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INFRASTRUCTURE FOR EVERGREEN: SOLVING THE DURATION MISMATCH WITH SECONDARIES



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Infrastructure sits at the heart of many of the most exciting investment themes of 2026, but the long duration of the asset class can mean accessing it via an evergreen structure can be tricky. Secondaries resolve this issue in an elegant way, while also offering investors a host of other features.

The core attributes of the infrastructure market have long been regarded as stable and resilient. The asset class typically offers long-term, generally inflation-linked cash flows that are counter-cyclical and largely uncorrelated to GDP or to other public or private markets.

But with the world in the midst of a seismic shift, infrastructure now finds

itself at the heart of some of the most exciting investment narratives that are currently redefining the economic landscape globally, and so is attracting a new audience of buyers looking to incorporate this long-term asset class into their portfolios. The core themes that explain the upheaval now underway can be summarized as the three Ds:

Digitalization

The growth of data demand has had a profound effect on private markets with global data creation almost tripling between 2020 and 2025 to around 181 zettabytes.¹ This data must be stored, transmitted, and processed, and the investable asset base spans the full chain of data processing, from data centers to 5G, mobile towers, and fiber networks.

The surge in AI computing adds a further layer of demand on top of this structural growth, and estimates suggest global spending on AI-related infrastructure could reach around \$2.6 trillion in 2026.² Additionally, the data center build-out to facilitate AI model training and applications is projected to require nearly \$7 trillion of capital by 2030.³

¹ Source: IDC, Worldwide Global DataSphere

² Source: Gartner, Forecast: AI Spending, Worldwide, 1Q26

³ Source: McKinsey, The cost of compute, April 2025

Infrastructure for evergreen: solving the duration mismatch with secondaries**Decarbonization**

The energy transition is reshaping the landscape of electricity generation, power grids, and end-use demand all at the same time, and it is doing so at industrial scale. Globally, investment in the energy transition exceeded \$2 trillion for the first time in 2024.⁴ Across the OECD, coal-powered generation facilities are being retired,⁵ and traditionally gas-heavy power systems are making increasing use of renewable technologies such as solar and onshore and offshore wind. The International Energy Agency anticipates that around 5,500 GW of new renewable generation capacity will be added globally between 2024 and 2030.⁶

As many renewable sources of energy, such as wind and solar, are intermittent, capital is increasingly deployed into hybrid solar-wind-battery configurations that pair generation with storage to better match output to demand, an approach made economic by battery prices falling.

Due to the supply shocks of 2022 prompted by Russia's invasion of Ukraine, and the turmoil across supply chains in 2026 caused by the Iran-US conflict, energy security has become as important as the net zero target as a driver of policy and capital allocation to decarbonized power generation.

Deglobalization

Geopolitical factors such as tariffs, industrial policy, and increasing polarization are prompting a move towards shortened, more resilient supply chains with production capacity located closer to end markets.⁷

These “reshoring” and “nearshoring” efforts require new facilities to be built, expanded, or reconfigured as trade routes are redrawn. This is expected to prompt renewed investment in logistics infrastructure, such as ports, rail freight, logistics hubs, cold storage, and border and customs capacity.

Public balance sheets cannot fund this alone: the cumulative gap between infrastructure investment needs and current spending trends has been estimated to be around \$15 trillion by 2040,⁸ underpinning a multi-decade role for private capital.

⁴ Source: BloombergNEF, Energy Transition Investment Trends 2025, January 2025

⁵ Source: Global Energy Monitor, Boom and Bust Coal 2025: Tracking the Global Coal Plant Pipeline, April 2025

⁶ Source: IEA, Renewables 2024, October 2024

⁷ McKinsey & Company, 2025, Global Supply Chain Leaders Survey. 82% of supply chain leaders reported their supply chains were affected by new tariffs in 2025, with 33% developing supplier nearshoring or onshoring plans.

⁸ Source: Global Infrastructure Hub (World Bank), iCapital Alternatives Decoded, July 2025

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An uncomfortable fit

Although these themes have attracted renewed interest in infrastructure from a wider range of investors, its characteristics can be an uneasy fit for those looking to access it via a fund with an open-ended evergreen wrapper. Infrastructure assets are amongst the longest-dated in private markets; typically a regulated utility, transmission network, or a contracted renewables platform would be underwritten for a 20-year investment horizon or more, potentially across the full useful life of the asset. An infrastructure closed-end fund may run for 10 to 15 years (already a compromise against the life of the underlying asset), and their cash flows are typically back-ended. Capital is often used to support expansion or development of new infrastructure, and is not returned until significantly beyond the period in

which the assets are operational and distributing.

With an evergreen vehicle that offers investors periodic liquidity, the duration mismatch with a long-dated infrastructure asset becomes a structural tension. Redemptions must be met from some combination of portfolio distributions, new subscriptions, and asset sales.

The duration mismatch inherent for evergreen investors considering infrastructure can be resolved by adjusting the entry point for investment. If the difficulty is that direct exposure begins at the start of a multi-decade asset life, the answer is to enter later in that life. That is where the secondaries market can help to resolve the tension.

Why secondaries: the other three Ds

Duration

Because secondaries funds buy seasoned, existing interests, this compresses the effective holding period from the eight to 20 years of a direct infrastructure commitment to around four to six years. This does not mean that the duration mismatch disappears completely, but it does narrow it to a span that can be accommodated by evergreen structures. Secondaries investors also typically come into a holding after the development, construction, and ramp phases are complete and when assets are close to the point of distribution and realization.

With secondaries, because the assets being invested in are generally operational, the J-curve can be significantly mitigated. Given distributions arrive in the near term, these can be used to fund the next acquisition allowing capital to recycle and compound rather than sitting idle awaiting the portfolio's maturity.

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Diversification

A single secondaries transaction can deliver the sort of diversified exposure that would take a direct investor years to assemble: multiple GPs, multiple vintages, multiple geographies, and multiple asset types. This broad range of exposures can narrow the range of potential investment outcomes, because no single asset, regulatory decision, or counterparty can have a large-scale impact on the investment.

Discount

Secondaries are typically acquired below net asset value. Sellers are often divesting their holdings for liquidity reasons, whether to rebalance a portfolio, to counterbalance the denominator effect, or to solve regulatory or fund-life pressures. The discount reflects the seller's need for liquidity, not an impairment of the assets.

For a buyer, this means that they are able to access an asset that is already operating and cash generative at a price below its marked value. And as the assets are already up and running, managers can have an unrivalled visibility into a potential investment's performance. Buyers can analyze specific named assets with operating histories, actual regulatory settlements, and contracted revenues, rather than a blind pool of assets.

A practical way in

These three Ds are not the only benefits of the infrastructure secondaries market – there are a host of reinforcing characteristics such as the reduced fee drag, access to assets not available in the direct market, and the preserved inflation protection.

But for evergreen investors specifically looking to access infrastructure, it is secondaries' elegant ability to resolve the duration conundrum that is core to their attractiveness, enabling them with a viable way to access some of the most exciting investment themes of the moment.

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