

# FUNDTRACKER TRENDWATCH

## Looking for balance

### Infrastructure funds ebb and flow over the years

When it comes to launching new funds, the infrastructure class seems to be taking a breather. During 2013, the IREI FundTracker database saw 70 new funds hit the market. Since then, new funds have not hit

that number with all of 2014 and half of 2015 combined. This ebb and flow has been noted during the past few years in both the number of funds launched and the amount of capital investors expect to commit.

IREI's most recent survey of infrastructure investors found that respondents also pulled back in 2014. Our respondents committed or invested a total of \$23.9 billion in infrastructure in 2013, while only \$9.0 billion was expected to be committed or invested

in 2014. The 2013 total is admittedly skewed by one investor who put out \$11 billion that year. However, the IREI FundTracker database supports the contention that infrastructure fundraising and investment has gone in waves — up one year, down the next, as everyone digests the previous year's activity. Eventually, as the class grows, this wave pattern will smooth out. But for now,

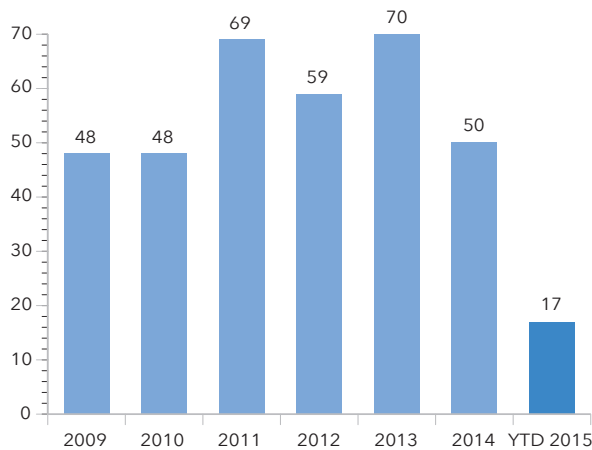
infrastructure seems to have peak years every other year. If this pattern continues, 2015 will be a record year for infrastructure fundraising and investment — though activity will need to pick up dramatically given that only 17 funds have been launched YTD.

In contrast to the up-and-down pattern of fund launches, the average fund size has shown consistent growth. Those launched so far in 2015 are coming in a bit lower than expected, but it will only take a couple billion-dollar-plus funds hitting the market in the second half of the year to jump that average back to the expected range. The average size of funds closed this year has jumped dramatically as the mega-funds launched last year or early this year finalize their fundraising.

It is no surprise that the energy sector is attracting the most interest. In 2014, 48 percent of all funds launched focused on energy and/or renewables infrastructure. In 2009, only 17 percent of the capital raising was for energy funds. (Diversified funds, with 77 percent of the total, were hot that year.) 2015 YTD has found the energy sector completely dominating new offerings. Of the 17 launches in the first half of the year, 11 were energy-specific, with an additional five including energy in a diversified mix. Only one fund did not include energy. It instead is focused on water and transportation.

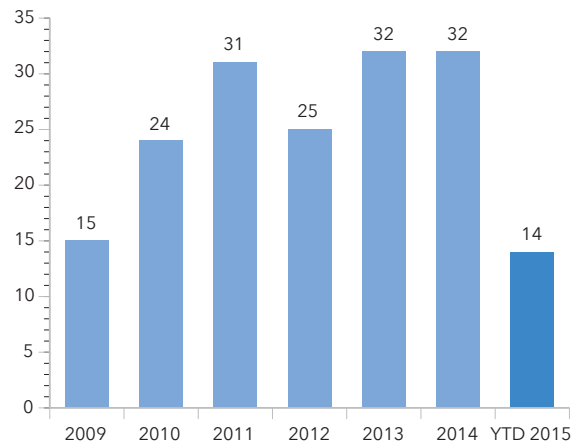
- Launches of infrastructure funds slow YTD
- Average fund size remains over \$1 billion
- Energy sector attracts nearly all new capital

Number of infrastructure funds launched per year



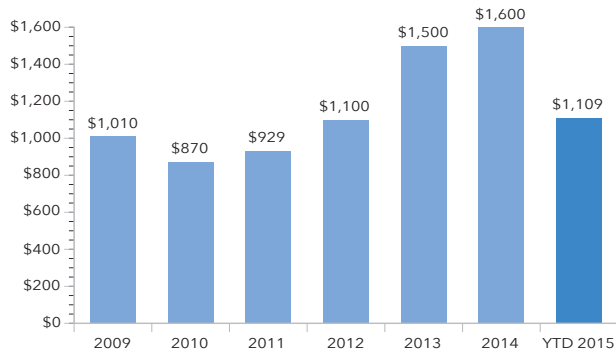
Source: IREI FundTracker

Number of infrastructure funds closed per year



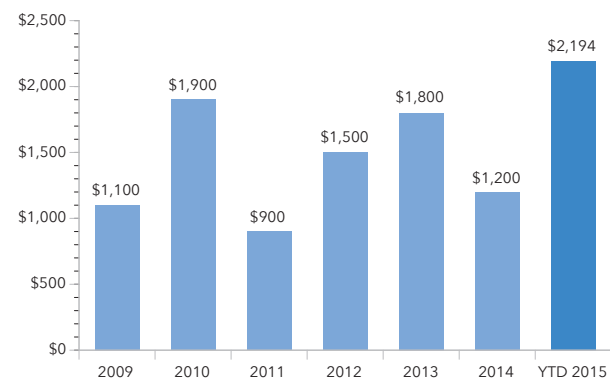
Source: IREI FundTracker

## Average size of infrastructure funds launched (\$m)



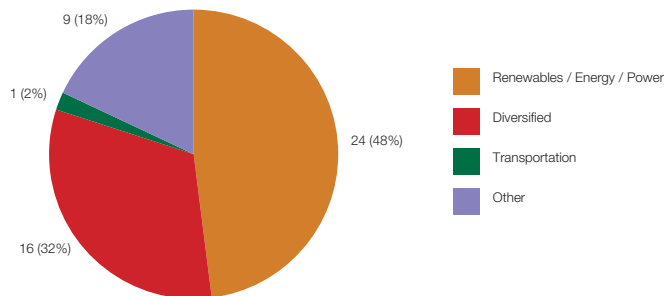
Source: IREI FundTracker

## Average size of infrastructure funds closed (\$m)



Source: IREI FundTracker

## Number of funds launched by strategy (2014)



Source: IREI FundTracker

## from the IREI NEWS CLOUD

- Aviva Investors and the Pension Infrastructure Platform held a first close of their solar photovoltaic fund with \$206 million of investment from four British pension schemes. Total fund target raise is \$250 million.
- Quartz Africa explains why it is raising an investment fund to back solar energy infrastructure in Africa.
- ARC Financial raises \$1.5 billion for eighth Canadian Energy Fund.
- Global Infrastructure Dividend Fund confirms intention to merge with Middlefield Global Infrastructure Fund.
- Fengate Capital Management launches \$180 million infrastructure fund mandate with Korean institutional investors.
- The USA's largest public pension plan, California Public Employees' Retirement System (CalPERS), has entered into a partnership with QIC to invest A\$1 billion in Asia-Pacific infrastructure.
- Ares Management is launching an energy infrastructure fund, Ares EIF Management V, soon after completing the acquisition of the specialty private equity firm Energy Investors Funds in January, with \$4 billion in assets under management.
- To view latest real estate, infrastructure and real assets headlines, go to the IREI NewsCloud.

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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