

**Understanding
infrastructure**

Silver linings: investment opportunities in an ageing society

Capital at risk. This blog piece does not constitute investment advice. Past performance is not a reliable indicator of future returns.

1. What's driving social infrastructure investment today?

Social infrastructure refers to the facilities and services that support everyday life, such as healthcare systems, housing, transport, and community services. A key driver today is demographic change. There are currently around 1.4 billion people aged 60 and above, and by 2050 that number is expected to reach 2.1 billion, representing 22% of the global population.¹

This demographic shift will put significant strain on existing infrastructure. The challenge goes beyond building retirement homes; it includes hospitals, pharmacies, and digital health platforms. Transport systems will also need to adapt, from rail networks to vehicles designed for mobility. Meeting these needs is estimated to require \$500 billion in annual investment before 2050, creating a broad set of opportunities for developers, operators, and service providers.²

2. Why this matters for investors

Social infrastructure combines the stability of essential services with long-term growth potential. Historically, listed infrastructure funds have focused on utilities because of their predictable cash flows and government-backed contracts.³ Social infrastructure shares these characteristics but adds a structural growth element driven by ageing populations. As societies age, both public and private sectors will need to expand and modernize facilities to maintain accessibility and quality of life.

Within this theme, opportunities can be seen to align with three broad areas:

1. Meeting basic needs through community infrastructure and essential services;
2. Broadening economic participation by improving access to education, connectivity, and finance;
3. Enhancing quality of life through health innovation and wellbeing.

Early engagement could mean exposure to sustained demand for regulated or publicly supported services.

¹ <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>

² Oxford Economics, Global Infrastructure Outlook (Aug 2023); cited <https://www.brookfield.com/views-news/insights/why-infrastructure-compelling-investment-all-cycles>

³ Predictability refers to historical patterns and contractual structures that have typically provided stability. This should not be interpreted as a guarantee of future returns or an assurance against investment risk. Past performance is not a reliable indicator of future results. Infrastructure investments may be sensitive to interest rate changes, regulatory developments and economic conditions.

3. Illustrative examples

The securities mentioned below are for informational purposes only and do not constitute recommendations.

One example is **Welltower**, a real estate investment trust focused on senior housing and healthcare properties. The company operates across the United States, with three key business divisions: senior housing, post-acute care, and outpatient medical facilities. Welltower's senior housing segment includes independent and assisted living, while its post-acute care division consists chiefly of skilled nursing facilities and rehabilitation centers. The outpatient medical facilities division is more focused on supporting the delivery of wider healthcare services, and encompasses medical office buildings and outpatient centres. Welltower's focus on long-term care means that the company's revenue growth is directly aligned with an ageing population, while its commitment to delivering industry-leading care supports robust margins.

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