

# FUNDTRACKER TRENDWATCH

## Energy and persistence conquer all

### Energy infrastructure investment funds dominate market

Despite falling energy prices, investors and managers are still flocking to energy, power and renewables funds. Perhaps that is because infrastructure investing is meant to be long term, and long term, energy demand is only expected to grow.

The U.S. Energy Information Administration's "International Energy Outlook 2016 (IEO2016)" projects that world energy consumption will grow by 48 percent between 2012 and 2040. Most of this growth will come from countries that are not in the Organization for Economic Cooperation and Development (OECD), including countries where demand is driven by strong economic growth, particularly in Asia.

Renewables and nuclear power are the world's fastest-growing energy sources over the projection period. Renewable energy increases by an average 2.6 percent per year through 2040; nuclear power increases by 2.3 percent per year.

Even though nonfossil fuels are expected to grow faster than fossil fuels (petroleum and other liquid fuels, natural gas, and coal), fossil fuels still

account for more than three-quarters of world energy consumption through 2040.

While the need for infrastructure of all kinds is huge, energy investment is one of the easiest and most-straight-forward entry points into the asset class. For purposes of this report, energy investment funds include those self-identified as "energy" funds, as well as those focused on pipelines, power generation and renewables.

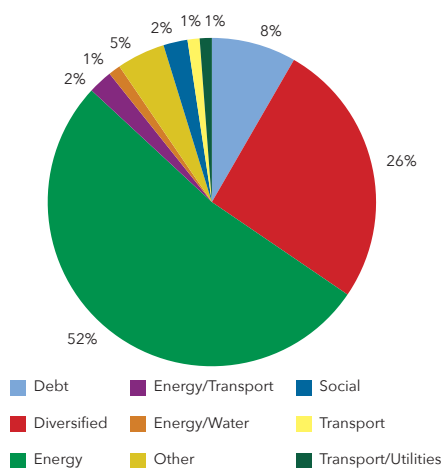
Since Jan. 1, 2014, 84 infrastructure funds have closed, representing nine categories. Of these funds, nearly 87 percent focused on an energy, debt or diversified strategy. Nearly all diversified funds (funds that either classify themselves as "diversified" or that focus on three or more discreet sectors) include an energy mandate along with other sectors.

Adding in funds that include energy along with one other sector (transportation or water) to the top three strategies, increases the total percentage of funds controlled by these three strategies to 91 percent of the total.

In addition, energy, debt and diversified funds, in total, captured nearly 86 percent of the capital raised. When funds that included energy along with one other sector are added, the total capital raised increases to nearly 96 percent of all capital raised.

- Energy funds made up 52% of closed funds
- Energy funds made up 46% of new funds
- Diversified funds made up 26% of closed funds

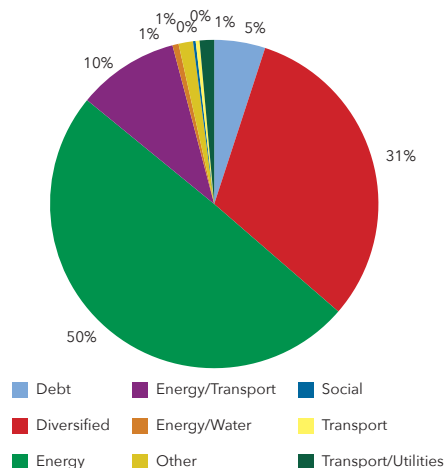
Percentage of closed funds by property focus



Source: IREI FundTracker

Funds closed 1/1/14 - 9/16/16

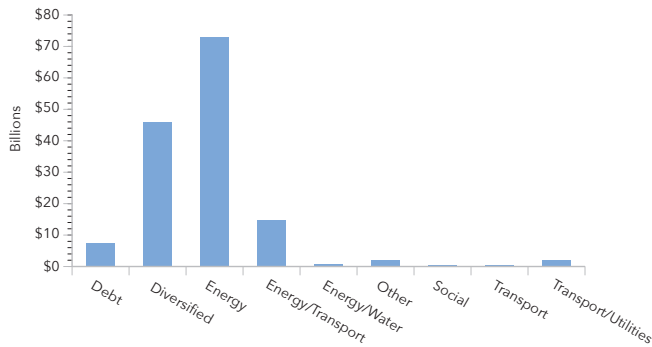
Capital raised by closed funds by property focus



Source: IREI FundTracker

Funds closed 1/1/14 - 9/16/16

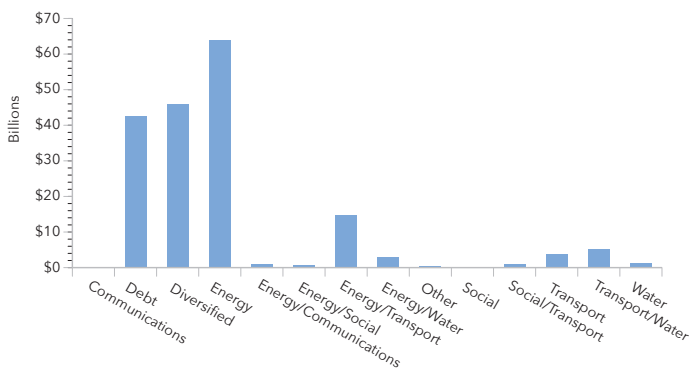
## Capital raised by closed funds by property focus (\$B)



Source: IREI FundTracker

Funds closed 1/1/14 – 9/16/16

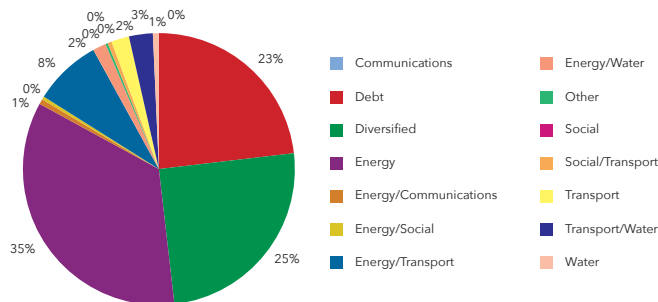
## Capital targeted by new funds by property focus (\$B)



Source: IREI FundTracker

Funds launched 1/1/14 – 9/16/16

## Percentage of capital targeted by new funds by property focus



Source: IREI FundTracker

Funds launched 1/1/14 – 9/16/16

## from the IREI NEWS CLOUD

- [Grosvenor Group's](#) Indirect Investments team has formed an institutional partnership with U.S.-based Stockdale Capital Partners and Ace Parking Management to invest in the U.S. car park sector.
- The [National Pension Commission \(PENCOM\)](#) of Nigeria plans to deploy at least 40 percent of the total pension funds in the country (about \$7.4 billion) into investments in infrastructure development by 2019.
- Japan will invest \$10 billion in its [African Infrastructure Plan](#), which will be implemented by the African Development Bank (AfDB) over the next three years and support modernizing electricity, power and transport systems, as well as add geothermal systems.
- The Canadian government announced that the University of Calgary received funding for eight key infrastructure projects totalling \$160 million from the [Post-Secondary Institutions Strategic Investment Fund \(SIF\)](#).
- A new Asian Development Bank fund, the [Leading Asia's Private Infrastructure Fund \(LEAP\)](#), which was established in March by ADB and the Japan International Cooperation Agency (JICA) and aimed at spurring investment in Asia, has drawn attention from Japanese business, a positive move toward meeting the region's infrastructure financing needs.

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Information in this report has been drawn from IREI's proprietary FundTracker database. Online subscriptions are available. Click [here](#) for more information.

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