

FUNDTRACKER TRENDWATCH

Mega-funds sweep up capital

Infrastructure mega-funds account for 74% of capital raised since 2015

Infrastructure mega-funds — those funds raising \$2 billion or more — have been responsible for most of the capital raised each year since 2012 — and this trend shows no sign of ending. In fact, it might even be accelerating.

In the past three-plus years ending March 15, 2018, 88 funds closed with an aggregate total of \$171.2 billion raised. Of that total, 30 mega-funds, or 34 percent of the total number of closed funds, have raised \$127.1 billion, or 74 percent of the capital.

Looking back to earlier three-year periods, it is obvious that mega-funds are consolidating their dominance. During the three-year period ending Dec. 31, 2014, mega-

funds were responsible for 60 percent of the capital raised. During the following three-year period ending in 2015, mega-funds brought in 62 percent of the capital. The rolling three year period ending Dec. 31, 2016 saw 70 percent of the capital raised flowing to mega-funds.

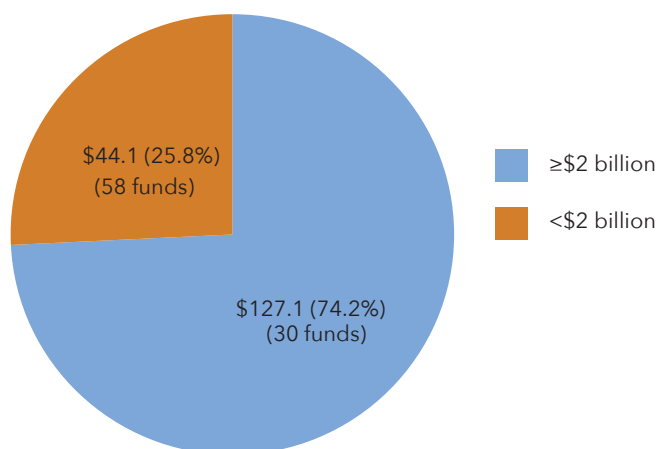
When looking at the average size of infrastructure funds, it is no surprise that so few

vehicles are responsible for raising so much capital. The size of the average mega-fund during the past three years, including those closed year-to-date 2018, was more than \$4.2 billion, up a bit from the \$4.0 average of the previous rolling three-year average. The size of non-mega-funds comes in at about \$765 million, compared to the previous average of \$806 million. So the big are getting bigger, while the not-so big are getting even more not-so big.

When breaking fund size down into smaller groupings (as opposed to simply mega vs non-mega), the dominance of big funds is even more apparent. Those funds raising less than \$500 million accounted for just 4 percent (\$6.5 billion) of the capital raised since 2015. Those that fell in the \$500 million to \$999 million size did a little better, raising 8 percent (\$13.4 billion) of the total capital. The middle segment, which comprises funds in the \$1 billion to \$1.9 billion size, grabbed 14 percent (\$24.2 billion) of the total. I think a trend is beginning to emerge. The fourth segment, funds closing with \$2 billion to \$2.9 billion in capital raised, accounted for 18 percent (\$31.4 billion). That leaves the last segment, those funds raising more than \$3 billion, with a whopping 56 percent (\$95.4 billion) of total.

- Mega-funds accounted for 74% of capital raised 2015–2018
- Funds ≥\$3 billion raised 56% of total over past 3 years
- Funds <\$1 billion raised 12% of total 2015–2018

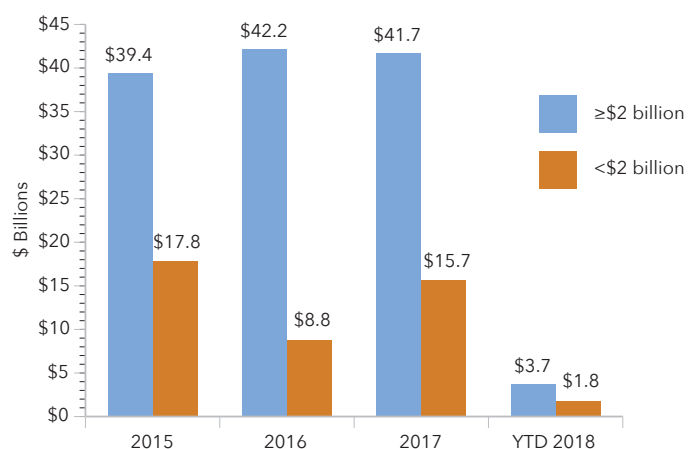
Total capital raised 2015–YTD 2018 by fund size (\$B)



Source: IREI FundTracker

Funds closed Jan. 1, 2015 – Mar. 15, 2018

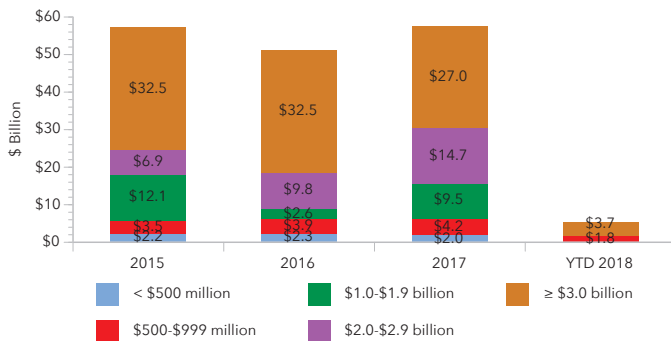
Capital raised per year by fund size (\$B)



Source: IREI FundTracker

Funds closed Jan. 1, 2015 – Mar. 15, 2018

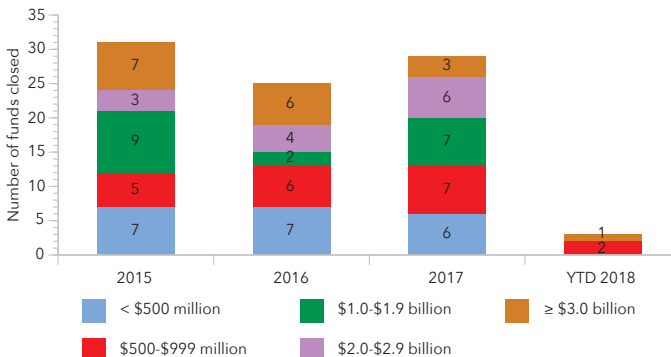
Capital raised by final fund size (\$B)



Source: IREI FundTracker

YTD 2018 = Mar. 15, 2018

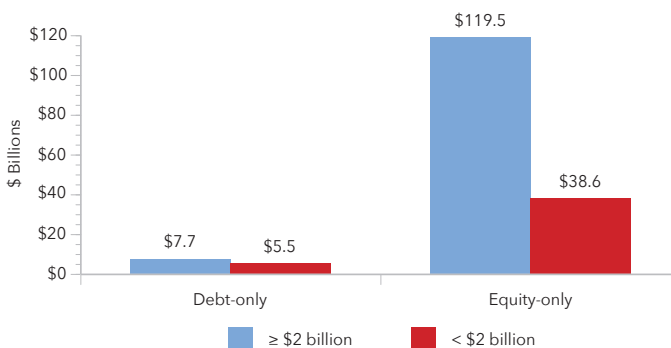
Number of funds closed by final fund size



Source: IREI FundTracker

YTD 2018 = Mar. 15, 2018

Capital raised by debt vs equity funds 2015-YTD 2018



Source: IREI FundTracker

Funds closed Jan. 1, 2015 – Mar. 15, 2018

from the Infrastructure News Page

- As part of its plan to invest \$100 million in infrastructure over the next five years, the \$10.9 billion [Chicago Public School Teachers' Pension & Retirement Fund \(CTPF\)](#) has issued an RFP for an open-end infrastructure fund manager to manage up to \$50 million.
- The \$128.8 billion [Washington State Investment Board](#) has committed \$250 million to ISQ Global Infrastructure Fund II, which is managed by I Squared Capital, and will invest in brownfield acquisitions in the transportation, utility and renewables sectors.
- New York Gov. Andrew Cuomo announced that [New York](#) has committed \$1.4 billion to 26 renewable projects, including 22 solar farms, three wind farms, and one hydroelectric project.
- The \$50.3 billion [Pennsylvania Public School Employees' Retirement System](#) has committed up to \$500 million to Blackstone Infrastructure Partners, which invests in infrastructure assets across the energy infrastructure, transportation, water and waste, and communications sectors, with a primary focus in North America.
- The \$142 billion [Teacher Retirement System of Texas](#) has committed \$200 million to Digital Colony Partners, an infrastructure fund managed by Digital Colony GP, and \$50 million to energy-diversified fund KKR Palo Verde Co-Invest, managed by KKR.

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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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