, the firm has over \$23 billion in total assets benchmarked to its indexes and over 200 customers world-wide.

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