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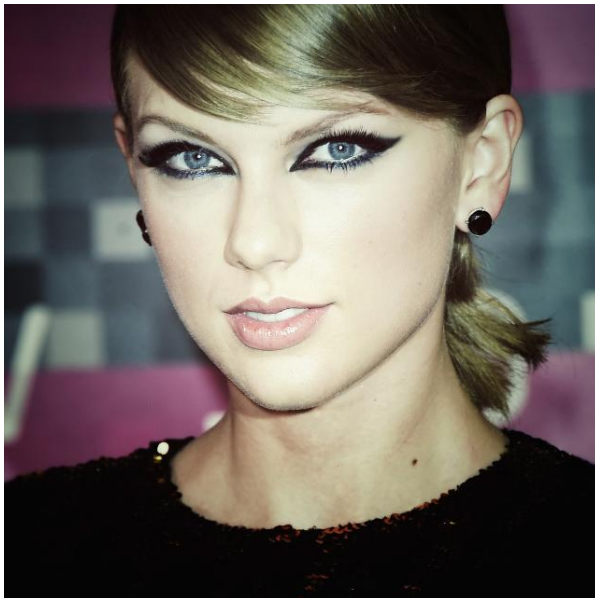
*I cover investment in energy and infrastructure.*

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## Real Assets Never Go Out of Style

The summer of 2015 brought volatility to global stock and commodity markets as investors went from being in mad love to having Bad Blood, to the tune of Taylor Swift's hit song. (A passing familiarity with Ms. Swift's work is required for this column.) While both sentiments may be attributable to young blood—or perhaps animal spirits—those who have followed the capital markets since at least 1989 (the title of Ms. Swift's big album) may prefer to hum the tune of Style, another of that album's hits.



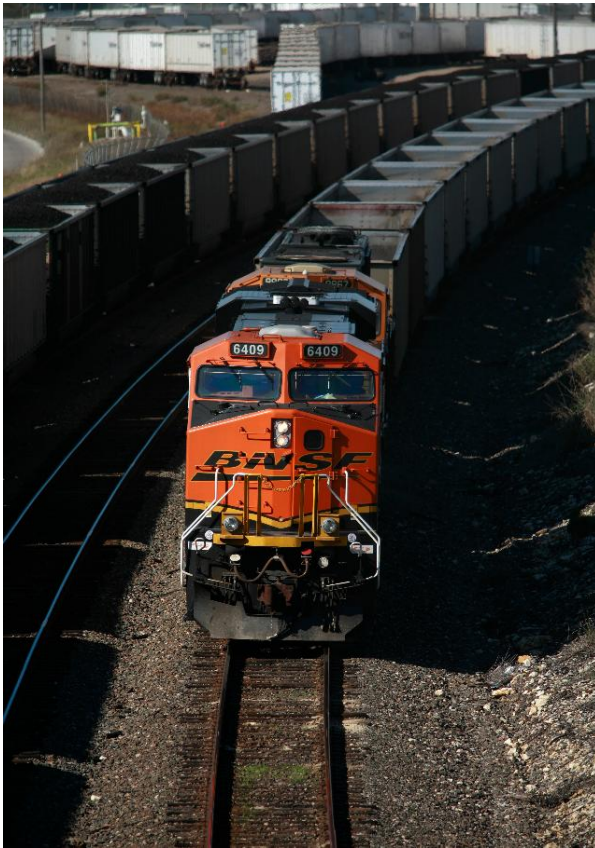
LOS ANGELES, CA – AUGUST 30: (EDITORS NOTE: Image processed using digital filters). Singer Taylor Swift arrives at the 2015 MTV Video Music Awards at Microsoft Theater on August 30, 2015 in Los Angeles, California. (Photo by Frazer Harrison/Getty Images)

During the long bull run, many investors fell into the trap of just filling in the Dow, S&P 500 and NASDAQ in the Blank Space of their investment plan. But throughout history, real assets have played the role of hedge against market volatility, which is why they will never go out of style.

Warren Buffett's advice to his heirs may be to just put it all in index funds, but presumably, if you are reading this column, you seek a more active role in the management of your portfolio or perhaps manage capital for others. A more telling Buffet move is Berkshire Hathaway's \$34 billion purchase of BNSF which controls about half of all western rail service in the United States.

While falling rig count in the fracking fields of North Dakota will reduce the amount of crude over rail the line ships, it will also slow the pace of conversions of coal-fired power plants, so coal shipments would continue. When Elon Musk starts to produce a cost efficient energy storage system, those batteries will need to be shipped around the country.

Listed markets may swing beyond your Wildest Dreams, but core real assets like transportation infrastructure, while not uncorrelated, are less correlated, so swing less wildly, and with an asset allocation to real assets, an investor can just Shake it Off when the next wild ride starts.



*FORT WORTH, TEXAS – NOVEMBER 3: A Burlington Northern Santa Fe Railroad locomotive sits on the tracks November 3, 2009 in Fort Worth, Texas. Billionaire investor Warren Buffett announced Tuesday his Berkshire Hathaway company plans to purchase 77.4% of Burlington Northern Santa Fe Corp. (Photo by Tom Pennington/Getty Images)*

(Full disclosure: my seven year old son insisted we listen to Hits 1 on satellite radio all summer. Perhaps also buy a few shares of Sirius. Maybe also Vivendi which owns Ms. Swift's distributor. Just a thought.)