

FUNDTRACKER TRENDWATCH

A slow road for infrastructure

New funds few and far between

Infrastructure funds are facing a hard time. The world's largest investors are looking more toward direct investing, investor platforms and joint-venture consortiums than toward funds. The Swiss IST3 Global Infrastruktur platform expects

to become the go-to source for financing in Switzerland. The U.K.-based Pension Infrastructure Platform is acting as a conduit for U.K. pension funds interested in direct investment. The Global Strategic Investment Alliance is an unlisted co-investment infrastructure vehicle set up by Ontario Municipal Employees Retirement System and a consortium of Japanese pension funds. The list of investors that prefer each others' company to that of a fund manager seems

to be growing monthly. Even Norway has begun working toward letting its sovereign wealth fund invest in infrastructure — and you know that will not be via funds. This emphasis on direct investing might be one of the reasons we are seeing fewer funds launched.

Although several of the largest managers in the industry are expected to present new

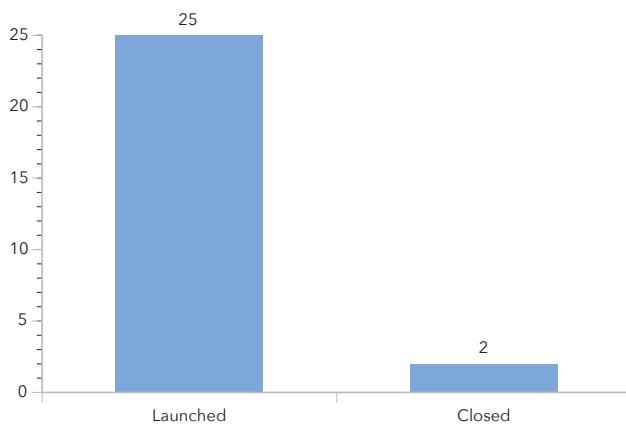
offerings before year end, at the moment, the number of funds coming to market has slowed to a trickle. According to *FundTracker*, 25 infrastructure funds have been launched in 2015. This is about 40 percent fewer than the number launched by this time in 2014, or almost 60 percent fewer than those launched by the end of the third quarter in 2013.

Most of the 2015 funds are focused on North America (8 funds or 31 percent). Most of the capital, however, is being sought by global funds. North American funds are looking for about \$6.0 billion while the seven global vehicles launched in 2015 are seeking a little more than \$9.0 billion. Seven funds are focused on Europe, with an aggregate fund size of at least \$4.8 billion. Other regions are not nearly as interesting for fund managers, with only two funds focused on Asia Pacific, and one raising capital for a Latin American-focused strategy.

Global funds are the 300-pound gorillas in the group, with an average fund size of \$2.3 billion. North American funds come in second place, averaging \$1.5 billion in size. Europe and Asia Pacific strategies averaged less than \$800 million, and the sole Latin American fund has a maximum fund size of \$500 million.

- Only 25 infrastructure funds launched YTD 2015
- North America is the focus of most funds
- Global strategies seek the most capital

2015 vintage funds launched and closed



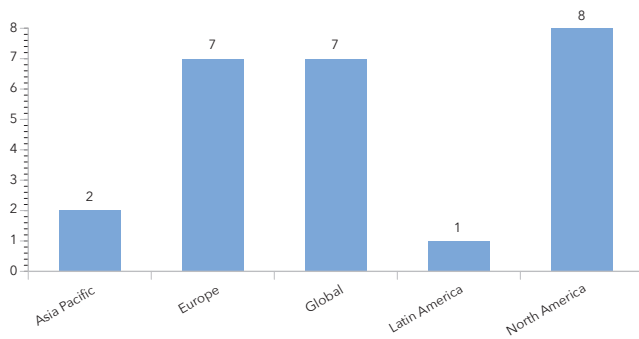
Source: IREI FundTracker

Average fund size — maximum fund target and capital raised (\$M)



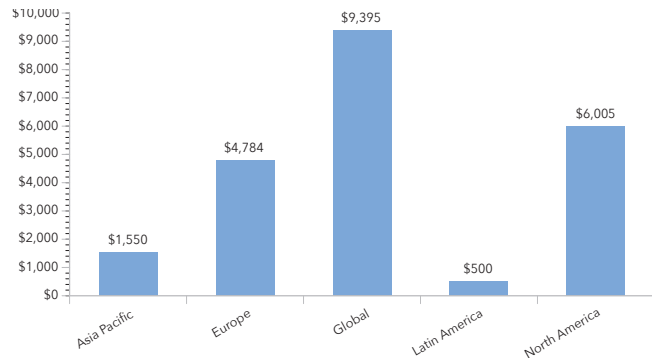
Source: IREI FundTracker

Number of funds launched by region — 2015



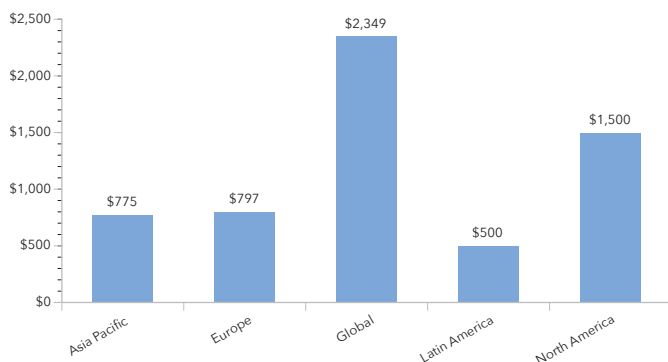
Source: IREI FundTracker

Target capital raising by region — 2015 (\$M)



Source: IREI FundTracker

Avg. target fund size by region — 2015 (\$M)



Source: IREI FundTracker

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- ▶ The [\\$10.9 billion Public School Teachers Pension & Retirement Fund](#) of Chicago has committed \$50 million to Brookfield Infrastructure Fund III.
- ▶ The [Queensland Government](#) has established a \$59 million fund for what it described as catalytic infrastructure.
- ▶ Mirova, a boutique infrastructure investment affiliate of Paris-based Natixis, has raised €600 million (\$678 million) in equity commitments for the first close of its first brownfield infrastructure fund, the [Mirova Core Infrastructure Fund SCS SICAV-SIF](#).
- ▶ The U.S government's development bank, OPIC ([Overseas Private Investment Corporation](#)), has approved more than \$1 billion in new financing and insurance support to private-sector infrastructure projects in Africa and Asia.
- ▶ The [Caisse de dépôt et placement du Québec](#) has partnered in the creation of a \$2.8 billion co-investment vehicle targeted to infrastructure projects in Mexico.
- ▶ [InstarAGF Asset Management](#) is seeing stronger-than-expected demand from institutional investors for its flagship \$750 million infrastructure fund.
- ▶ The [U.S. Bureau of Ocean Energy Management](#) (BOEM) is planning to auction 343,833 acres offshore New Jersey for commercial wind energy development.

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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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