News → Preqin Industry News   Download Data

Preqin Industry News

Olivia Harmsworth provides a breakdown of the latest infrastructure news, focusing on key institutional investors looking to invest in the asset class in the next 12 months.

As shown in this month's feature article, institutional investor interest in infrastructure assets looks set to continue over both the short and long term, with a number of investors increasing their allocations to the asset class. The Chart of the Month shows that a significant 36% of investors plan to invest in more than one infrastructure fund in the next 12 months, and 20% will invest in one fund. Only 9% of respondents reported that they will make no new investments, demonstrating that investor confidence in the asset class remains strong.

Among the investors looking to invest in infrastructure over the next 12 months are a number of banks, including Union Bank of India. The bank will continue to invest opportunistically in unlisted infrastructure funds in 2013, and will likely focus on India-based vehicles. Another bank looking for infrastructure investment opportunities going forward is Bangkok Bank, which will invest in both private and listed infrastructure funds in 2013, and will only focus on funds targeting Asia. The Thailand-based bank typically invests in brownfield or secondary stage assets and allocates between 20% and 25% of its overall investment portfolio to private infrastructure funds.

Pension funds typically make up a large proportion investors in infrastructure, and a number are looking to make commitments to the asset class in the coming year. The NOK 4.2bn Norwegian retirement system Aker Pension is one example; it is looking to make its maiden commitment to the asset class in the next 12-18 months. It will invest on an opportunistic basis and primarily target European markets but will not invest with first-time fund managers or consider firms charging a private equity-style fee structure. The University of Ottawa Retirement Pension Plan is also looking to make new commitments to infrastructure in 2013; it has a preference for unlisted funds targeting infrastructure assets in the OECD. The public pension fund has a broad investment focus and will consider funds targeting both social and economic infrastructure assets, including PPP/PFI opportunities.

Dallas Police & Fire Pension System, a $3.1bn public pension fund, has introduced a new 10% target allocation to the infrastructure asset class. Dallas Police & Fire Pension System will adhere to its long-term strategy of investing in unlisted funds with a global mandate, but also intends to focus on direct investment strategies in the coming 12 months mainly in US toll road assets. It is also considering expanding its geographic scope to include African infrastructure in future.

Elsewhere, insurance plan Korea Post - EverRich Insurance Services plans to invest £100mn in private infrastructure funds in 2013. The insurer does not have a specific geographical focus, but is likely to continue investing in the South Korean market. It will consider private infrastructure funds investing across most

Chart of the Month: Investor Plans for Infrastructure Investments in the Next 12 Months
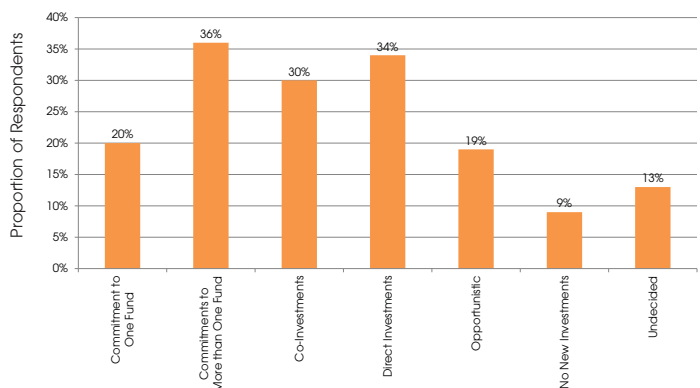
Source: 2013 Preqin Global Infrastructure Report

industries, including airports, roads, railways and telecoms. The firm is only interested in funds that can provide access to brownfield stage assets. The South Korean firm is open to co-investment opportunities and separate account mandates.

A number of investors have recently made significant commitments to the asset class; Florida State Board of Administration is one such investor, having made a notable $300mn commitment to IFM Global Infrastructure (US) as part of its growing infrastructure investment mandate. It invests in infrastructure as part of a 2.4% target allocation as part of a wider 12.6% allocation to alternatives.