

Infrastructure Strategic Outlook 2026

DWS Infrastructure Research

IN A NUTSHELL

- The global economy appears to have weathered the disruption from the 2025 tariff negotiations relatively well, leaving our macroeconomic outlook for 2026 as supportive for infrastructure performance.
 - Infrastructure valuations have firmed, and transaction activity and fundraising are gathering pace, although overall the market looks set to remain more subdued than its 2022 peak. Processes likely will continue to take longer, with investors often taking a ‘barbell’ approach to fund commitment and deal negotiations being protracted.
 - Without tariffs dominating headlines, the infrastructure market investment focus likely will revert to the key long-term thematic areas of capital deployment around electrification, decarbonisation and digital infrastructure. Europe continues to offer conducive policy for private capital, with additional tailwinds coming from national infrastructure and defence spending plans.
 - The infrastructure market is expected to continue to evolve to meet investor demand, whether that is through the growth of evergreen vehicles to provide liquidity, or by further deploying capital into the data centre growth story. In both cases, we remain cautious seeking to align return projections to match investor expectations.
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Infrastructure Strategic Outlook 2026

Stability ahead as market focuses on deployment and realisations

With the market now more adept at pricing and understanding risks associated with global trade dynamics, and inflation continuing to moderate, leaving room for central banks to finish their cutting cycles, the scene is set for 2026 to potentially be a positive year for infrastructure. Across the market the asset class enters 2026 having seen fundraising and transaction activity settle into what is likely to be the new normal state of slow and steady growth. European investment plans are expected to represent a key area of infrastructure opportunity in 2026, while in the U.S., investors are likely to continue to weigh up deployment into the AI data centre boom while navigating the uncertain political environment.

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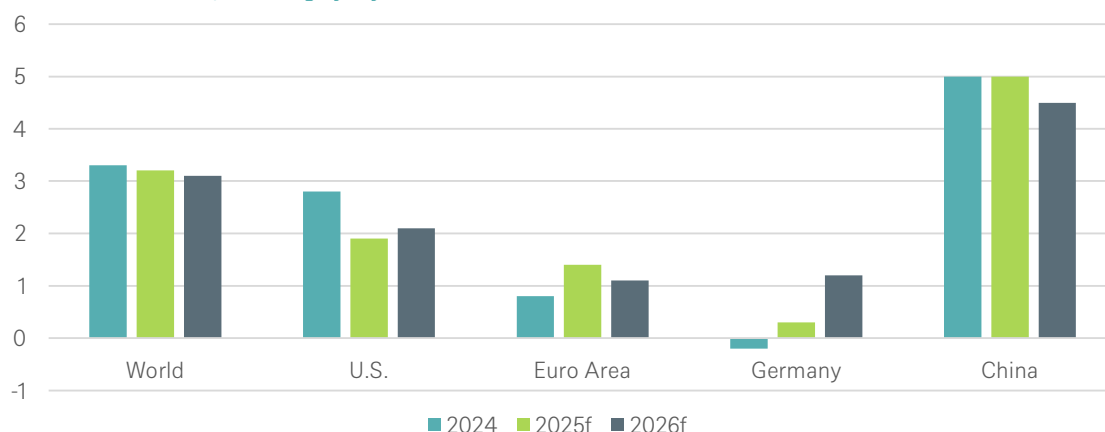
1 / Macro Update

2025 was a complex market for investors to navigate but, with most of the tariff uncertainty that plagued sentiment now having passed, 2026 looks set to be a more balanced year from a growth, inflation and monetary policy perspective. Risks remain prominent, however, with geopolitical uncertainty and digital market exuberance having the potential to keep infrastructure investors cautious.

1.1 More Benign Outlook May Boost Infrastructure

Following a year of elevated volatility in 2025 - driven by significant tariff uncertainty and a sharp rise in geopolitical tensions - the global economy is expected to stabilise further in 2026 as trade frictions potentially ease, monetary and fiscal policy remain broadly supportive, and inflationary pressures moderate, which may bolster consumer and business confidence. While relatively moderate, economic growth acceleration in markets like Germany, and outperforming growth in Spain, could support decent growth levels in Europe. In the U.S., growth surprises have recently been positive.

Chart 1: GDP Real Growth, % Change y-o-y



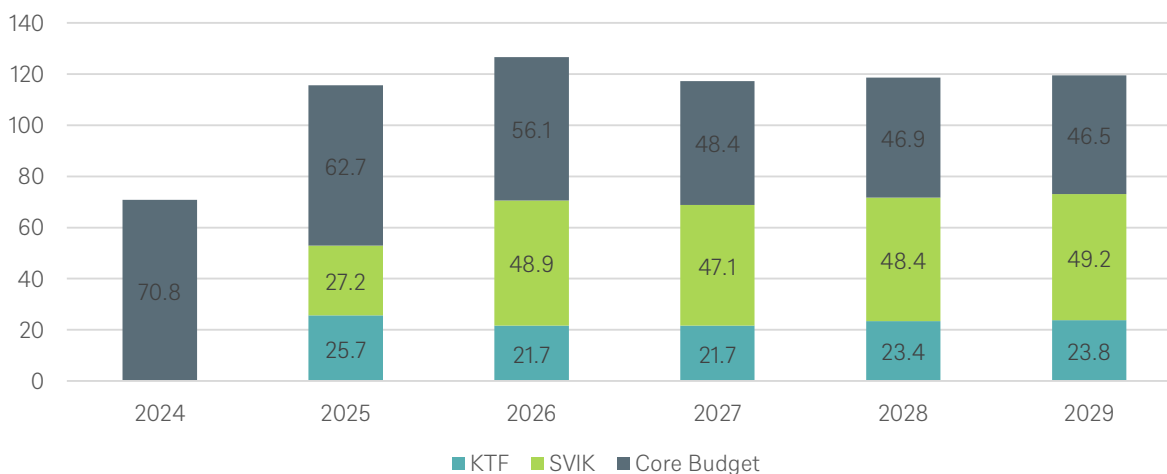
Sources: Haver Analytics, Bloomberg Finance L.P., IWF, DWS Investment GmbH as of December 10 2025. Forecasts are not a reliable indicator of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

The Eurozone enters 2026 with a cautiously optimistic outlook, underpinned by a stabilisation in growth momentum and proven resilience to tariffs, although the impacts of these will continue to be felt by export-heavy sectors. The EU and the US agreed on a trade deal at the end of July when the average effective tariff rate faced by the bloc for exporting to the US moved up from 10.6% to 16.5%. Assessing trade data since the announcement has shown some changes in trade flow, however, the broad macroeconomic impact so far has been limited. As we noted during 2025, central to the 2026 European growth story will be our constructive outlook on German fiscal spending. While partially delayed due to political issues in the first nine months of 2025, latest German economic surveys look more promising, projecting that more of the additional capital that has been made available by loosening the debt brake should begin to flow in the months to come. Coupled with a strong labour market, declining economic uncertainty and persistent service price inflation suggests that the European Central Bank is currently

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well positioned and DWS does not anticipate rate cuts below the current 2.0% rate in 2026¹. In this context, we expect a supportive environment for infrastructure performance.

Chart 2: Germany Federal Budget Expenditure, EURbn



KTF: Climate and transition funds, SVIK: special fund for infrastructure and climate neutrality. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Sources: Haver Analytics Inc., Bundesfinanzministerium, DWS Investment GmbH as of December 6, 2025.

While Germany (and to a lesser extent Poland) has the fiscal room to increase expenditure and has chosen to do so at a level which should boost the wider European economy, most countries in the EU may continue to face a fiscal dilemma in 2026. On the one hand, member states have to consolidate public finances as the pandemic and the energy-price crisis led to a deterioration of their fiscal positions. This is especially true for France, Italy, Spain and Belgium, where debt ratios as a share of GDP are well above the EU average of 80.7%². On the other hand, member states need to deploy significant financial resources to contribute to achieving the EU's long-term goal of strategic autonomy. However, pursuing these goals simultaneously will prove a challenge, especially as the increase in European defense commitments to the new NATO target (from 2.0% of GDP in 2024 to 5.0% by 2035) will exert further upward pressure on fiscal expenditure. Ultimately, this suggests that private capital likely will continue to be courted for infrastructure requirements across the region, with policy improvements seen over 2025 likely to continue in 2026.

Away from Europe, most economic forecasts for the U.S. were upwardly revised several times over the course of 2025 and have a positive outlook for 2026. Substantial dampening of the US economy is unlikely, so it should continue to perform strongly given the backdrop of fiscal loosening and robust growth in real household incomes. This view, however, is premised on continued AI-related capital spending which has offset weaker growth elsewhere in the economy. Together, Alphabet, Meta, Microsoft and Amazon³ announced investment of USD506bn in 2026⁴. The Federal Reserve is expected to move towards a neutral policy stance, adopting a more gradual rather than front-loaded approach. DWS projections indicate that the Fed will reduce rates to 3–3.25% by the end of the fourth quarter of 2026⁵. The main risks, therefore, lie in what is uncertain about the U.S. economy, namely the performance of the stock market, ongoing trade negotiations, and the upcoming midterm elections.

¹ DWS, Macro and Market View, December 2025

² BMI Research, December 2025

³ Any mentions of specific securities are for illustrative purposes only and should not be considered a recommendation.

⁴ BMI Research, Global Macro Themes For 2026, December 2025

⁵ DWS, Macro and Market View, December 2025

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2/ Market Update

Infrastructure demonstrated notable resilience in 2025, outperforming other asset classes despite facing greater challenges than in previous years. In 2026, the prospect of more accommodative and stable macroeconomic conditions is expected to support the market, with fundraising and transaction activity likely to strengthen.

2.1 Market Performance

The majority of private market infrastructure benchmarks show that 2025 (up to June) was a year where the impacts of higher interest rates, macroeconomic uncertainty around tariffs and related caution in the economy, as well as extended transaction timeframes, culminated in softer returns. While all benchmarks have varied constituents and methodologies, a common pattern of underperformance against long-term averages in the first half of the year confirms that pressures were felt at both asset and fund levels.

The SIPA Infra300 may signal a higher total return over the first half of the year, likely driven by this index’s ability to reflect the reduction in interest rates that 2025 delivered more rapidly, raising the prospect that other benchmarks which rely on data submission could see their total returns lifted over the second half of 2025 as reporting cycles catch up. In a similar vein, with the outlook in 2026 from a macroeconomic perspective being one of lower interest rates and more settled economic policy – combined potentially with higher levels of investment in Europe and continued AI capex in the U.S. – we may see 2026 performance return in line with historical averages.

Chart 3: Private Infrastructure Equity Benchmarks, H1 2025 and Annualised Total Return, %



Sources: USD, Value Weighted Indices - Cambridge Associates Infrastructure Index, Preqin Infrastructure Index, MSCI Global Private Asset Infrastructure Index, SIPA Infra300. Data accessed December 2025. Note: SIPA and MSCI data are asset level benchmarks, whereas Preqin and Cambridge Associates show performance of their constituent funds. Past performance is not indicative of future performance.

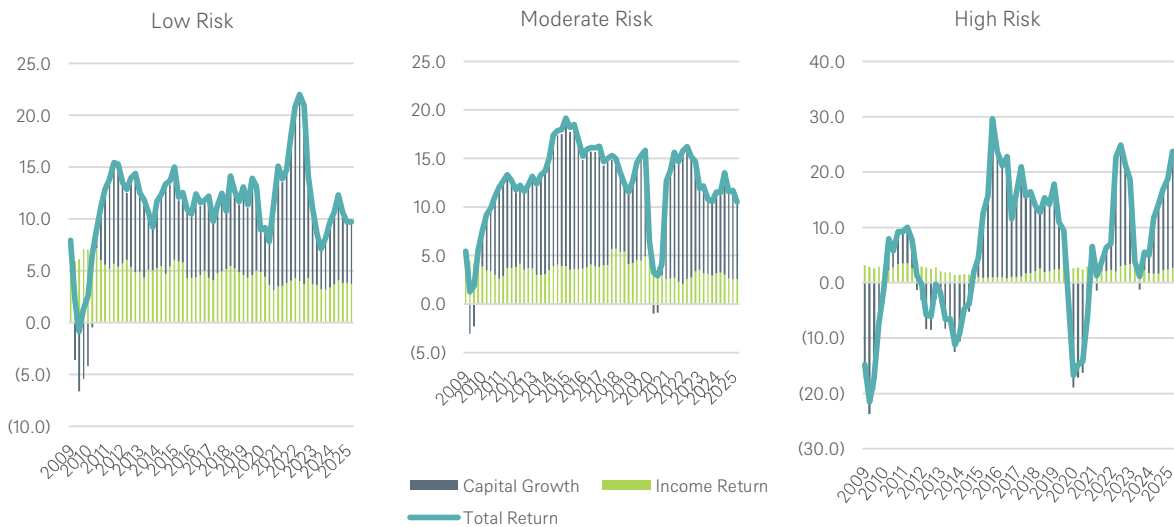
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Amidst 2025's slightly weaker infrastructure performance, it should be noted that the asset class is still the strongest performer from a total returns perspective when compared to both real estate and private equity. Both Preqin and Cambridge Associates performance figures, which benchmark across multiple private asset classes, show infrastructure as having the strongest total return performance in the twelve months running up to end-June 2025 (latest available) as well as on an annualised basis over the last three years⁶. This confirms infrastructure's resilience as an uncorrelated and defensive asset class throughout the recent years of inflation and interest rate pressures.

More broadly, the market continues to seek a better understanding of what drives infrastructure performance. Data providers are now looking at areas like factor returns and how managers are creating alpha, as well as trying to shed light on how different sector exposures can impact returns. Progress in this area is likely to continue to support portfolio construction as investors become more sophisticated in their infrastructure allocations and CIOs require more quantitative evidence of infrastructure's performance beyond more traditional strategy categorisations like Core, Core+ and Value Add.

MSCI's recently released Private Asset research data for infrastructure can allow for a greater understanding of how assets with differing risk profiles can have varied income, capital and total return profiles. Based on an asset's reported level of business risk, as defined by whether the asset has contracted, regulated or merchant revenue streams amongst other factors, an investor is able to see how a returns profile has reacted to various macroeconomic conditions. For example, low risk assets were impacted by the global financial crisis, but during the Covid-19 pandemic, showed the strongest resilience. Conversely, high risk assets have seen a much greater degree of volatility in their capital valuations which, combined with a lower level of income return, results in their relative underperformance. The strongest performing risk category from a total return perspective is the moderate risk assets, which show a strong level of income associated with established infrastructure businesses, but also provide significant capital appreciation potential, as well as the lowest volatility. Modern infrastructure funds often have a mix of assets representing all three business types, but an over reliance on low- or high-risk assets can have notable impacts on performance.

Chart 4: Infrastructure Total Return Index, By Risk Bucket, Quarterly year-on-year change, %

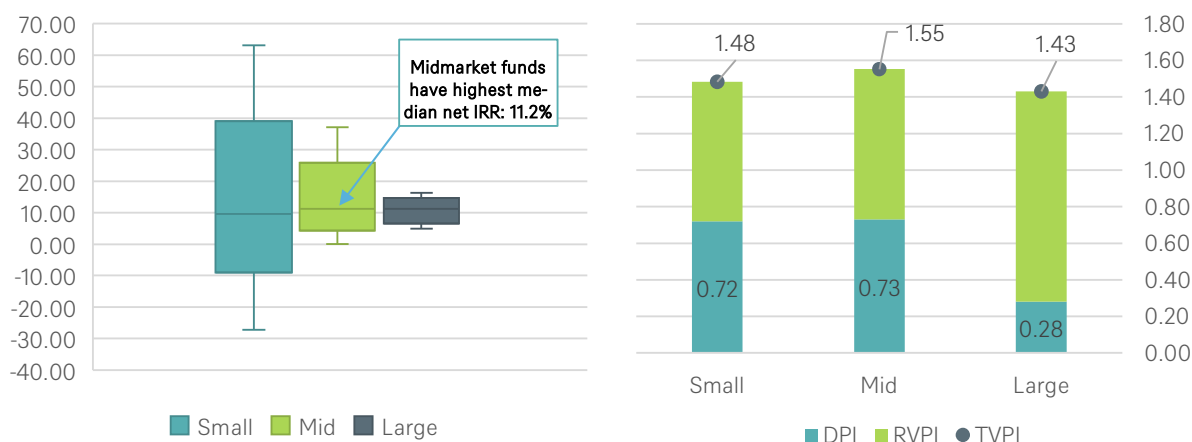


Source: MSCI Global Quarterly Private Asset Infrastructure Research Data. Data accessed December 2025 and runs to June 2025. Past performance is not indicative of future performance.

⁶ Preqin Pro, data accessed December 2025. Cambridge Associates Infrastructure Index Q2 2025, released October 2025
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Infrastructure fund size is another increasingly analysed driver of performance, given the increased investor tendency towards allocating to infrastructure’s growing number of “megafunds”. When looking at historic IRRs for global infrastructure funds based on their size, we see a similar pattern of returns as within the risk categorisation at the asset level. While larger funds tend to perform well, and stably, they could be less capable of delivering outperformance versus the median level of return – likely driven by higher prices paid for assets and a limited ability to grow businesses further. Smaller funds often invest in higher risk, less mature, growth-focussed infrastructure assets, with that leading to a more uncertain dispersion of potential returns. Mid-market funds trend towards offering higher levels of total return, based on investing in operational and mature infrastructure assets that still have some substantial growth potential, which may result in a combination of both strong income and stable capital appreciation.

Chart 5: Infrastructure Fund Net IRR, % (LHC) and Infrastructure Fund Performance Ratios (RHC) By Fund Size



Source: Preqin Pro, DWS Infrastructure Research, October 2025. IRR, DPI, RVPI and TVPI analysis based on performance of 187 diversified closed-end infrastructure funds, vintages 2010-2020. Fund Size Categorisation: Small = <EUR2bn. Mid = EUR2-6bn. Large = >EUR6bn. IRR=Internal Rate of Return. Past performance is not indicative of future performance.

An important aspect of the returns profile is the clarity of exit routes available to funds of differing sizes. In the current market environment, where transaction activity has remained relatively subdued for several years, smaller and mid-sized infrastructure funds typically benefit from clearer and more accessible exit pathways. This is primarily due to the larger pool of potential buyers and the more manageable deal sizes involved in these segments. In contrast, large-cap funds may face more significant challenges when it comes to exits, with a shallower pool of potential buyers to sell to. Data on exit activity is somewhat limited for this segment, largely because the available information tends to cover slightly younger vintage funds and the number of relevant transactions is lower. Consequently, large-cap funds typically exhibit lower Distributions to Paid-In Capital (DPI) ratios when compared to their smaller counterparts.

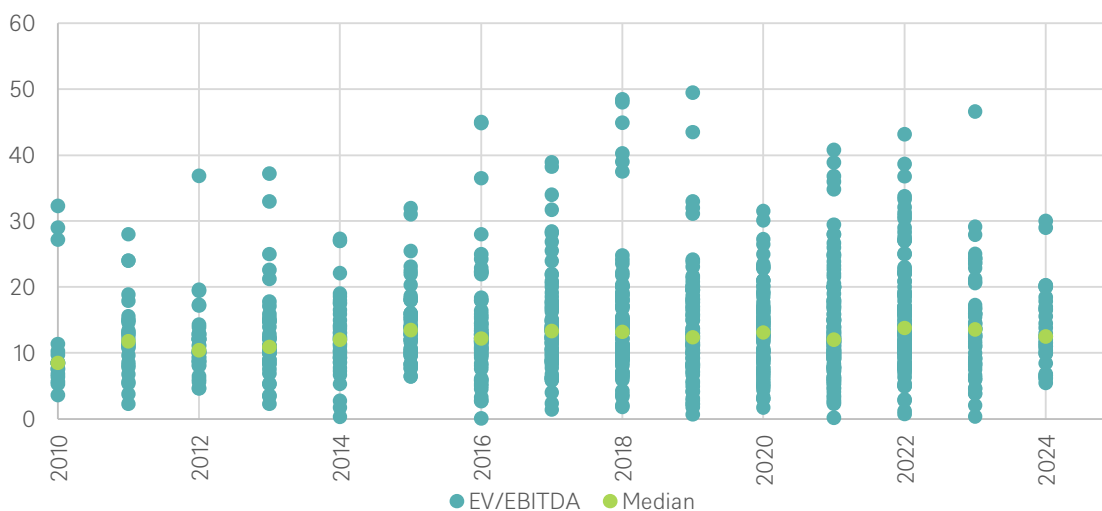
Looking ahead, it is anticipated that the development of more open-ended fund strategies and the increased use of continuation vehicles may help to foster more robust markets for large-cap assets. At present, however, the pool of buyers with the necessary scale to acquire multi-billion euro or dollar assets remains restricted. This limitation contributes to lower DPI figures in the large-cap segment and has the additional effect of potentially dampening overall Internal Rates of Return (“IRR”), as assets are held within funds for longer periods than initially anticipated.

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2.2 Infrastructure Transactions & Valuations

The infrastructure transaction market has settled into what is likely to be its new norm of steadily increasing transaction volumes, but not a market of booming activity. Global closed infrastructure transaction volumes remain below 2022 levels at around EUR1.2trn at the time of writing in December 2025, although the usual final push to close deals in Q4 2025 may see that number surpassed⁷. M&A transactions continue to take extended periods to close as buyers remain confident in negotiating terms to seek protection from future market volatility – expected given the market’s sensitivity to the recent period of elevated long-term bond yields and tariff uncertainty. However, in conjunction with a more stable macroeconomic outlook, there has been a gradual improvement in transaction activity which has both been driven by and contributed to a growing confidence in infrastructure valuations. This is now also becoming the case in those capital expenditure-heavy sectors that have seen material repricing over 2024/25 such as in fibre and renewables development, where there has been a slight uptick in deal activity, although investors continue to look at these sectors more opportunistically. Data tracked on EV/EBITDA multiples on closed infrastructure transactions suggest that valuations have now stabilised, with the global median multiple having risen slightly since the publication of the H2 2025 Strategic Outlook.

Chart 6: Closed Infrastructure Transactions, EV/EBITDA Multiples



Sources: Infralogic, DWS Infrastructure Research, as of December 2025. Note: Aggregated global EV/EBITDA averages are derived from over 1000+ transactions with data available. *2025 = January-December 2025. Past performance is not indicative of future performance. Note: Excludes anomalous multiples.

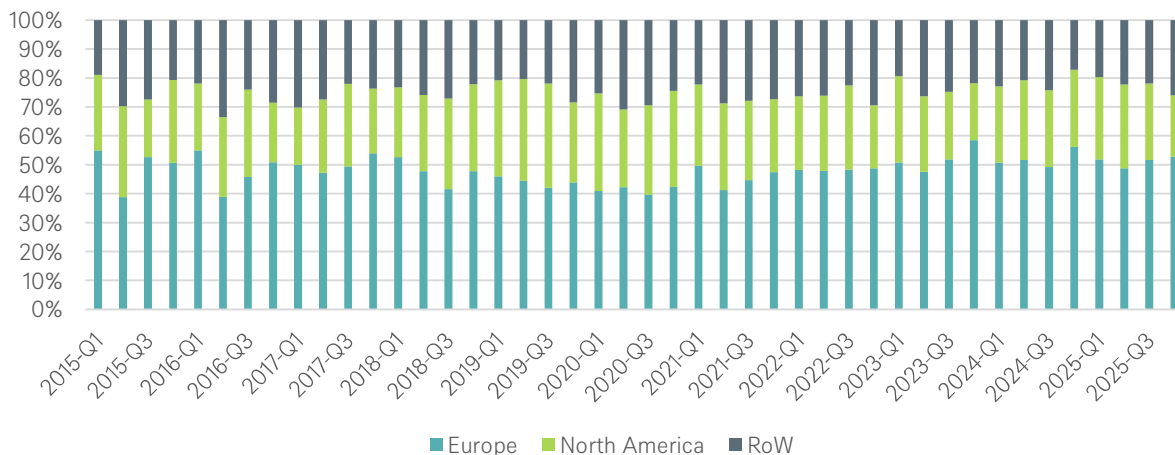
In 2026 the driving forces in transaction activity is expected to remain those assets with clear linkages to long-term thematic trends like electrification, decarbonisation and digitalisation, and in Europe this may be complemented with the additional driver of strategic autonomy. At the nexus of all of these trends, data centres and related energy infrastructure is expected to continue to be the focus for much capital deployment in the market. While market constraints exist around land, water and power availability, the growth of the data centre market is expected to continue across the globe, led by the U.S., but increasingly in other regions like Europe where data sovereignty and the need to have the infrastructure to develop independent AI businesses could also drive the market. Overall, appropriate diversification in DC exposure may remain key consideration for investors aiming to reduce risk from any market exuberance that could lead to a pullback in demand for

⁷ Infralogic, December 2025

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certain DC segments. In addition to the digital and energy sectors, the transportation market is projected to present significant opportunities. Prior to the emergence of concerns regarding potential tariffs in 2025, which may have postponed certain transactions, the transportation sector registered the highest pipeline value at EUR1.7trn and ranked second for number of future deals, following renewable energy⁸.

Chart 7: Regional Share of Total Number of Closed Infrastructure Transactions, %



Sources: Infralogic, DWS Infrastructure Research, as of December 2025. Past performance is not indicative of future performance.

From a regional standpoint, Europe continues to be the most active area, representing over 50% of closed transactions in 2025. Historically, Europe has possessed the deepest infrastructure market across small, mid, and large cap assets, and its market share increased throughout 2025 due to reduced renewable energy activity in the United States following the enactment of the One Big Beautiful Bill (OB BB) and the termination of several major projects supported by international investors and developers. Nevertheless, North America experienced significant momentum in the data centre and gas infrastructure sectors during 2025. As a result, the region surpassed Europe in terms of total deal value, with approximately EUR80bn more transacted – marking the highest differential since North America became the leading infrastructure market by value in 2018.

2.3 Fundraising Market

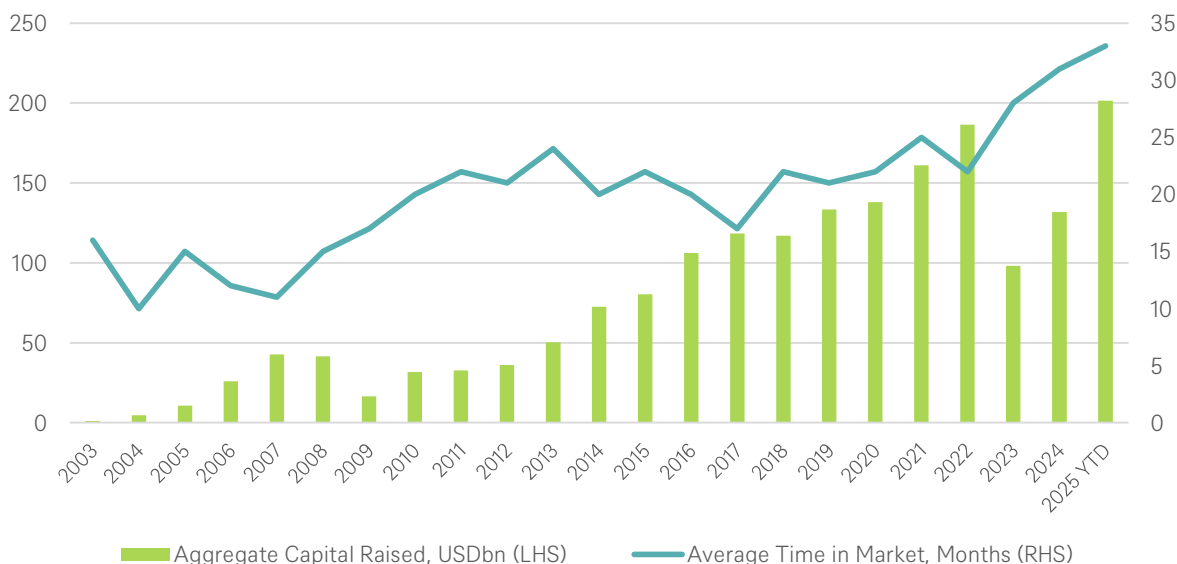
After a number of challenging years for fundraising from dealing with the denominator effect and a lack of liquidity from LPs, the quantum of capital raised in 2025 for infrastructure strategies appears to be on track largest ever. As of early December, the total value of capital 2025 in closed infrastructure funds stood at over USD200bn⁹, eclipsing the previous record year in 2022. While this is an encouraging return to the market’s previous capital raising trajectory, there are several trends driving the impressive 2025 headline figure which may persist into 2026 and may suggest that the market will remain comparatively challenged.

⁸ Infralogic, December 2025

⁹ Preqin Pro, December 2025

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Chart 8: Global Infrastructure Fundraising



Source: Preqin Pro, December 2025. Past performance is not indicative of future performance.

Time In Market: Many of the funds that have reached final close in 2025 have been in the market much longer than initially anticipated. According to Preqin data, the average time an infrastructure fund which reached close in 2025 stands at 33 months, with that number having crept up noticeably above the previous 2010-2022 average of 21 months over 2023 and 2024. This extended timeframe for fundraising suggests that capital earmarked for deployment in previous years was rolled over into 2025, indicating that the elevated numbers were rather an aggregation effect as opposed to LPs significantly increasing their allocations to infrastructure. The fundraising market has improved with greater deal flow returning capital for LPs to redeploy but, given the transaction market is still seeing longer periods to close deals, we expect that fundraising timelines will also remain extended.

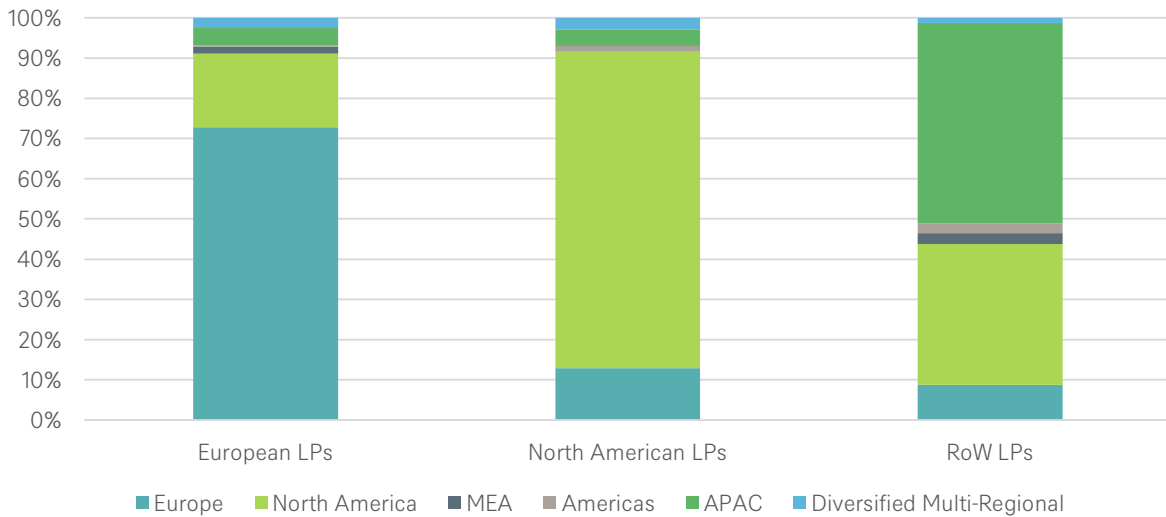
Barbell Fundraising: Partially driving the extended fundraising timeline experienced in 2025, there was a distinct trend for investors to target either first or final closes. First close investors may benefit from discounts on fees as an incentive to invest in a fund that has yet to acquire assets. While not exclusively the case, early investors were often those that returned to the same GPs they invested with previously and were therefore comfortable with the fund’s strategy. Conversely, final close investors – which subsequently must pay equalisation payments to earlier investors – may expect to have reduced ‘blind pool’ risk with a clearer picture on how a fund’s portfolio may look in terms of assets and potentially judge if performance was on track with expectations. This balance between LPs prioritising fee discounts and those wishing to have some portfolio visibility may create challenges for GPs that may need to balance reaching their fundraising target, thereby potentially extending fundraising periods, versus keeping first close LPs satisfied that their committed capital may be put to work in generating returns.

Strategy Preferences: In our 2025 Strategic Outlooks, we noted how investor sentiment towards exposure to North American infrastructure had been negatively impacted by both the trade tariff uncertainty as well as the potential impacts on clean energy markets of the OBBB. Q1 2025 saw a large swing towards European focused fundraising, potentially indicating that investors were redirecting 2025 allocations away from the U.S. However, over the remainder of the year fundraising was more evenly split between the two major infrastructure markets, and the final figures show that more capital

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was committed to North American strategies as of December 2025. Two factors were likely at play here; the U.S. economy performed more strongly than expected and, relatedly, the opportunity across the digital-energy nexus was too tempting for infrastructure investors to overlook. However, noting that some of this capital (as explained above) may have been committed prior to 2025 and, with the risk environment in the U.S. having changed since then, we continue to note the potential benefit for fundraising for European strategies in 2026.

Chart 9: Current LP Commitments To Infrastructure, By Fund Focus Region, % Share of Committed Capital



Source: Preqin Pro, December 2025. Past performance is not indicative of future performance.

Market sentiment drives only part of our expectations that European strategies may benefit from prevailing fundraising conditions in 2026. Looking at current LP commitments (Reference Chart 9) to infrastructure, noting that detailed data is limited, there remains a heavier weighting towards North American focused funds among non-European investor’s current commitments. Both European and North American investors appear to have home-region bias in their allocation, but investors from the rest of the world have a higher share of their current commitments focused on North American infrastructure. Given that the European infrastructure market is deeper and more active, and that the U.S. is likely to see more political volatility in the run-up to the midterm elections in November 2026, we expect that 2026 could see more investors seeking to rebalance their portfolios with European exposure.

Allocations to large funds continued to be prevalent in 2025, again underlining how the headline fundraising figures were in part a culmination of a number of years of fundraising efforts. Allocations to funds closed in 2025 which had a target in excess of USD10bn accounted for over 43% of capital raised as of December 2025 – the highest share ever for the asset class. As we have previously noted, we believe it is likely this will continue as LPs look to established managers with broad product offerings for their private market exposure. This will also, however, lead to LPs looking to supplement this large-cap exposure with the higher-returning strategies and greater diversification potential of mid-market funds (see performance section).

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3 / Investment Outlook

After a year where trade tariffs consumed much investor attention, our investment themes of 2026 are more diverse. For Europe, they involve national infrastructure investment plans that are expected to create significant opportunities. For the infrastructure market, we note the continued emergence of evergreen infrastructure funds which may help answer investor demand for more liquidity. From a sector perspective, much attention is likely to remain on the data centre boom.

3.1 European Infrastructure in 2026

Heading into 2026, the policy and investment landscape in Europe is expected to continue to be shaped by a focus on strategic sovereignty – a major driver of long-term infrastructure opportunities. Policy changes over 2025 were relatively fast paced, as the region looked to brace itself against future geopolitical volatility. From an infrastructure perspective, these changes appear to have manifested in a material improvement in the market; suggested reforms provided structural improvements to the greenfield project implementation process for infrastructure, and, more broadly, improvements to the European business climate¹⁰. Initiatives like the EU Competitiveness Compass, as well as key reforms in areas such as planning at the national level are anticipated to aid the more rapid deployment of capital into European infrastructure. New clean industry and digital policies may give investors greater long-term policy visibility and funding support. However, alongside these supply-side reforms, we also note that 2026 likely will see a number of major infrastructure plans begin to have a positive impact on infrastructure activity, notably in the UK and Germany.

UK: A GBP725bn ten-year programme with centralised funding and crucial reforms. In addition to giving investors long-term visibility on future investment opportunities via a new digital pipeline, the landmark Planning and Infrastructure Bill is now law in the UK which should significantly speed up project implementation. The focus for public funds is on projects across schools, health and transport, while actively inviting private sector involvement through PPPs across sectors like energy and water. Governance is anchored by new structures such as the National Infrastructure and Service Transformation Authority (NISTA).

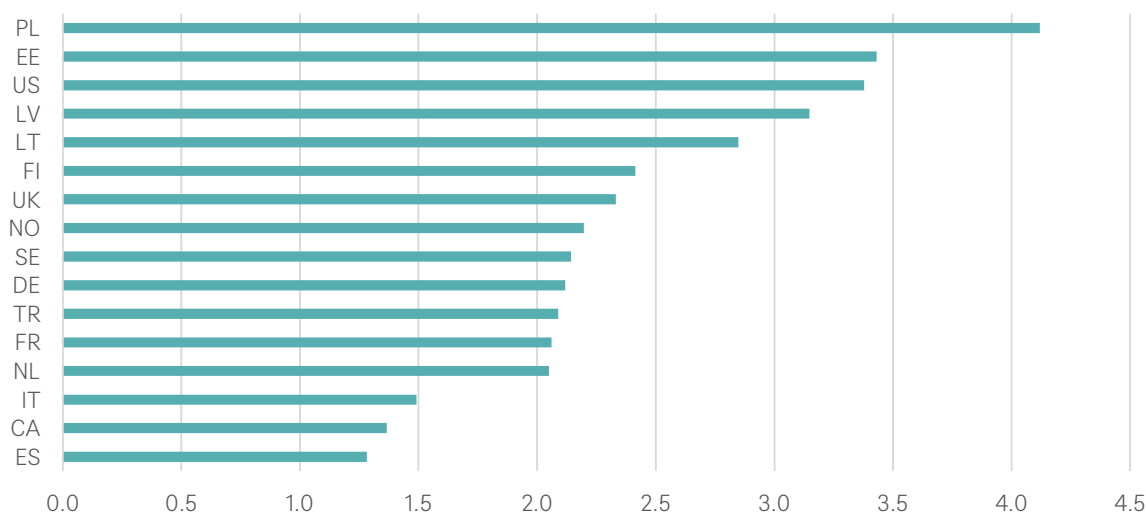
Germany: The EUR500bn Special Fund is debt-financed and now constitutionalised, with a 12-year horizon. This could see public investment ramping up to EUR120bn annually¹¹, but to achieve this targeted investment, 90% of the capital will need to come from private sources via structured funds and PPP frameworks. This is likely to see public contributions via PPP-like models, subordinated loans, and guarantees to de-risk projects being leveraged, making them more attractive for private capital. Germany has also reformed its planning system, with the Infrastructure Future Act (Infrastruktur-Zukunftsgesetz) now having been adopted.

¹⁰ DWS Infrastructure Research, Infrastructure Update: Transforming Europe's Competitiveness, April 2025

¹¹ German Federal Ministry of Finance, June 2025

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Chart 10: Defence Expenditure, % of GDP



Sources: NATO, DWS Investment GmbH as of December 6, 2025.

Additionally, on top of this infrastructure-focused investment wave, we also note the potential opportunities which may stem from additional defence expenditure planned across the region. Infrastructure investors continue to monitor this opportunity as European governments look to make good on commitments to NATO to invest 5% of GDP annually on core defence requirements and defence related spending by 2035, as well as to take advantage of the EU's EUR150bn SAFE loan facility and the "Readiness 2030" plan. While infrastructure opportunities will unlikely extend to financing combat-related investments directly, recent EU recommendations are for strategic sectors like transport, energy and digital infrastructure to be considered central to the overall defence of Europe¹². As such, we could see further tailwinds in these sectors that are already popular with infrastructure investors, as the market looks to reinforce logistics connectivity and transport capacity, energy security and resilience, and digital infrastructure. This is especially relevant noting that the European defence industry may take several years to scale-up investment opportunities to a size that can absorb the amount of capital being made available, due to a heavy overreliance on U.S. arms manufacturers. As the defence industry itself undergoes this process, infrastructure could be a short-term beneficiary of capital being made available.

3.2 Evergreen Funds To Grow In Prominence

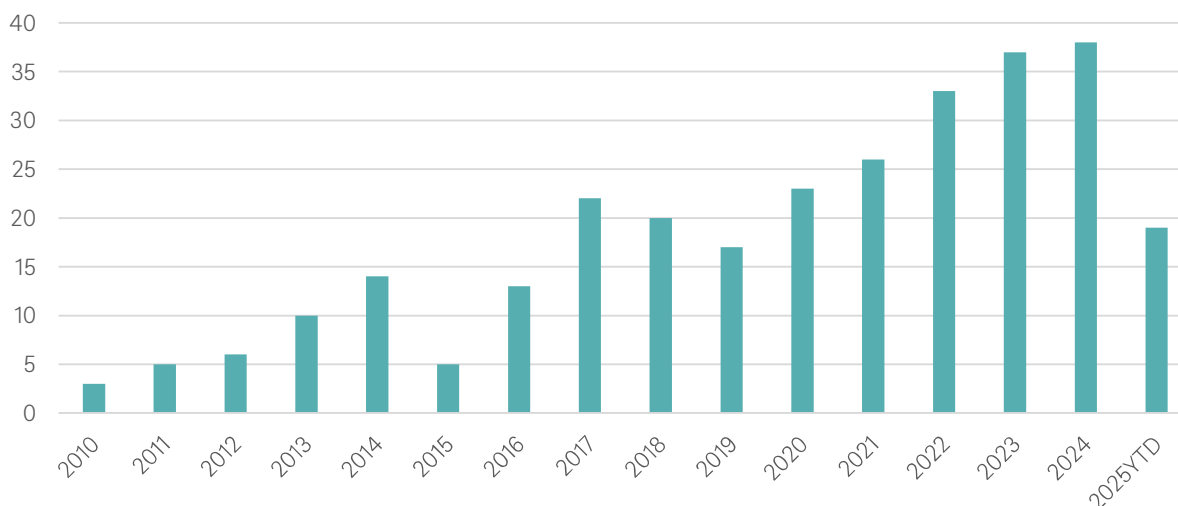
There is recognition in the infrastructure market that there will likely be a continued growth in the number of semi-liquid fund offerings, both evergreen and open-ended structures. Rising demand for liquidity post-Covid has coincided with regulatory initiatives such as the UK's Long-Term Asset Fund and the EU's ELTIF regime and resulted in managers offering more evergreen funds as they themselves look for broader investor access. Fundamentally, this may indicate the continued maturation of the private infrastructure market, as it expands its investor base and evolves product offerings to match a wider range of liquidity requirements. In particular, open-ended funds are often valued by institutional investors aiming for liability-matching and by private wealth investors who prefer smaller, rolling commitments. Furthermore, such fund structures may be well-suited to mature, large-cap infrastructure assets that have historically required disposal due to closed-end funds winding down even though the assets remain attractive to hold. This also increasingly may be where we see large funds looking for their disposal requirements, given the lack of alternative exit routes. Similarly, evergreen funds have become major participants in the secondary market, acquiring assets closer to their distribution phase and providing liquidity when

¹² EU Commission, 2026 European Semester: Autumn package: Euro Area Recommendation, November 2025

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traditional exits have been subdued. This has further fueled their growth, as secondaries are generally well-suited to evergreen structures and help manage liquidity needs.

Chart 11: Number of Open-Ended Infrastructure Funds, By Vintage Year



Source: Preqin Pro, December 2025. Past performance is not indicative of future performance.

However, as noted in a research paper by EDHEC Infrastructure and Private Assets Research Institute¹³, the evergreen structure can impact returns and are in some extreme cases not as liquid as investors may desire. While evergreen funds offer periodic liquidity, their ability to deliver depends on inflows, distributions, and liquidity buffers. In stressed markets, redemption requests may be gated or deferred, with the need to maintain liquidity sleeves (often 20% of commitments) potentially leading to a persistent cash drag and lower net returns, countering the mitigation of the J-curve that open-ended funds offer. Furthermore, the reliance on the net asset value (NAV) of the fund as a pricing mechanism for new entrants or exiting investors raises the prospect of mistiming, with asset valuations occurring only periodically. Relatedly, there is also the potential for a drag on returns from the fact that managers earn fees on the NAV of the vehicle, rather than on released profits.

3.3 Data Centres Remain Infrastructure's Top Sector

The data centre growth story is considered one of the strongest thematic capital deployment areas within the infrastructure sector, globally. Fundamentally, we remain positive on future data centre capacity requirements and the infrastructure characteristics these dynamics may offer to investor portfolios. Such has the popularity of data centres grown in recent years that there is now discussion as to whether the market is overheated and that valuations are too high. While the market for artificial AI-driven data centre demand has more ambiguity around current dynamics, the need for more capacity is expected to remain strong across markets more broadly.

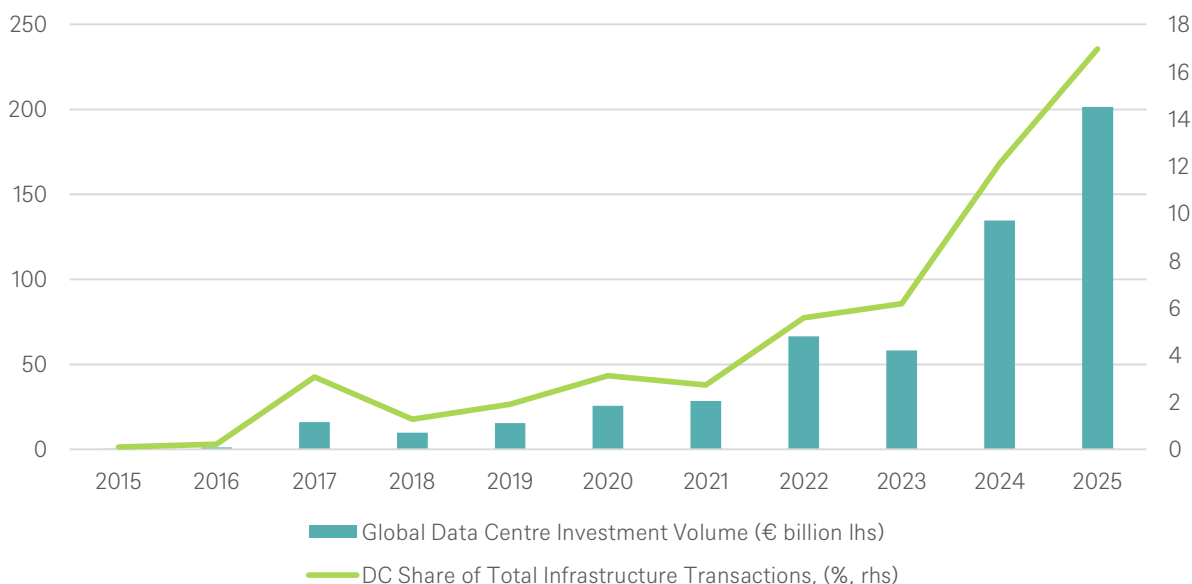
The value of transactions for data centres now represents over 15% of all private infrastructure deals across the asset class¹⁴, with the full-year 2024 figure standing at EUR135bn. This places DCs as the largest sub-sector within closed private market infrastructure deals, ahead of more traditional sectors like solar, wind, gas infrastructure and roads. For context, five years previously in 2019, DC transactions in infrastructure numbered less than 60 and amounted to EUR15.5bn of transaction value.

¹³ EIPA, Evergreens: The Tree That Never Sheds, October 2025

¹⁴ Infralogic, 2025. Note 15% represents the share of total value of closed infrastructure transactions January-October 2025.

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Chart 12: Private Market Infrastructure Closed Transactions



Source: Infralogic, DWS Infrastructure Research, December 2025

Investors considering exposure to the data centre market may need to choose if exposure to the rapidly growing hyperscale market that is driven predominantly by the requirements of several large technology companies’ capex plans provides them with the risk-profile commensurate to their infrastructure allocations. We do expect that the market will become more diverse, especially as Europe continues to build out its own ‘sovereign’ cloud and AI capabilities, but much of the market remains driven by a few companies. Conversely, in the colocation market, the diverse mix of clients within a single DC can provide diversification of risk, while giving exposure to potential upside in returns as capacity is expanded and new clients are added.

Overall, as the infrastructure market shifts focus towards large-cap vs mid-cap investment strategies, hyperscale strategies are more likely to match capital deployment and returns profiles of a large-cap investor, leaving mid-market investors to pursue colocation strategies. If we do see some kind of market correction around the development of AI, it is more likely to impact the business models of the hyperscale market. That said, given the main clients in that market are the largest companies in the world with balance sheets able to withstand market volatility, hyperscale assets could remain attractive. For colocation markets, the main risk from a slowdown in the roll out of AI is not that there will be a drop in demand for data centres, but rather the market’s potential future growth could slow as there is less integration of AI and it takes place over a longer period of time.

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4 / Conclusion

The infrastructure market enters 2026 with what appears to be a stable and cautiously optimistic outlook. The easing of tariff-related disruptions, supportive fiscal and monetary policies, and a resilient macroeconomic environment are expected to underpin steady growth and robust performance across the sector. Europe stands out as a region of opportunity, driven by ambitious national investment plans and policy reforms that may enhance the climate for private capital deployment. Meanwhile, the U.S. continues to benefit from strong AI-driven capital expenditure and a positive economic backdrop, though political uncertainties remain a watchpoint. Looking ahead, investors likely will need to navigate a market characterised by evolving fund structures, increased demand for liquidity, and be focussed on thematic trends such as electrification, decarbonisation, and digital infrastructure.

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AUTHOR



Richard Marshall
Head of Research, Infrastructure

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