

FUNDTRACKER TRENDWATCH

H1/17 first look

Less than \$3 billion raised by infra funds reaching final close Q2/17

Someone should put together a thesaurus that provides a variety of phrases to say the same thing, rather than just synonyms for single words. If I had such a collection, I'd look up a new way to say, "Data from the first half of 2017 confirms that the infrastructure asset class continues to be dominated by fewer and larger funds." I'm running out of ways to say that infrastructure investment capital is getting more concentrated in the hands of just a few managers with each passing quarter.

Infrastructure funds closing in the first half of 2017 raised \$33.8 billion. This is significantly more than the \$22.0 billion raised in the first half of 2016. The real difference, however, is not so much in the total raised, but in how it was raised. In 2017, one fund — the \$15.8 billion Global Infrastructure Partners III — accounted for 47 percent of all capital raised. In 2016, it took six funds, or 42 percent of the 14 funds that closed, to reach that 47 percent. Fourteen funds also closed in the first half of 2017, so that one fund represents only 7 percent of those funds.

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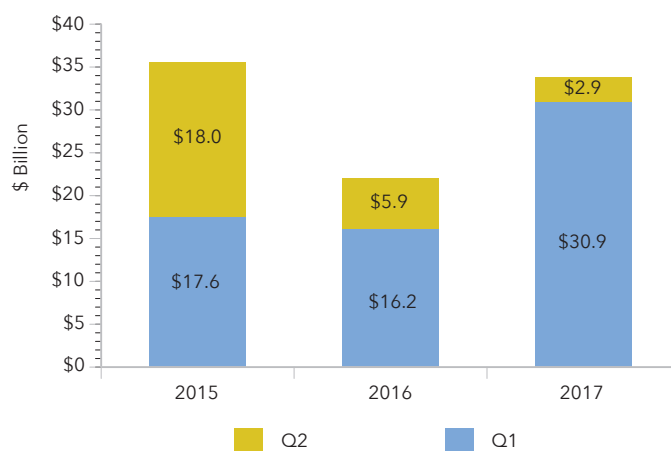
The second quarters of 2016 and 2017 saw a significant fall off of capital raising when compared to the first quarters of each year. But the second quarter of 2016 saw twice as much capital raised as the second quarter 2017 — \$5.9 billion versus \$2.9 billion.

During 2015 and 2016, 62 percent and 56 percent of the year's total was raised in the first half, respectively. If we use these two numbers for the top and bottom of a range to estimate how much capital will be raised by the end of 2017, we come up with a prediction of \$54.5 billion to \$60.3 billion. This range puts us pretty much in the same ballpark as the past two years, when \$61.6 billion was raised in 2015, and \$56.4 was raised in 2016.

Whether 2017 reaches or surpasses the totals of 2015 and 2016 will depend on the mega-funds — those funds that raise \$2 billion or more. In 2017, 82 percent of the capital raised by funds closing in the first half has been committed to one of these large funds. In the first half of 2015 and 2016, 61 percent and 69 percent of the capital raised, respectively, was by mega funds.

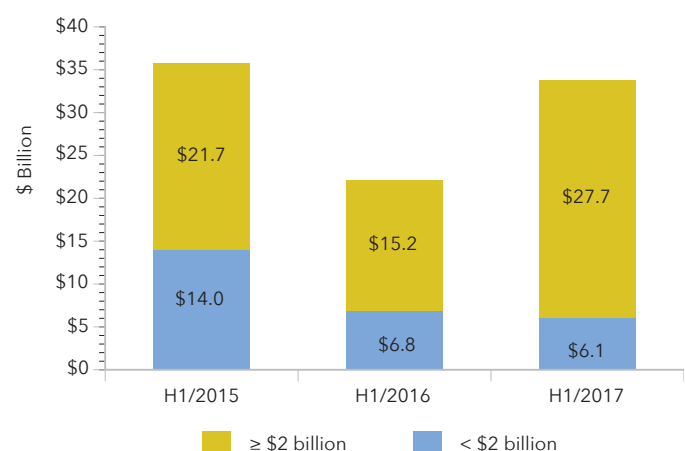
The first half 2017 data will likely change as additional fund closings are announced, but it is safe to say that mega-funds are getting ever more mega, and ever more dominant. How go the mega-funds, so goes the industry.

Capital raised by funds closing first half (\$B)



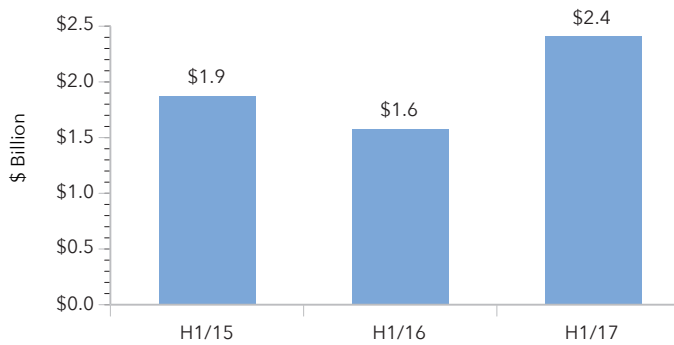
Source: IREI FundTracker

Capital raised by funds closing first half by size (\$B)



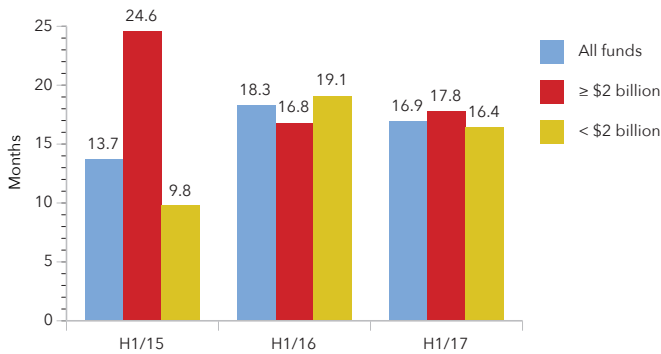
Source: IREI FundTracker

Average size of funds closed in first half



Source: IREI FundTracker

Time in market for funds closing first half



Source: IREI FundTracker

Largest funds closed H1/17

| Fund Name | Total Raised | Region |
|--|-----------------|--------|
| Global Infrastructure Partners III | \$15.80 billion | Global |
| EQT Infrastructure Fund III | \$4.25 billion | Europe |
| Actis Energy 4 | \$2.75 billion | Global |
| QIC Global Infrastructure Fund | \$2.48 billion | Global |
| AMP Capital Global Infrastructure Fund | \$2.40 billion | Global |

Source: IREI FundTracker

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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IREI Infrastructure News

- The \$2.6 billion [Seattle City Employees' Retirement System](#) has committed \$15 million to Stonepeak Infrastructure Fund III.
- U.S. water utilities are projected to invest \$8.3 billion in smart infrastructure over the next 10 years, according to a new study published by [Northeast Group](#).
- The [Public Sector Pension Investment Board](#) has opened a London-based office to focus on high-quality, long-term investments predominantly in the private equity, private debt, infrastructure and real estate asset classes.
- The \$15 billion [Ohio Police & Fire Pension Fund](#) approved its plan to adopt a new real assets allocation, the 2017 Real Assets Investment Plan.
- [BlackRock Real Assets](#) has completed the final close for its Global Renewable Power II fund with \$1.65 billion in commitments, which exceeded the initial fund target size of \$1 billion, reflecting strong investor demand for attractive, environmentally conscious total returns and stable cash yield available in the renewable power asset class.
- The \$25 billion [Texas Municipal Retirement System](#) has committed \$150 million to I Squared Global Infrastructure Fund II, which is a mid-market global infrastructure fund that focuses on acquiring brownfield assets and building infrastructure companies.

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