GP Ranking Methodology

Infrastructure manager rankings, built on the alpha managers add above their market

1 Overview

Managers are ranked on the return they add above the market, measured fund by fund and then aggregated to the manager. The ranking is built in two stages.

Funds are ranked on Pure Alpha, the annualised return a fund delivered above a benchmark matched to its own declared strategy. Managers are ranked on the realisation-weighted average of the Pure Alpha of their qualifying funds, where the weight is each fund's realised share of total value, DPI divided by TVPI. A manager's position therefore rests on the funds it actually raised, weighted by how much of each result has been settled in cash rather than held at appraisal.

2 From IRR to Pure Alpha

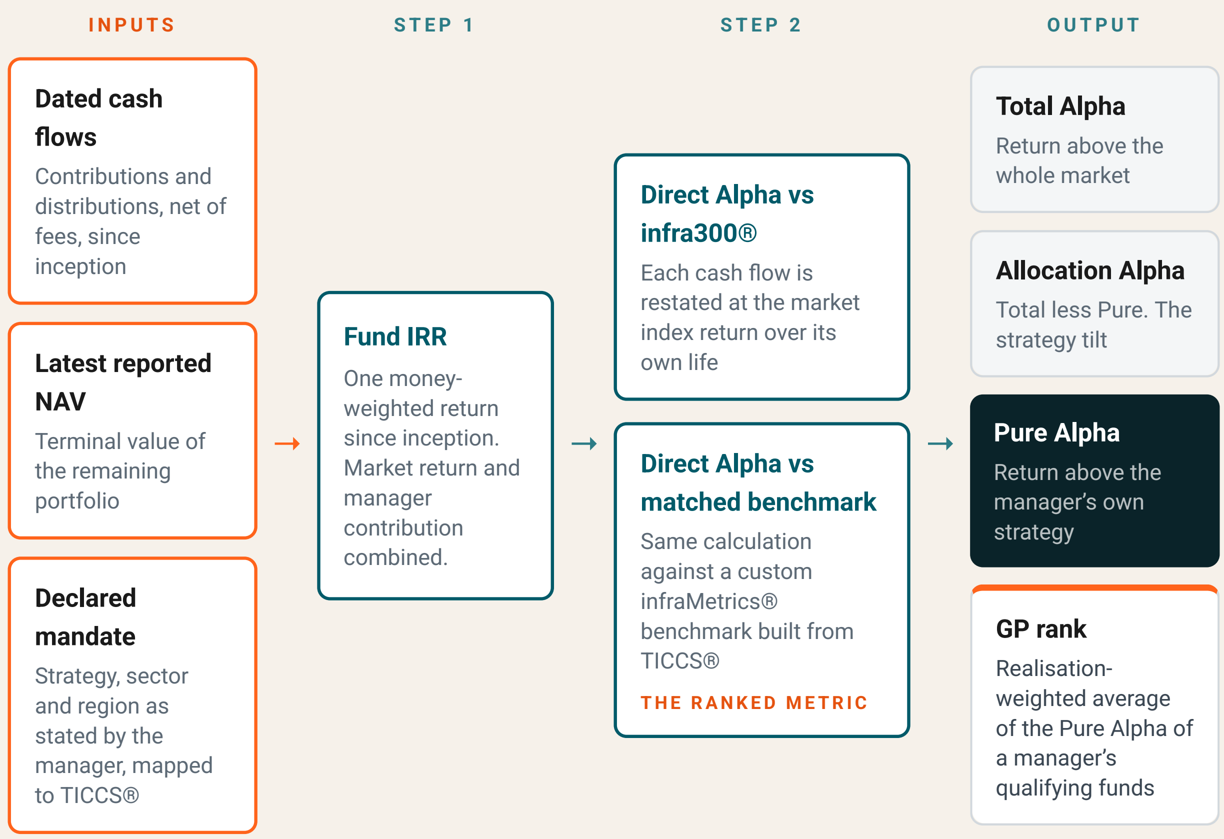
An IRR tells an investor what a fund returned. It does not say how much of that came from the market and how much the manager added. For example: a fund that returned 14% while its market returned 14% added nothing; a fund that returned 9% while its market returned 4% added a great deal. Direct Alpha separates the two.

HOW THE CALCULATION WORKS

1. Start with the fund's dated cash flows since inception, net of fees as reported, and the latest reported NAV as the value of what is still held.
2. Restate each cash flow by the benchmark's return from the date of that flow to the calculation date. For example: a contribution made in 2014 is carried forward at what the market did from 2014 onwards.
3. Take the IRR of the restated series. That is Direct Alpha: the annualised rate at which the fund beat or lagged its benchmark over its own life.
4. Measured against the infra300® market index, the result is Total Alpha. Measured against a benchmark matched to the fund's declared mandate, it is Pure Alpha.

> The difference between them is Allocation Alpha, the part that came from where the manager invested rather than how well it invested there.

Because every cash flow is compared with the market over its own life, an old vintage fund is not being judged against today’s market. Because Direct Alpha is an annualised rate rather than a multiple, a mature fund and a younger one sit on the same scale.



From fund cash flows to Pure Alpha, and from fund Pure Alpha to a manager rank. Inputs are outlined in ochre.

THE THREE MEASURES

MEASURE	WHAT IT CAPTURES	WHY IT IS PUBLISHED
Total Alpha	Return above the whole infrastructure market, measured against the infra300® index.	One regulated, widely used index, so the figure is easy to place and to check.
Pure Alpha	Return above a benchmark matched to the fund's own strategy, sector and region.	The ranked metric. It reflects selection, timing, structuring and value creation with strategy held constant, which is what makes managers running different mandates comparable.
Allocation Alpha	Total Alpha less Pure Alpha.	Shows what the strategy and sector tilt contributed, so the decomposition reconciles in full and a manager who tilts well can point to it.

Pure Alpha is ranked because it measures a manager against the strategy it said it would run. A lower-risk mandate is not penalised by a benchmark drawn wider than the fund, and a higher-risk mandate earns no credit for the risk premium alone. Total Alpha is published in the same row for readers who prefer it.

3 Which funds are eligible

Eligibility rules are set before any alpha is computed and applied uniformly. In scope are closed-end primary private infrastructure equity funds, globally, reporting in a supported index currency.

CRITERION	REQUIREMENT	WHY
Asset class	Closed-end primary infrastructure equity funds. Debt, secondaries, funds of funds, co-investment vehicles, separate accounts, listed vehicles and open-end or evergreen funds are out of scope.	Direct Alpha needs a bounded cash flow series with a terminal value, and each of these carries a different fee or entry basis, so alpha would not be comparable. Evergreen vehicles are on the roadmap for a later edition.
Vintage maturity	A known vintage year, with the two most recent vintage years excluded.	Alpha in the first years of a fund reflects J-curve effects and appraisal-driven NAVs rather than skill. The rule applies to strong and weak young funds alike.
Complete cash flow data	A complete dated series of contributions and distributions from the first capital call, beginning within two years of the fund's vintage. Series with gaps, or with an uncertain start date, are excluded rather than estimated.	Alpha is calculated since inception, so a series that starts late or has holes in it produces a figure that looks precise and is not. Nothing is interpolated or back-filled to make a fund eligible.
Benchmarkable mandate	Declared mandate mappable to TICCS® at enough granularity for a strategy benchmark to be resolved.	Without a matched benchmark a fund can carry a Total Alpha but not a Pure Alpha, and Pure Alpha is the ranked metric.

WHERE THE FUND CASH FLOWS COME FROM

Alpha is only as good as the cash flow series behind it, so the sources and the rules for choosing between them are fixed and published.

SOURCE	HOW IT IS USED	WHY
Manager-contributed cash flows	Primary source. Dated contributions and distributions, net of fees, with the latest reported NAV as terminal value.	The manager holds the definitive record of its own fund, and contributing it is the manager's opportunity to have the ranking calculated on accurate numbers and strategy.
LP-reported net cash flows	Secondary source, used where manager data is absent.	Contributions made and distributions received by an investor are an arm's-length record of the same events.
Commercial databases	Not used.	Coverage is incomplete and cannot be verified against either the manager or the investor, so those series do not enter.

Two series are never blended into a composite, because the result is a track record that neither the manager nor the investor recognises. Where several investor series exist for the same fund, the one with the longest history is used, with no averaging. Cash flows are net of fees as reported.

4 Which managers are eligible

CRITERION	REQUIREMENT	WHY
Eligible funds	Three or more funds clearing the fund-level rules.	Three is the point at which no single fund can determine a rank, and at which a repeated pattern can be told apart from one outcome. Two funds cannot do either.
Vintage diversity	Funds spanning two or more distinct vintage years.	Stops a record built in one favourable market moment from reading as a durable one.
Recency	At least one vintage in the last ten years.	Keeps the ranking to active franchises rather than historical ones.

5 From fund alpha to a manager rank

A manager's ranked alpha is the realisation-weighted average of the Pure Alpha of its qualifying funds, in three steps.

5.1 Set aside immature vintages

Funds from the two most recent vintage years are dropped entirely, as at the fund level. Their alpha is dominated by early fees, assets still held near cost and an absence of realisations. Excluding them keeps implausible early marks, in either direction, from moving a manager's rank.

5.2 Weight the remaining funds by realised share

Each qualifying fund is weighted by its DPI/TVPI: distributions divided by total value. The ratio sits between 0 and 1 by construction, so no cap is required. It measures how much of a fund's result has been settled in cash rather than held as an appraisal, so the weight ties each fund's influence to how final its alpha is. The weight is a measure of confidence in the number, not of performance: a fund can carry full weight on a poor result as easily as on a good one.

WHY THE WEIGHT IS BY DPI/TVPI

The choice is about how much of a fund's alpha is settled fact rather than estimate.

- **The J-curve does not end at a fixed age.** A fund's early alpha is first depressed by fees drawn before value is created, then flattered as assets are marked up from cost. Excluding the two most recent vintages removes the extreme of this, but the distortion fades gradually rather than at a cut-off. The realised share fades with it: a fund still working through the J-curve holds nearly all of its value at appraisal, so it carries little weight, and its influence grows as the curve resolves.
- **Unrealised alpha depends on a valuation, realised alpha does not.** For a fund still holding most of its portfolio, alpha rests on the NAV the manager reported. Once capital has been distributed, the return is a matter of record. The weight follows the part that has been paid.
- **It treats gains and losses consistently.** Raw DPI would not. A fund written down towards zero distributes almost nothing, so raw DPI would give the clearest negative evidence in a record almost no weight, while unrealised upside sat at appraised value and counted. Because NAV shrinks as a fund is written down, the realised share rises instead, and a resolved loss carries full weight without a special rule.

$$\text{Manager alpha} = \Sigma\,(w_i \cdot \alpha_i)\;/\;\Sigma\,w_i$$

where α_i is fund i's Pure Alpha and w_i is its realised share of total value. Managers are ranked on that figure, high to low.

6 Alpha persistence, and why it sits beside the rank

Persistence is the probability that a manager's next fund delivers positive Pure Alpha. It is estimated by updating a starting assumption of even odds with each observed positive or negative fund, which is how a hit rate is read sensibly from a small number of funds. It is published in the same row as the rank and does not enter the ranking calculation.

It answers a different question from the rank. For example: two managers can both average +6%. One delivered it across four funds out of four; the other delivered it in one fund out of four while three sat flat. The rank measures how much alpha a manager produced. Persistence measures how often. Folding both into a single figure means a manager's position can fall while every one of its funds improved, and nobody can say which input moved it.

Alpha and persistence determine a manager's style and can be categorised as:

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Skilled	Lucky	Unlucky	Weak
+ Alpha and High Persistence	+ Alpha but Low Persistence	– Alpha but High Persistence	– Alpha and Low Persistence

7 Notes and governance

CADENCE AND COMMITTEE

- **Cadence.** The published edition is annual and carries its calculation date. Platform tables refresh quarterly as indices reprice and fund data updates, so a platform figure can differ from the published edition.
- **Ranking committee.** The infrastructure ranking is reviewed and approved by a four-person committee drawn from PEI Group and Scientific Infra & Private Assets, covering editorial, research and product. Members for this edition: Bruno Alves, Georgene Huang, Abhishek Gupta, and Kurt Reinhart.
- **Committee discretion.** The committee has final discretion over the published ranking. It may adjust the treatment of an entry, or withhold one, where a data quality issue, a corporate action or a classification question makes the computed result unrepresentative. Departures from the computed order are recorded with their reasons.
- **Data cut-off.** 31/8/2026. No new fund data enters the edition after that date, which falls after the right-of-reply window closes.

HOW TO READ THE RANKING

- **Average alpha is close to zero.** Across the whole universe, alpha averages close to zero by construction. That is a property of a correctly specified benchmark rather than a view on the asset class: for every fund above the market, another sits below it.
- **The denominator is disclosed.** The table is published as the top N of M eligible managers. The full eligibility funnel is in Appendix B.
- **Benchmarks are disclosed, and matter.** Each benchmark is built from the mandate as declared by the manager, fixed before any alpha is computed, and its composition is published on the platform profile. A rank is only as sound as the benchmark behind it, so the ranking is reviewed whenever benchmarks are recalibrated.
- **Confidentiality.** Individual fund cash flows are not published. Ranked outputs, benchmark composition and eligibility rules are.
- **Not investment advice.** The ranking measures past performance against a benchmark.

It is not a recommendation, an endorsement, or a forecast of future results.

APPENDIX A Worked example

Illustrative figures. Fund alphas are Pure Alpha; weights (w) are the realised share of total value, DPI divided by TVPI.

GP	QUALIFYING FUNDS (VINTAGE: PURE ALPHA, W)	SET ASIDE	ΣW	GP ALPHA	RANK
A	2012: +18% (1.0); 2015: +13% (1.0); 2018: +16% (0.9)	None	2.9	**+15.7%**	**1**
B	2013: +11% (1.0); 2016: +9% (1.0); 2019: +14% (0.7)	None	2.7	**+11.0%**	**2**
C	2015: +8% (1.0); 2017: +6% (1.0); 2019: +7% (0.5)	None	2.5	**+7.0%**	**3**
D	2013: +6% (1.0); 2016: +5% (1.0); 2018: +4% (0.8)	2025 (+31%)	2.8	**+5.1%**	**4**
E	2014: +2% (1.0); 2017: −1% (0.8); 2020: +1% (0.4)	None	2.2	**+0.7%**	**5**
F	2011: −3% (1.0); 2016: −6% (1.0); 2019: −22% (1.0, written off)	None	3.0	**−10.3%**	**6**

- **GP D is the case the vintage rule is built for.** One spectacular but immature vintage is set aside, so the rank rests on the three mature funds rather than on unrealised early marks.
- **GP F shows the write-off convention.** Its 2019 fund was written off in full, so no value remains at appraisal, the realised share is 1 and the loss counts in full.

APPENDIX B Eligibility funnel

The ranking is published as the top N of M eligible managers. The funnel below shows how the ranked universe narrows from the managers screened to the managers published. Bar length is proportional to the number of managers at each stage.

Ranked GP universe screened

148 100%

All infrastructure managers identified as having raised at least one closed-end primary infrastructure equity fund, globally.

Eligible managers

Manager-level rules in Section 4: three or more funds clearing the

54 36%

fund-level tests, funds spanning two or more distinct vintage years, and at least one vintage in the last ten years.

Published ranking

30 20%

The top 30 eligible managers by realisation-weighted Pure Alpha, as published in this edition.