

SBCERS

Santa Barbara County Employees' Retirement System

DATE: May 22, 2024
TO: SBCERS BOARD OF RETIREMENT
FROM: SBCERS Investment Staff
RE: **2024 Private Real Assets Market Overview**

Recommendation

That the Board of Retirement receive and file the 2024 Real Assets Market Overview presented by Principal Brent Burnett of Hamilton Lane.

Summary

The education is presented by Brent Burnett of Hamilton Lane. Brent is the Head of Infrastructure and Real Assets for Hamilton Lane and a key member of the team managing the discretionary mandate for Hamilton Lane. Brent will cover the evolution of the Private Real Asset Markets before diving into specific Infrastructure and Natural Resources highlights. The highlights will include Infrastructure, Energy, Agriculture, Mining & Minerals, and Timber.

Infrastructure has opportunities within Power Generation, Data/Communications, Transportation & Logistics, Environmental and Energy Infrastructure. Infrastructure has high barriers to entry but can overcome that challenge through operational improvements and success-based capex programs.

Energy has opportunities within Upstream, Midstream/Downstream, Generation and Transmission/Distribution. Energy projects benefitting from but not wholly dependent on governmental support programs are an area of opportunity.

Agriculture has started to see a decrease in farm incomes after 2022's peak, this is due to a decrease in commodity prices while costs has not adjusted. Broadly speaking, larger farms tend to be more financially stable given their economies of scale.

Minerals & Mining has been greatly impacted by the energy transition because of the increased demand for specialty metals like bauxite, copper and lithium. Access to these crucial and rare earth minerals will be a focus of this sector as geopolitical risks heighten and the supply chain become large concerns.

Short-term demand of Timber because of the shortage of single-family housing, has been undercutting the long-term demand for timber. Coupled with shrinking timber industry workforce creates headwinds for this space.

Attachments

- 2024 Real Assets Market Overview