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# Infrastructure Investments Fund

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**Mendocino County Employees Retirement Association**

**December 11<sup>th</sup>, 2019**



As of September 30, 2019 and in U.S. dollar terms unless otherwise specified  
FOR INSTITUTIONAL/WHOLESALE/PROFESSIONAL CLIENTS AND QUALIFIED INVESTORS ONLY – NOT FOR RETAIL USE OR DISTRIBUTION

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**J.P.Morgan**  
Asset Management

## Today's Presenters

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**Daniel Galinko, Vice President**, is an Investment Specialist in the Infrastructure Investments Group. Prior to joining J.P. Morgan in 2017, he was a Senior Associate at StepStone Group where he served on the research team, conducting due diligence on primary fund, co-investment, and secondary investments across the private equity, natural resources, and infrastructure asset classes. StepStone Group provides advisory and asset management services to institutional clients on a global basis. Before joining StepStone, Daniel started his career at Oppenheimer & Company where he supported that firm's private equity fund of funds and co-investment platform. Daniel earned a BA in Economics and East Asian Studies from Brandeis University and an MA in Regional Studies East Asia from Harvard University.



**Shawn Parris, Vice President**, is a Client Advisor within J.P Morgan Asset Management. He is responsible for providing asset management solutions for defined benefit, defined contribution, endowment and foundations for U.S. institutional investors, including corporations, municipalities, not-for-profits, higher education and healthcare systems. Shawn previously worked at Schroders Investment Management as an Institutional Manager. At Schroders he led the relationship management and business development efforts of the firm in the western region. Prior to Schroders, Shawn worked at Philadelphia International Advisors, where he marketed the firm's investment products to clients across North America. Shawn received a B.Sc. in Finance from Drexel University and an MBA from the Lebow School of Business. He holds the FINRA Series 7, 66 and 3 licenses.

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There can be no assurance that these professionals will continue to be involved with JPMIM or the Investment Advisor, or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

# Private Core Infrastructure Market

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## Why Core/Core+ Infrastructure Equity?

D

### Diversification

- Low correlation to other major asset classes
- Local assets with unique risk/return drivers
- Downside protection and lower volatility

I

### Inflation Protection

- Core/core+ infrastructure typically exhibits strong inflation linkage
- Inflation is a pass-through under many contractual and regulatory structures

Y

### Yield

- Core/core+ infrastructure typically exhibits strong cash flow generation

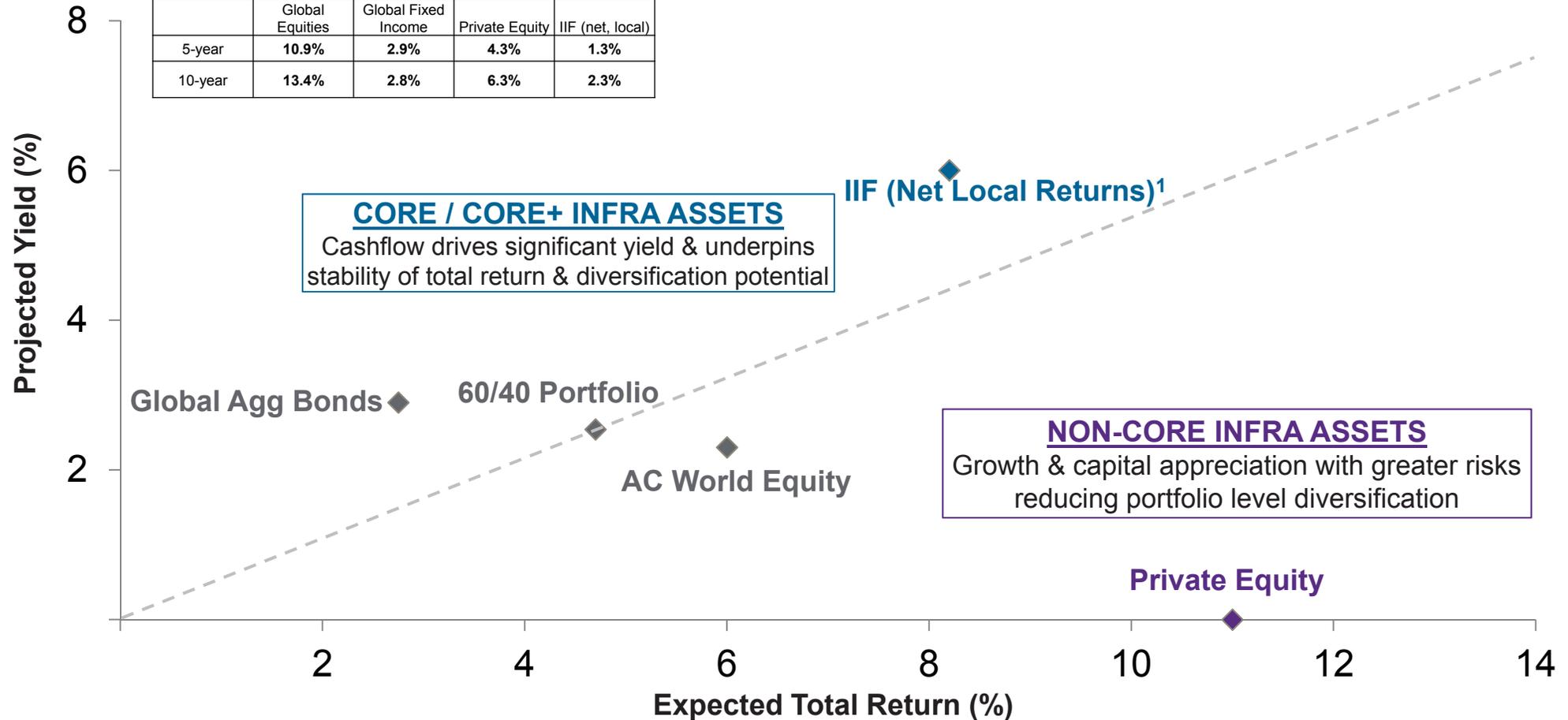
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# Core/Core+ Infrastructure is a Foundational Element of a Balanced Portfolio

## Consistent Cash Generation Results in a Lower Relative Expected Risk Profile

### Illustrative Expected Cash Yield vs. Total Return Profile

Historical Annualized Volatility				
	Global Equities	Global Fixed Income	Private Equity	IIF (net, local)
5-year	10.9%	2.9%	4.3%	1.3%
10-year	13.4%	2.8%	6.3%	2.3%



Source: Bloomberg, Burgiss, JP Morgan. Historical statistics for Global Equity based on the GDDUWI Index from MSCI, for Global bonds data is based on LEGATRUU index from Bloomberg, Burgiss data is used for Private Equity, and IIF data for the IIF gross returns. The projections in the chart above are based on JPMAM proprietary long term capital markets assumptions (10 – 15 years) for risk, return and correlations between major asset classes. The assumptions are presented for illustrative purposes only. They must not be used, or relied upon, to make investment decisions. The assumptions are not meant to be a representation of, nor should they be interpreted as JPMAM investment recommendations. *Note that these asset class assumptions are passive-only; they do not consider the impact of active management.* <sup>1</sup>Yield in the middle of the Fund's target 5-7% target. Actual yield for the last 5 years was 6.9% as of 3/31/19. IIF in local currency assumptions based on a 10.3% Fund level weighted average discount rate as of 3/31/2019 net of fees, tax, expenses and excluding F/X. The target returns are for illustrative purposes only and are subject to significant limitations.

## IIF Defines Core Investment Strategy Focusing on Yield

Essential services that often operate on a monopolistic basis either by regulatory structure or long-term contract, which drives visibility into cash yield

### Distribution/Regulated Assets:

Monopolistic regulatory frameworks give visibility into stable cash flows

- Water and wastewater
- Electricity distribution/transmission
- Natural gas distribution



### Contracted/Power Assets:

Long-term contracts with volume minimums which typically result in yield approximating total return

- Conventional generation
- Renewable generation
- Storage



### GDP-Sensitive Assets:

Mature assets with significant demand history often underpinned by long-term contracts

- Airports (*with contracts*)
- Seaports (*with contracts*)
- Rail Leasing (*with contracts*)

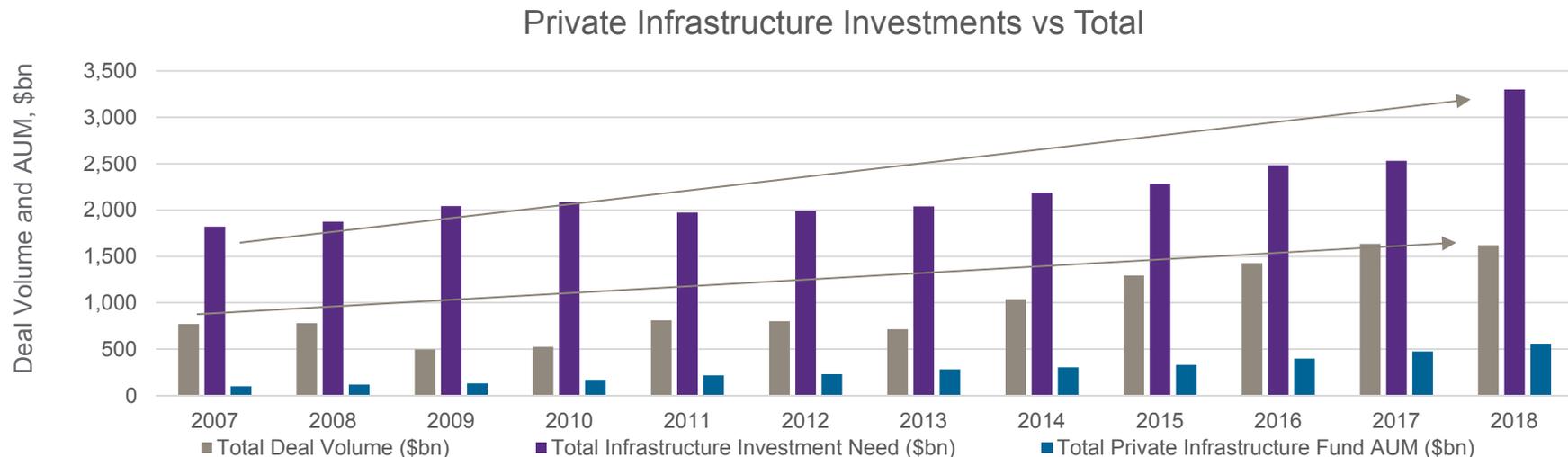


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## Demand for infrastructure investments continues to grow

### Significant gap exists between infrastructure needs and current investment levels

- Total deal volume in 2018 (\$1.62tn) was slightly lower than the volume in 2017 (\$1.63tn)
- The 2018 deal volume was close to 2.5 times the level in 2007 (\$662bn) and 3 times the level in 2010 (\$507bn)
- However, this level represents only about 40% of the minimum estimated infrastructure investment (\$3.3tn) needed to meet UN's 2030 Sustainable Development Goals (SDG)
- OECD estimates for infrastructure investment needs range between \$3.3tn and \$7.9tn annually to meet its 2030 SDG
- By comparison, total AUM at private infrastructure funds remains small at \$556bn, dry powder estimated at \$191bn, as of December 2018



Source: Preqin (Infrastructure Deal data and Private Infrastructure Fund AUM), G20-Global Infrastructure Hub ("Technical note on estimates of infrastructure investment needs" Total Infrastructure Investment). Both Primary (greenfield/brownfield) and Secondary deals included. Missing deal volume is estimated using the average size of known deals. Data as of December 2019, accessed as of August 2019. Total Deal Volume includes only private infrastructure transactions. Total Infrastructure Investments include public and private investments.

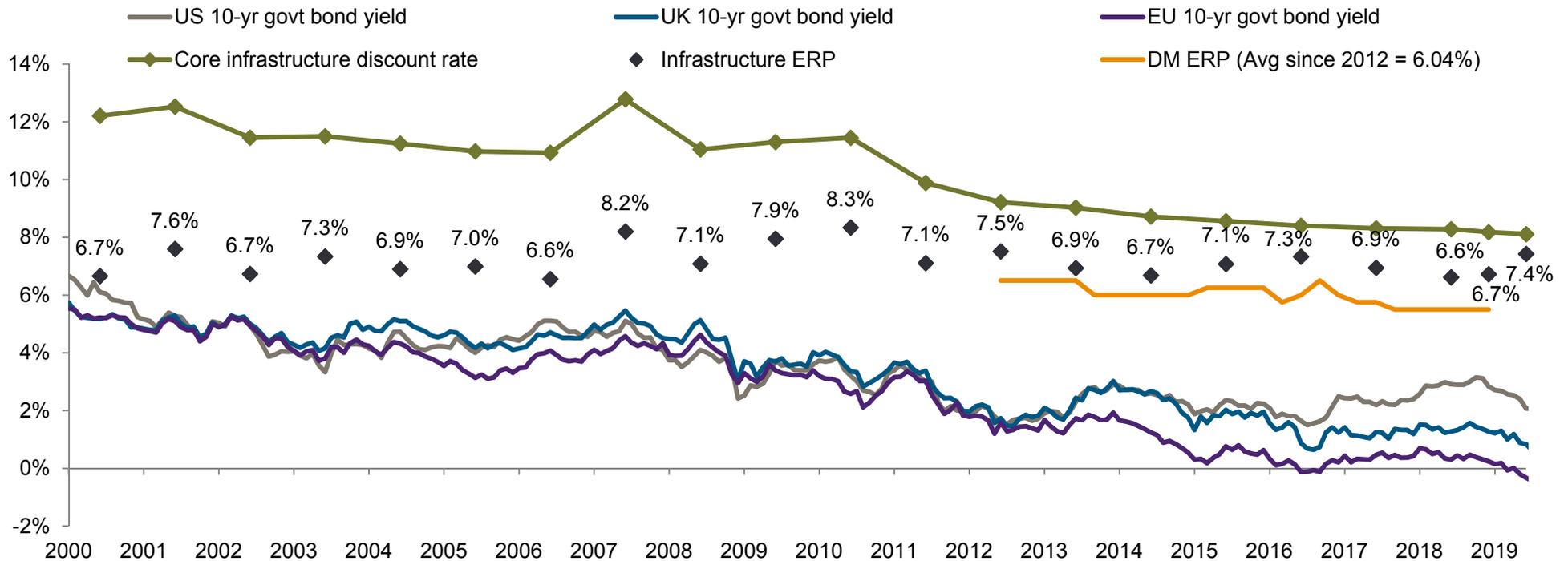
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# Infrastructure Equity Risk Premium (ERP) has remained stable since 2000

- Even as discount rates for private infrastructure have declined in concert with global yields, the equity risk premium in private infrastructure has remained stable, averaging 7.2% since 2000
- Infrastructure equity risk premium has averaged 98bps higher than developed market equity risk premium since 2012
- Greater investor interest in private infrastructure assets is driving the discount rate lower. However, the decline is lower than the decline in global government bond yields, resulting in private infrastructure risk premium increasing
- As most global central banks are in the midst of a cutting cycle, this trend is likely to continue, attracting greater interest from investors

Estimates for core infrastructure discount rates vs. risk-free proxies



Source: Bloomberg, JPMAM. 2019 discount rate represents year-to-date transactions. Equity risk premiums represent the difference between the core infrastructure discount rate and the geographically weighted annual average government bond yields. Data as of June 2019.

# Each Form of Infrastructure Investing – Listed and Unlisted – Can Play an Important Role Within an Overall Portfolio

## Private Core Infrastructure

### Benefits:

- True diversification
- Lower volatility of returns
- Downside protection potential
- Inflation sensitivity
- Control over management / governance
- Ability to diversify by geography / sector

### Considerations:

- Less liquid (e.g., semi-annual, with soft lock up)
- Typically higher fees

### Role in a Portfolio:

Stable Yield and Diversification

## Listed Infrastructure

- Typically higher liquidity
- Typically lower fees, depending on structure

- Public equity market-like volatility
- High equity beta / equity market correlations
- Not always pure infrastructure exposure, depending on the vehicle

Enhanced Liquidity

Each form of infrastructure investing has its benefits and considerations. Allocations should be driven by investors' objectives and existing portfolio holdings, with consideration for an appropriate mix across structures.

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# Infrastructure Investments Fund

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# IIF – Open Ended Core/Core+ Infrastructure Portfolio

**Seeks to deliver diversification, inflation protection, stable cash yield (“D.I.Y.”) and attractive risk-adjusted returns through market cycles**

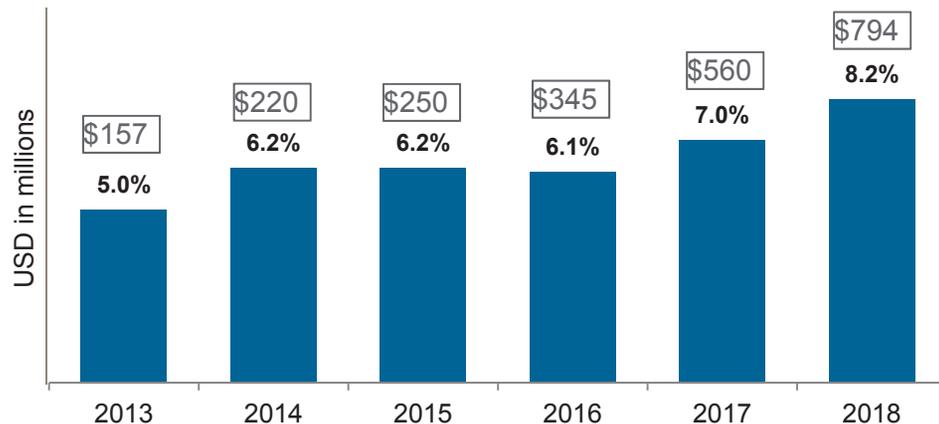
## Strategy Overview

- Founded in 2006; open-ended perpetual structure
- Core/core+ infrastructure; long-term, contracted/regulated assets
- 19 portfolio companies (464 assets) in 25 countries & 12 subsectors
- Target control investments in private middle market platforms: Average equity transaction size of ~USD 75mm since 2013
- ESG integrated into investment and asset management processes
- **Estimated queue of 6 - 12 months or less from closing (subject to change)**

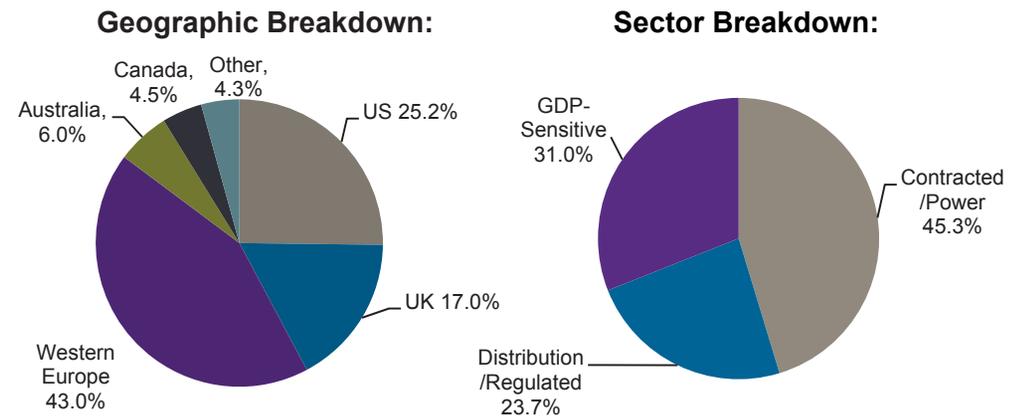
## Summary of Key Strategy Elements

<b>Net Asset Value</b>	■ USD 12.0 billion (53% loan-to-value)
<b>Target Return</b>	■ 8-12% net <sup>1</sup>
<b>Target Cash Yield</b>	■ 5-7% on NAV <sup>1</sup>
<b>Sector/Geographic Focus</b>	■ Distribution/Regulated, GDP-Sensitive & Contracted/Power in OECD
<b>Governance</b>	■ Co-largest/controlling owner of 16 of 19 portfolio companies

## Cash Yield as Foundation of Total Return (% p.a.)<sup>2</sup>

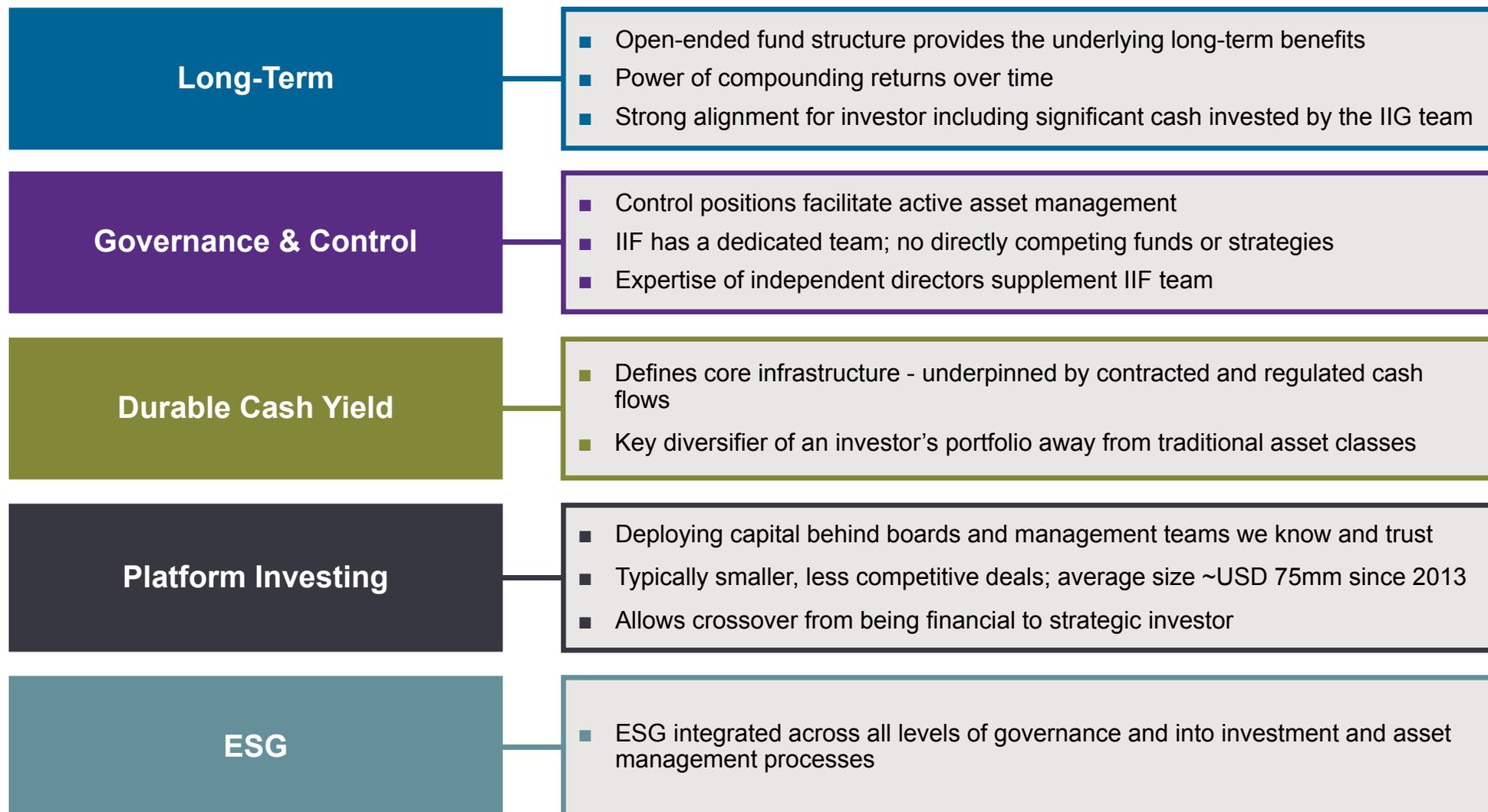


## Existing Portfolio



All data as of September 30, 2019. The advisor seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. <sup>1</sup>The target returns and cash yield are for illustrative purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns or yield similar to the targets shown above. Please see the complete Target Return disclosure at the conclusion of the presentation for more information on the risks and limitation of target returns. <sup>2</sup>Yield on NAV, the one-year cash yields were calculated using individual quarterly cash yields. Majority of yield expected to be ordinary income with the balance return of capital. <sup>3</sup>Other includes Japan, Chile and South Africa. <sup>4</sup>2.4% invested in Sweden, which is denominated in SEK.

## IIF Investment Philosophy – Long-Term Ownership and Accountability



For illustrative purposes only. As of September 30, 2019.

# Dedicated IIG Team of 52 Supported by 80 Independent Directors Across the Portfolio



**Paul Ryan, MD**  
Portfolio Manager  
New York



**Matthew LeBlanc, MD**  
Chief Investment Officer  
New York



**Brian Goodwin, MD**  
Head of Portfolio Asset Management  
New York

## Investment & Asset Management Team — New York



**Landy Gilbert**  
Managing Director



**Andrew Kapp**  
Managing Director



**Hai-Gi Li**  
Managing Director



**Ed Wu**  
Executive Director



**Kathleen Lawler**  
Executive Director



**Dan Mitaro**  
Executive Director



**Marko Josipovic**  
Vice President



**Preston Scherer**  
Vice President



**Georgina Yea**  
Associate



**Clara Lequin**  
Associate



**Stephen Leh**  
Associate



**Michael Karp**  
Associate



**Sophia Sciabica**  
Associate



**Mauricio Palazzi**  
Associate

## Investment & Asset Management Team — London



**John Lynch**  
Managing Director



**Rob Hardy**  
Managing Director



**Mark Walters**  
Managing Director



**Sara Sulaiman**  
Executive Director



**Mark Scarsella**  
Executive Director



**Ben Francis**  
Vice President



**Farah Meroue**  
Vice President



**Sneha Sinha**  
Vice President



**Gary Blackburn**  
Associate



**Michelle van Ryneveld**  
Associate



**Jack Gillespie**  
Associate



**Frederico Correia**  
Associate



**Alexandru Godoroja**  
Associate

## Finance/Tax

Stephen Liu, ED  
Manura Miriyagalla, ED  
Esther Cho, VP  
April Lee, VP  
Sara Scoppetuolo, VP  
Simon Choi, Associate

## Client Strategy



**Nick Moller**  
Executive Director  
New York



**Gilly Zimmer**  
Executive Director  
New York



**Dan Galinko**  
Vice President  
New York



**Chris Simard**  
Vice President  
New York



**Cassie Winn**  
Vice President  
New York

## Fund Execution



**Amanda Wallace**  
Managing Director  
New York



**Hannah Logan**  
Executive Director  
London



**Ebru Sert**  
Executive Director  
New York



**Sinead Browne**  
Associate  
New York

## Research



**Karthik Narayan**  
Vice President  
New York



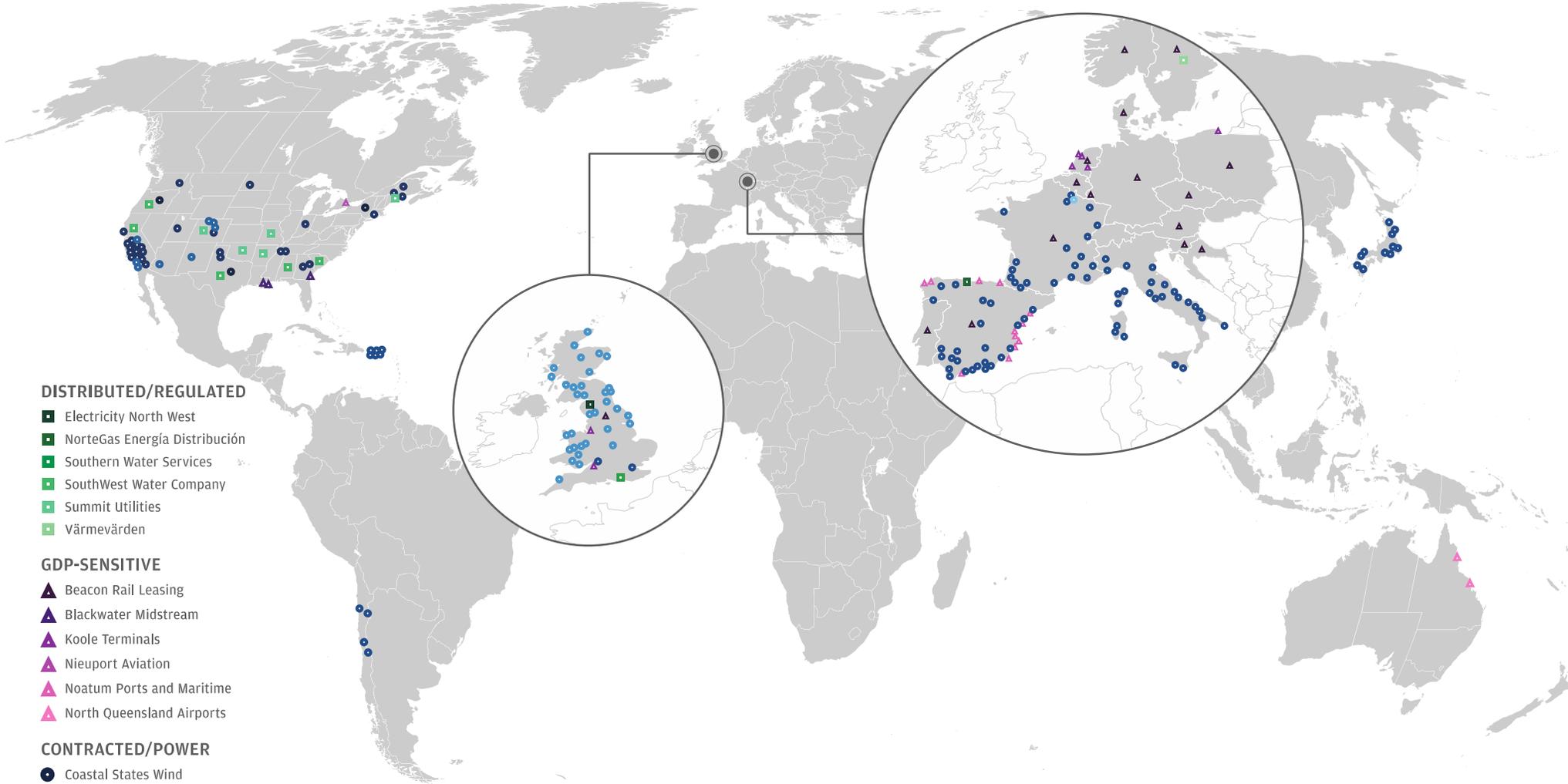
**Katarina Roele**  
Associate  
London

## Client Service

Jonathan Schwartz, VP  
Esandra Blackwood, VP  
Frances Huang, Associate  
Nina Maurio, Associate  
Penn Sednaoui, Associate

All listed individuals are employees of JPMAM. There can be no assurance that the professionals currently employed by JPMAM will continue to be employed by JPMAM or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success. Source: JPMAM, as of November 2019.

# Global Reach and Scale of the IIF Portfolio



### DISTRIBUTED/REGULATED

- Electricity North West
- NorteGas Energía Distribución
- Southern Water Services
- SouthWest Water Company
- Summit Utilities
- Värmevärden

### GDP-SENSITIVE

- ▲ Beacon Rail Leasing
- ▲ Blackwater Midstream
- ▲ Koole Terminals
- ▲ Nieuport Aviation
- ▲ Noatum Ports and Maritime
- ▲ North Queensland Airports

### CONTRACTED/POWER

- Coastal States Wind
- Novatus Energy
- Sonnedix Power Holdings
- Southwest Generation
- Ventient Energy
- Vision Renewables

**3.4GW**

of renewable power:  
powering ~3 million  
homes for a year

**3.7mm**

metric tons of GHG  
emissions avoided

**8mm**

passengers traveled  
through our airports

**20mm**

square meters of  
solar panels

**20mm**

customers

**40mm**

families pension  
money invested

**75bn**

gallons of clean  
water processed

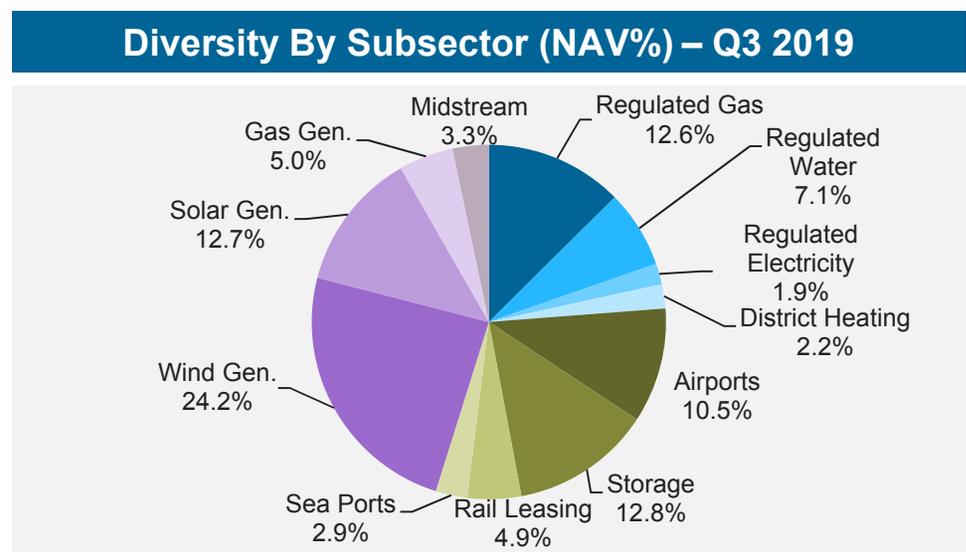
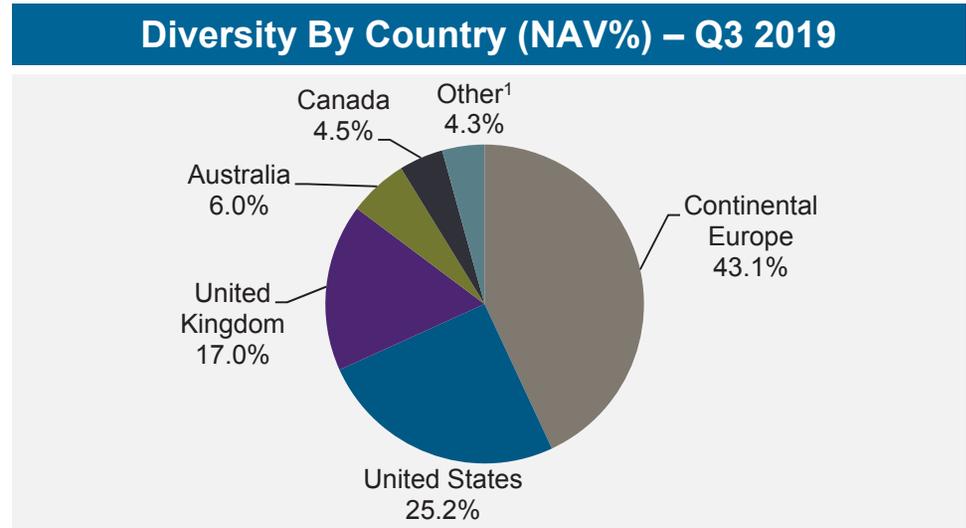
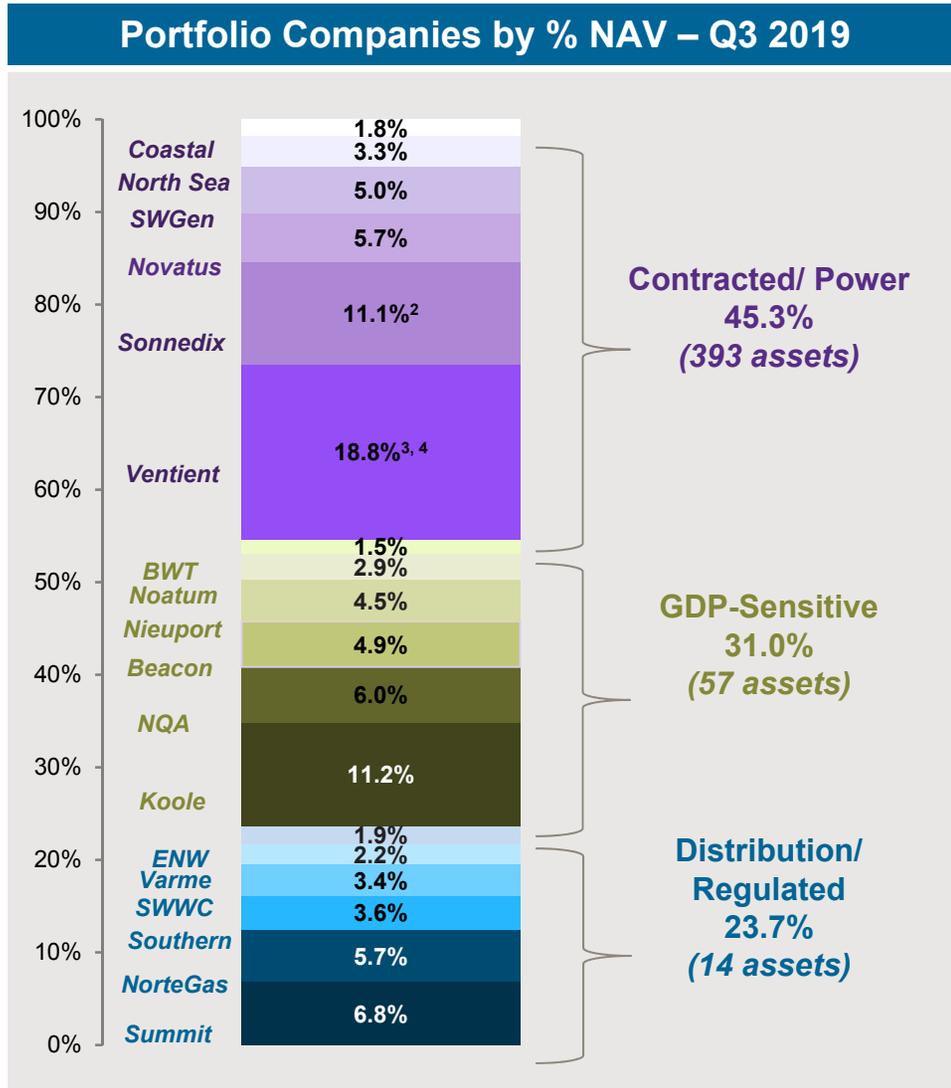
**9,000**

employees

For illustrative purposes only. As of December 31, 2018.

# A Diversified Portfolio: USD 12.0 Billion; 19 Portfolio Companies, 464 Underlying Assets

Existing well diversified portfolio where no single asset comprises more than 5.7% of the Fund



All data as of September 30, 2019.

<sup>1</sup> Other includes Chile, Japan, and South Africa. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

<sup>2</sup> Comprises 246 assets.

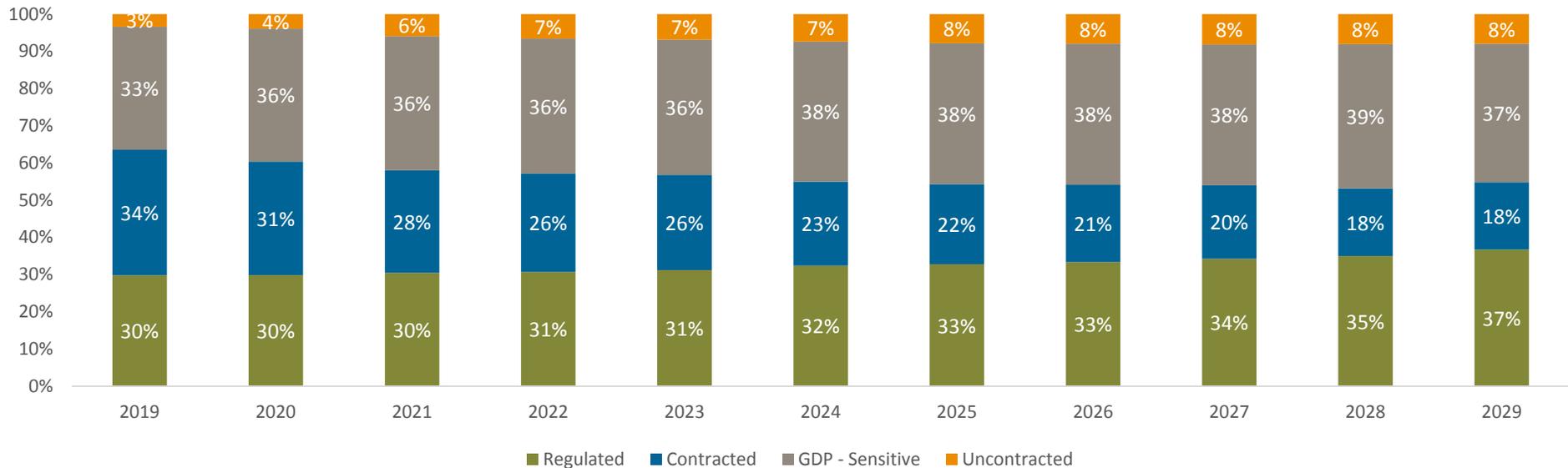
<sup>3</sup> Includes the Vision Renewables platform and comprises 104 assets.

<sup>4</sup> Ventient closed on an expected refinancing in Q4 2019 that decreased Ventient's percentage of the portfolio to ~10.0%

# IIF Portfolio Cash Flow is Focused on Regulated and Long-Term Contracted Assets

- Regulated and long-term contracted assets make up a large portion of the current IIF portfolio, and are expected to constitute a significant portion of value even after 10 years
- The proportion of regulated and contracted assets will be even higher after including the impact of some recent transactions and pro forma for the completed portfolio company operations
- The forecast presented is for current portfolio only and does not assume any re-contracting

**Assuming no re-contracting, more than 55% of revenue is contracted/regulated in 2029**



Source: Data as of 2Q 2019, in USD, revenues beyond Q2 2019 are forecast. Opinions, estimates, forecasts, and projections are based on current market conditions, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met. Past performance is no guarantee of comparable future results.

# Current Portfolio – 19 Companies with 464 Underlying Assets<sup>1</sup>

Distribution/Regulated (24%)	Contracted/Power (45%)	GDP-Sensitive (31%)
 <p><b>Electricity North West</b> Regulated electric distribution network providing power to over 6mm people in northwest England <b>25.0% ownership</b></p> <p><b>Southern Water Services</b> Regulated water and wastewater network in southeast England serving over 7mm customers <b>39.8% control</b></p> <p><b>Summit Utilities</b> Regulated natural gas distribution utilities with operations in Arkansas, Colorado, Maine, Missouri and Oklahoma <b>100% control</b></p>	 <p><b>Coastal States Winds</b> North American wind portfolio in New York, Oregon, and Texas totalling 354 MW's <b>various control</b></p> <p><b>Novatus Energy</b> 1,600 MW portfolio of wind and solar projects in the U.S. <b>100% control</b></p> <p><b>Southwest Generation</b> 1,600 MW gas fired generation facilities in 4 states <b>100% control</b></p>	 <p><b>Beacon Rail</b> Rolling stock leasing company which operates in the freight and passenger train markets in the UK and Continental Europe <b>100% control</b></p> <p><b>Koole Terminals</b> European liquid bulk storage company with c.3.6m cubic meter capacity focused on the Amsterdam-Rotterdam-Antwerp region <b>100.0% control</b></p> <p><b>Noatum Ports</b> Leading operator in the Iberian Peninsula comprised of 18 terminals in Spain <b>various control</b></p>
 <p><b>Nortegas</b> Second largest gas distribution company in Spain servicing over 1mm supply points with natural gas / liquefied propane gas <b>59.3% control</b></p> <p><b>SouthWest Water Company</b> Regulated water and wastewater utilities serving over 500,000 people in 5 states <b>100% control</b></p> <p><b>Värmevärden</b> District Heating company in Sweden that provides environmentally sustainable heat for residential and non-residential clients <b>100% control</b></p>	 <p><b>Ventient Energy<sup>2</sup></b> Diversified portfolio of 104 contracted wind farms totalling more than 1,100 MW of capacity throughout the UK and Europe <b>100% control</b></p> <p><b>Sonnedix Power Holdings</b> Interest in global solar developer, owner and operator <b>100% control<sup>3</sup></b></p> <p><b>North Sea Midstream Partners</b> Transports and processes ~ 20% of the UK's natural gas on an average day <b>50% control<sup>4</sup></b></p>	 <p><b>BW Terminals</b> Liquid bulk storage business with over 2.4 million barrels of capacity located in Louisiana and Georgia <b>100% control</b></p> <p><b>Nieuport Aviation</b> Owns and operates the passenger terminal at Billy Bishop Toronto City Airport, Toronto's second largest airport <b>100% control</b></p> <p><b>North Queensland Airports</b> Cairns and Mackay Airports, serving the Great Barrier Reef and Bowen Basin <b>66.1% control</b></p>



## Denotes Platform Investments

Assets identified for future potential equity capital deployment. The companies above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell.

Note: Control includes managed co-investment stakes.<sup>1</sup> Data as of September 30, 2019. Diversification does not guarantee investment returns and does not eliminate the risk of loss. <sup>2</sup> Includes the Vision Renewables platform. <sup>3</sup> Includes management stake. <sup>4</sup> Split control with financial partner and includes a management stake.

# ESG Overview and Initiatives

## The Fund incorporates core ESG principles throughout its investment and ongoing asset management processes

<b>Governance</b>	<ul style="list-style-type: none"> <li>• <b>Majority Control</b> – key for implementation of sustainable practices</li> <li>• <b>Independent Board of Directors</b> – provides diversity of thought, relationships and experience</li> <li>• <b>Culture of Accountability and Alignment</b> – framework for investors’ long-term goals</li> </ul>
<b>Stakeholders</b>	<ul style="list-style-type: none"> <li>• <b>Stakeholder engagement</b> is critical for maintaining social license to operate</li> <li>• Proactive approach to managing relationships, including <b>customers, employees, communities, regulators, governmental entities</b>, debt providers and supply chain</li> </ul>
<b>UN PRI</b>	<ul style="list-style-type: none"> <li>• United Nations Principles for Responsible Investing (UN PRI) signatory<sup>1</sup></li> <li>• <b>“A” rating</b> for Direct Infrastructure on the 2019 UN PRI annual assessment report<sup>2</sup></li> </ul>
<b>GRESB</b>	<ul style="list-style-type: none"> <li>• Global Real Estate Sustainability Benchmark (GRESB) member<sup>3</sup> and Fund ranked <b>5<sup>th</sup> out of 28</b> in its peer group in 2019</li> <li>• 8 companies received 5 stars; 5 companies received 4 stars and 3 companies received 3 stars; 3 assets were #1 in peer group and sector leaders<sup>4</sup></li> </ul>
<b>SDG</b>	<ul style="list-style-type: none"> <li>• We believe more than <b>75% of the IIF portfolio</b> contributes to the achievement of the United Nations Sustainable Development Goals</li> </ul>

**IIF 2018-2019 ESG Initiatives**

- Information Protection and Cybersecurity
- Supply Chain Management
- Resilience and Disaster Preparedness
- Stakeholder and Community Engagement

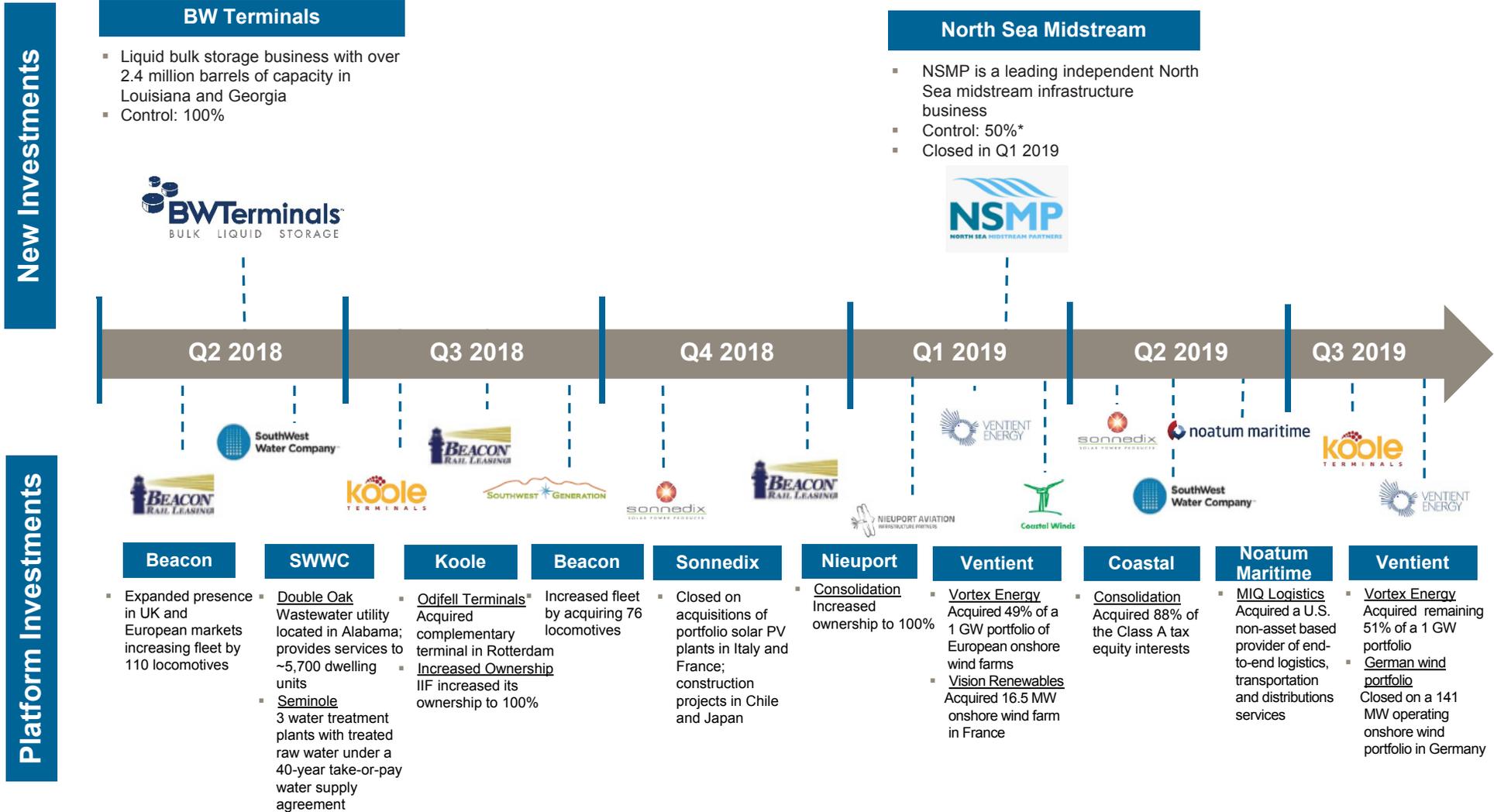


As of September 30, 2019. <sup>1</sup> JPMAM is the signatory to UN PRI. <sup>2</sup> For more information regarding the PRI assessment methodology or to view the 2019 JPMAM RI Transparency Report, please go to [www.unpri.org](http://www.unpri.org). The 2019 JPMAM assessment Report is available upon request. <sup>3</sup> JPMAM is a member of GRESB Infrastructure. <sup>4</sup> 16 of 18 portfolio companies completed the 2019 GRESB submission. Coastal and BWT did not participate; BWT did not participate because ownership was less than six months of the submission period. The portfolio company submissions includes separate submissions by CSP Spain and Noatum Maritime. UNPRI and GRESB ratings are not reliable indicators of current and/or future results or performance of the underlying assets. ESG considerations are one aspect of our decision making process. We continue to only make investments that we believe will be return-enhancing and accretive to our clients’ portfolios.

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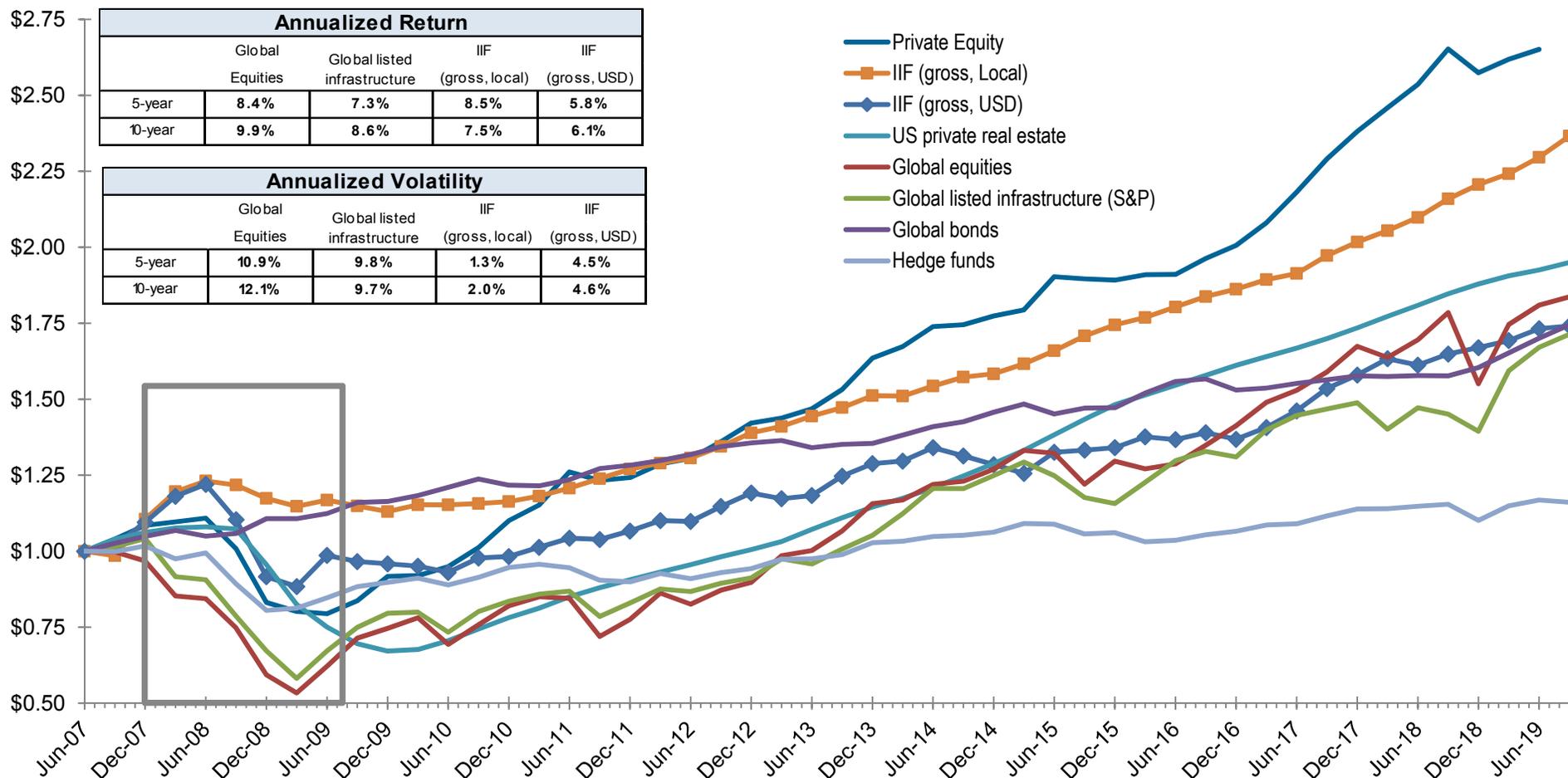
# 2018-2019 Acquisition Activity



# IIF Has Demonstrated Strong Risk-Adjusted Returns

IIF has demonstrated robust returns with less volatility than other asset classes since inception

## Evolution of USD 1 Invested in Q2 2007 to Q3 2019



Source: Bloomberg, NCREIF, J.P.Morgan Asset Management. Global equities, global listed infrastructure, global bonds, and US real estate are measured by MSCI World, S&P Global Infrastructure Index, Barclays Global Agg, and NFI-ODCE, respectively. Private Equity from 15 year quarterly Burgiss data, and available through Q2-2019. All series are based on gross of fees, net of taxes and expenses total return indices, and denominated in USD; please refer to the IIF Historical Return & Yield Summary slide for returns for IIF net of fees and full disclosure regarding fee calculations. Data as of Q3-2019. IIF Past performance is not indicative of future results. Indices do not include fees or operating expenses and are not available for actual investment.

## IIF Historical Return & Yield Summary

- Net local currency returns represent significant premium to CPI +6.1% and risk-free rate +6.8% over 5 years<sup>1</sup>
- The portfolio is currently being held at a 10.2% weighted average equity discount rate which reflects the long-term business plans of the underlying portfolio companies<sup>2</sup>

### Returns for Periods Ended September 30, 2019<sup>3</sup>

	One Year <sup>3</sup>	Three Year <sup>3</sup>	Five Year <sup>3</sup>	Ten Year <sup>3</sup>	Since Inception <sup>3</sup>	Five Year Volatility
Gross Asset Performance (Local Currency)	10.6%	9.8%	9.4%	8.5%	8.4%	
Taxes <sup>4</sup>	(0.4%)	(0.4%)	(0.3%)	(0.5%)	(0.4%)	
Fund Expenses <sup>4</sup>	(0.5%)	(0.5%)	(0.5%)	(0.5%)	(0.6%)	
Management Fees <sup>4</sup>	(0.9%)	(0.9%)	(1.0%)	(1.2%)	(1.3%)	
<b>Net Total Return Local Currency</b>	<b>8.7%</b>	<b>7.9%</b>	<b>7.5%</b>	<b>6.2%</b>	<b>5.9%</b>	<b>1.3%</b>
<i>F/X Impact<sup>5</sup></i>	(3.7%)	(0.9%)	(2.6%)	(1.4%)	(2.5%)	
<b>Net Total USD Return</b>	<b>4.7%</b>	<b>6.9%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>3.3%</b>	<b>4.5%</b>
<b>Cash Yield (Distributions / NAV)</b>	<b>8.1%</b>	<b>7.7%</b>	<b>7.1%</b>	<b>6.1%</b>	<b>5.5%</b>	<b>1.2%</b>

Past performance is no guarantee of future results. Returns include the re-investment of income.

<sup>1</sup> Global weighted average CPI and risk-free rate across IIF's currency exposures (US, UK, Eurozone, Canada, Australia, and Sweden)

<sup>2</sup> Represents the weighted average equity discount rate for the portfolio as of September 30, 2019.

<sup>3</sup> Performance numbers represent a composite return of the combined fund investor vehicles (FIVs) in existence as of September 30, 2019. Specific FIV and investor returns are shown on the quarterly investor statements. Investment performance does not include hedging gains/(losses) resulting from the Hedging Program.

<sup>4</sup> Includes Fund-level income and expenses; taxes mainly relate to deferred taxes on net appreciation of the Fund

<sup>5</sup> FX gains and losses at the underlying portfolio companies are included in FX and represent an impact on the One Year, Three Year, Five Year, Ten Year and Since Inception returns of 0.4%, 0.0%, 0.0%, 0.0% and 0.0% respectively.

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## F/X Currency Hedging Program Performance

<i>Oct 1<sup>st</sup>, 2018 through Sept 30<sup>th</sup>, 2019</i>	<b>AUD</b>	<b>EUR</b>	<b>GBP</b>	<b>JPY</b>	<b>USD</b>
<b>Net Total Return - Local Currency</b>	<b>8.8%</b>	<b>9.5%</b>	<b>9.4%</b>	<b>8.7%</b>	<b>9.3%</b>
FX Impact <sup>2</sup>	-4.2%	-4.2%	-4.2%	-4.2%	-4.2%
<b>Net Total USD Return - Pre Hedging</b>	<b>4.6%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>4.5%</b>	<b>5.2%</b>
FX Translation to Home Currency <sup>3</sup>	7.1%	6.4%	6.0%	-5.0%	0.0%
Impact of Hedging <sup>4</sup>	-1.3%	-3.3%	-1.4%	8.1%	6.2%
Hedging Expense	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
<b>Net Home Currency Return - Post Hedging</b>	<b>10.4%</b>	<b>8.3%</b>	<b>9.8%</b>	<b>7.5%</b>	<b>11.2%</b>

As September 30, 2019

**Past performance is no guarantee of future results. Returns include the re-investment of income.**

Returns represent a composite of the returns of all investors in each particular FIV. Individual returns may vary.

AUD = IIF Australian Trust 1, EUR = IIF UK 1 Hedged LP; GBP = IIF UK 1 Hedged LP, JPY = IIF Canadian 1 Hedged LP; USD = IIF Hedged LP.

<sup>1</sup> Returns for periods greater than one quarter are time-weighted rates of return calculated by linking quarterly returns. Returns of greater than one year are annualized.

<sup>2</sup> Relates to changes in the exchange rates of the underlying portfolio companies held in local currency terms and the USD, the Fund's reporting currency

<sup>3</sup> Relates to the exchange rates of the Fund currency (USD) to an investor's home currency

<sup>4</sup> Relates to the gains/(losses) on the FX currency forward contracts between the underlying portfolio companies' currency and investor's home currency.

Please refer to the PPM for important additional risks, disclosures and information.

# Key Terms & Conditions

## Summary of Key Terms & Conditions

<b>Currency</b>	<ul style="list-style-type: none"> <li>Denominated in USD; Unhedged and select currency hedged Fund Vehicles available<sup>1</sup></li> </ul>
<b>Target Return</b>	<ul style="list-style-type: none"> <li>8-12% net<sup>2</sup></li> </ul>
<b>Target Cash Yield</b>	<ul style="list-style-type: none"> <li>5-7% on NAV<sup>2</sup> (Cash distributions)</li> </ul>
<b>Sector Focus</b>	<ul style="list-style-type: none"> <li>Distribution/Regulated, GDP-Sensitive &amp; Contracted/Power</li> </ul>
<b>Geographic Focus</b>	<ul style="list-style-type: none"> <li>U.S., Canada, Western Europe, and other OECD</li> </ul>
<b>Distributions</b>	<ul style="list-style-type: none"> <li>Quarterly. <i>Can be received as cash or reinvested</i></li> </ul>
<b>Repurchases</b>	<ul style="list-style-type: none"> <li>Semi-annual on best efforts basis with 4-year soft lock</li> <li>Repurchase requests made prior to the fourth anniversary of the final drawdown of an Investor's Commitment subject to a 4% repurchase discount</li> </ul>
<b>Minimum Commitment</b>	<ul style="list-style-type: none"> <li>USD 10 million</li> <li>May be waived at investment advisor's discretion (<i>may be subject to different terms and conditions including higher fees</i>)</li> </ul>
<b>Management Fees (On NAV)</b>	<ul style="list-style-type: none"> <li>USD10mm to &lt;USD100mm: <i>100bps</i></li> <li>USD 100mm to USD 300mm: <i>90bps</i></li> <li>USD 300mm &amp; Greater: <i>80bps</i></li> </ul>
<b>Incentive Fee</b>	<ul style="list-style-type: none"> <li>15% over 7% net return hurdle (incentive fee calculation excludes the impact of F/X)</li> <li>Cap of 13.5% return; no catch-up; 3-year measurement period</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>Snapshot: ~30 days after quarter end</li> <li>Client Statement: ~40 days after quarter end</li> <li>Quarterly Report: ~60 days after quarter end</li> <li>Annual Report: ~90 days after year end</li> </ul>

Note: Please refer to the PPM for additional information.

<sup>1</sup> Please refer to the PPM for important additional risks, disclosures and information.

<sup>2</sup> The target returns and yield are for illustrative purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns or yield similar to the targets shown above. Please see the complete Target Return disclosure at the conclusion of the presentation for more information on the risks and limitation of target returns.

## IIF Optional Currency Hedging Program – Summary

- In October 2018, IIF established an optional currency hedging program. ~USD 3.0 billion of capital invested in the program as at July 2019
- While we believe the Fund’s long-term investment horizon alleviates the impact of currency movements over-time, certain investors have sought a ‘within the Fund’ currency hedge to reduce short-term currency volatility
- Hedged Fund Investor Vehicles (“HFIVs”) are offered as parallel vehicles to certain existing un-hedged FIVs, subject to certain tax, regulatory and legal considerations where there was a sufficient level of investor interest during the election period (i.e., there is not currently hedging options for every FIV)

### Summary of IIF Currency Hedging Program

<b>HFIVs Currently Available</b>	<ul style="list-style-type: none"> <li>■ IIF Australian 1 Trust, IIF LP, IIF Canadian 1 LP, IIF Cayman 1 Ltd, IIF UK 1 LP, IIF Luxembourg &amp; IIF ERISA LP</li> </ul>
<b>Currencies Offered</b>	<ul style="list-style-type: none"> <li>■ AUD, CHF, EUR, GBP, JPY, SEK &amp; USD currently</li> </ul>
<b>Hedging Strategy</b>	<ul style="list-style-type: none"> <li>■ Anticipate rolling 3 month forwards; directly hedge portfolio company reporting currencies</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>■ JPM does not charge any additional fees for managing the program</li> </ul>
<b>Estimated Costs</b>	<ul style="list-style-type: none"> <li>■ Anticipate ongoing operational costs to be 7bps<sup>1</sup> p.a. dependent on program scale</li> <li>■ Additional interest cost of use of credit facility to cover F/X mark-to-market (“MTM”) (if necessary) will be allocated to the applicable Hedging Investors</li> <li>■ F/X forward market pricing also results in a benefit or cost. Depends on market conditions and currencies being hedged and evolves over time as the result of relative interest rates</li> </ul>
<b>F/X Settlement</b>	<ul style="list-style-type: none"> <li>■ Settled with use of the Fund’s credit facility and then repaid by Hedging Investors</li> <li>■ Fund distributions held back (if necessary) to recover F/X MTM</li> <li>■ Ability to redeem units or call capital above commitment amount from the hedged investor to cover MTM of the hedge</li> </ul>
<b>Election (Existing Investors)</b>	<ul style="list-style-type: none"> <li>■ Annual election anticipated May 31 for every July 1</li> <li>■ Ability to partially hedge and move into and out of HFIV</li> </ul>
<b>Third Party Administrator</b>	<ul style="list-style-type: none"> <li>■ Chatham Financial</li> </ul>

As of June 30, 2019.

<sup>1</sup> Assumes program size of USD 3.0bn, costs will be higher if interest is more muted.

Note: Please refer to the PPM for important additional risks, disclosures and information.

## Key Takeaways

### Existing Diversified Portfolio

- USD 12.0 billion NAV portfolio
- 464 assets (19 portfolio companies), 25 countries, 12 subsectors
- No single asset accounting for more than ~ 6.0% of portfolio

### Differentiated Strategy

- Platform investing, typically focusing on smaller, less competitive opportunities
- Short commitment queue, estimated at 6 - 12 months or less from closing
- Enables strong alignment for investor through significant cash invested by the IIG team

### Long-Term Contracted/Regulated Assets

- Estimated 64% of the Fund's portfolio company's 2019 revenues are contracted/regulated<sup>1</sup>
- Visibility to 5-7% p.a. of NAV target cash yield with 8.1% p.a. for trailing 12 months<sup>2</sup>

### ESG

- ESG integrated across all levels of governance and into investment and asset management processes
- Co-largest/controlling owner of 16 of 19 portfolio companies
- Management across the portfolio through a consistent framework

All data as of September 30, 2019. The advisor seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. <sup>1</sup>Source: JPMAM, data as of June 30, 2019. Opinions, estimates, forecasts, and projections are based current market conditions, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met. Past performance is no guarantee of comparable future results. <sup>2</sup> The target returns and cash yield are for illustrative purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns or yield similar to the targets shown above. Please see the complete Target Return disclosure at the conclusion of the presentation for more information on the risks and limitation of target returns.

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# Appendix

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## Summary of Current and Proposed New Fee Schedule

IIF's fee changes are designed to enhance simplification, increase alignment and continue to provide a competitive offering to our investors

	Current Fee Schedule	Proposed New Fee Schedule <sup>1</sup>
<b>Management Fee</b>	<ul style="list-style-type: none"> <li>■ &lt;\$100mm: 1.00%</li> <li>■ \$100mm to &lt;\$300mm: 0.90%</li> <li>■ \$300mm and above: 0.80%</li> </ul>	<p><b><u>Proposed management fee reduction of 5%<sup>2</sup></u></b> from the current tiers with the addition of a new tier:</p> <ul style="list-style-type: none"> <li>■ &lt;\$100mm: 0.95%</li> <li>■ \$100mm to &lt;\$300mm: 0.86%</li> <li>■ \$300mm to &lt;\$500mm: 0.76%</li> <li>■ \$500mm and above: 0.67%</li> </ul> <p><b><u>*Decreases further by 5% when Fund NAV reaches \$20 billion<sup>2</sup></u></b></p> <p><b><u>** Decreases by another 5% when Fund NAV reaches \$30 billion<sup>2</sup></u></b></p>
<b>Incentive Fee</b>	<ul style="list-style-type: none"> <li>■ <b>Hurdle Return: 7% (with no catch-up)</b></li> <li>■ <b>Incentive Fee: 15%</b></li> <li>■ <b>Cap: 13.5% net of fees</b></li> <li>■ <b>Sharing: 50% JPMorgan / 50% Team</b></li> <li>■ <b>Team Reinvest: Eligible for repurchase after ~18 months</b></li> <li>■ <b>Expected Average Payment Period: 4 years</b> <ul style="list-style-type: none"> <li>■ <b>Measurement Period: 3 years investor-by-investor</b></li> <li>■ <b>Deferred Payment: 33% paid at end of each of years 3,4,5 contingent on sustained performance</b></li> </ul> </li> <li>■ <b>Reporting: Outside Fund</b></li> <li>■ <b>Calculation: IRR based</b></li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Hurdle Return: No change</b></li> <li>■ <b>Incentive Fee: No change</b></li> <li>■ <b>Cap: No change</b></li> <li>■ <b>Sharing: No change</b></li> <li>■ <b>Team Reinvest: No change</b></li> <li>■ <b>Expected Average Payment Period: 2.5 years</b> <ul style="list-style-type: none"> <li>■ <b>Measurement Period: 1 calendar year</b></li> <li>■ <b>Deferred Payment: 50% paid at end of each of years 2 and 3 contingent on sustained performance</b></li> </ul> </li> <li>■ <b>Reporting: Within Fund</b></li> <li>■ <b>Calculation: Time-weighted to match Fund reporting</b></li> <li>■ <b>Transition:</b></li> <li>■ <b>December 31, 2019:</b> Crystalize current incentive fee structure, payments due 1/3 at 12/31/2019, 1/3 at 12/31/2020 and 1/3 at 12/31/2021 (latter two payments subject to continued performance)</li> <li>■ <b>Calendar Year 2020<sup>1</sup>:</b> Proposed incentive fee structure to commence with first payment vesting 100% at end of year 3 (i.e. 12/31/2022), matching current three year Measurement Period</li> <li>■ <b>Calendar year 2021+<sup>1</sup>:</b> As per proposed incentive fee structure</li> </ul> <p><small><sup>1</sup>Incentive fee cap of 10.0% (down from 13.5%) for first three annual calendar Measurement Periods</small></p>

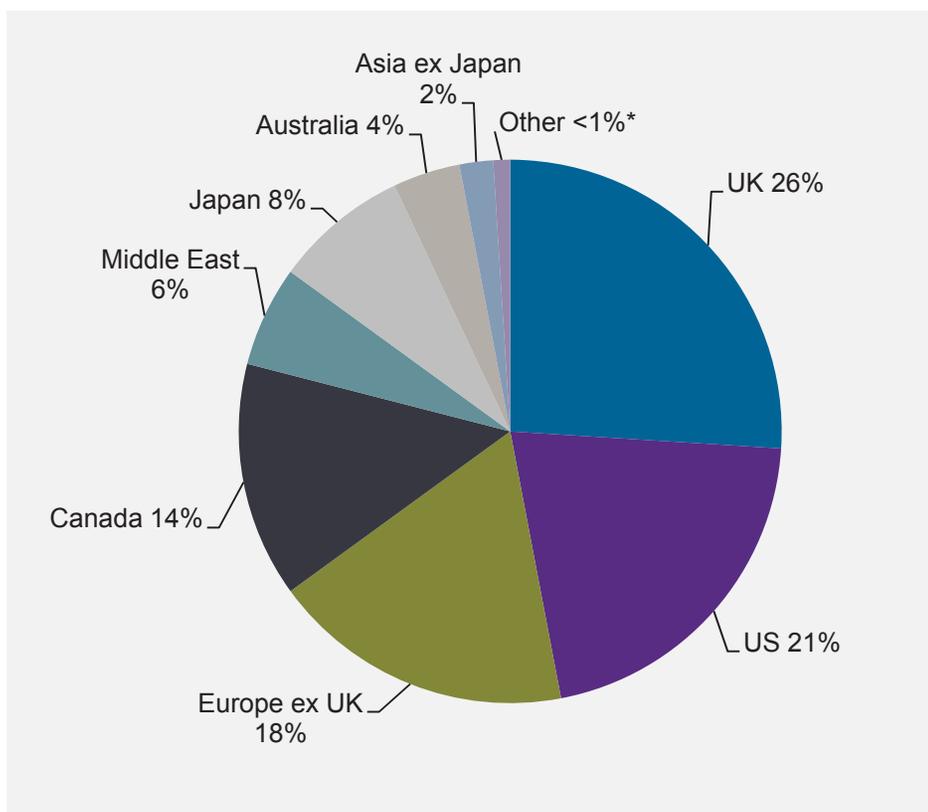
Please Note: The Election and Consent Form provides important additional information and disclosures regarding the proposed fee change.

1. The proposed fee schedule is subject to an election process that is expected to conclude in February, 2020. As such it may or may not be implemented subject to the outcome of that election process.
2. Rounded to nearest basis point

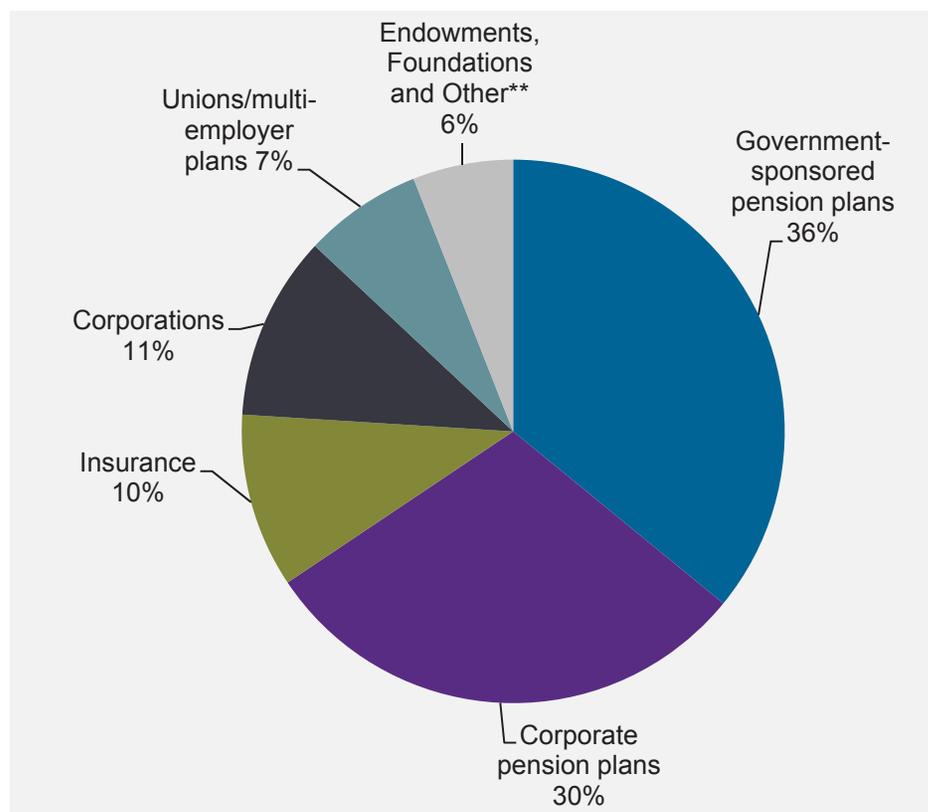
# A Diversified Long Term Investor Base Built Over More Than a Decade

IIF has commitments from 574 client accounts across 26 countries

### Commitments By Geography



### Commitments by Investor Type



Based on committed client accounts as of September 30, 2019. \*Other includes Cayman Islands, Bermuda, United Arab Emirates and Thailand. \*\* Other includes fund of funds, international organizations and High Net Worth Investors. Opinions, estimates, forecasts, and projections are based on current market conditions, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met. Past performance is no guarantee of comparable future results.

# Portfolio Company Boards are an Extension of the Infrastructure Investments Group

**Sector knowledge, expertise & networks of these board members are critical to the effective management of portfolio companies and sourcing new strategic platform investments**

## Distribution/Regulated Board Members (39 Total)

 <b>Randy Daniels</b> SouthWest Water Company, BW Terminals; U.S. Former New York Secretary of State from 2001-2005	 <b>Kathy Alexander</b> Summit Utilities U.S. Extensive experience in utilities and security sectors
 <b>Susan Howard</b> Southern Water Services UK Extensive experience in law, water and other infrastructure	 <b>Wendy Barnes</b> Southern Water Services UK Extensive experience in utilities and security sectors
 <b>Conrado Navarro</b> NorteGas Spain 25+ yrs of gas distribution and operational experience	 <b>Karen Plessinger</b> SouthWest Water Company, Sonnedix; U.S. 22+ yrs energy finance and private equity experience
 <b>Sherina Edwards</b> SouthWest Water Company U.S. Extensive experience in Law, government and infrastructure	 <b>Peter Kind</b> SouthWest Water Company U.S. 30+ yrs utility and power investment banking experience

## Contracted/Power Assets Board Members (14 Total)

 <b>Bob Foster</b> Southwest Generation U.S. 40+ yrs in government, energy, and power	 <b>Petros Kitsos</b> Sonnedix Power Holdings U.S. 22+ yrs in aerospace, defense & diversified industrials
 <b>Leanne Bell</b> Ventient Energy, Southwest Generation; U.S. 35+ yrs experience investment banking	 <b>Lindsay Brace-Martinez</b> Novatus Energy U.S. Inv. experience in sustainability, natural resources
 <b>Steen Stavnsbo</b> Sonnedix, Ventient Energy UK 25+ yrs experience global wind energy industry	 <b>Mikael Kramer</b> Ventient Energy, Värmevärden UK 30+ yrs energy experience
 <b>Barry Welch</b> Novatus, Southwest Generation; U.S. Former CEO of Atlantic Power Corporation	 <b>Anne Cleary</b> Southwest Generation U.S. 30+ years experience in the electrical utility space

## GDP-Sensitive Board Members (24 Total)

 <b>Keith Howard</b> Beacon Rail Leasing UK 20+ yrs in rolling stock owning companies	 <b>Ross Rolfe</b> North Queensland Airports Australia CEO of Infigen Energy and former CEO of Alinta Energy	 <b>Chris Ward</b> Nieupoort Aviation, BW Terminals; U.S. 30+ years experience, Port Authority of NY and NJ
 <b>Jane Bird</b> Nieupoort Aviation Canada 20+ yrs in infrastructure project management	 <b>Diane Smith-Gander</b> North Queensland Airports Australia Former management consultant	 <b>Henk Rottinghuis</b> Koole Terminals Netherlands 30+ yrs experience in the shipping industry

Source: JPMAM, as of January 2019.

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### **Risks Associated with Investing in the Strategy:**

Please consult the Memorandum for other key risk factors associated with investments in the Fund.

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