



Investment Consultants in Infrastructure

In this excerpt from the 2013 Preqin Investor Network Global Alternatives Report, Dami Sogunro examines the views and preferences of investment consultants that are active in infrastructure.

With government budgets squeezed and capital adequacy requirements increasing at banks and other financial institutions, private and institutional investors are increasingly important alternative sources of capital for the growth of the infrastructure asset class. A number of such investors utilize the services of an investment consultant in their search for viable opportunities in the asset class; therefore, an analysis of consultants' views on infrastructure can provide a valuable insight for investors.

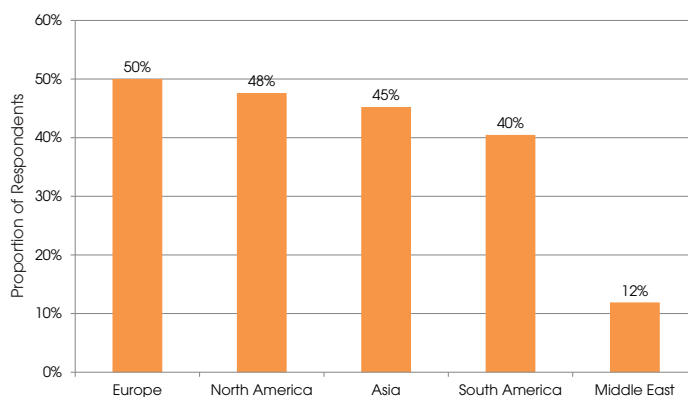
Preqin recently surveyed investment consultants active in the infrastructure asset class for the 2013 Preqin Investor Network Global Alternatives Report, the most comprehensive examination of the alternative asset class aimed exclusively at accredited investors ever undertaken. The report provides insight into asset allocation, fund selection and due diligence, as well as detailed statistics and industry analysis of alternative asset investments.

Europe is viewed by half of the investment consultants surveyed as presenting the best opportunities in infrastructure at present, closely followed by North America (48%). Investment consultants also view emerging markets favourably, with 45% and 40% of respondents viewing Asia and South America respectively as presenting the best opportunities in infrastructure.

In 2013 the majority of consultants are looking to maintain their infrastructure allocation or to increase it. Thirty-eight percent intend to increase their commitments slightly, 17% look to increase them significantly, and 30% plan to commit roughly the same amount of capital over the coming 12 months as in the previous year. Only 10% of consultants intend to decrease their commitment levels to the asset class over the course of 2013, eight percentage points less than the proportion looking to decrease their commitments when surveyed in 2012.

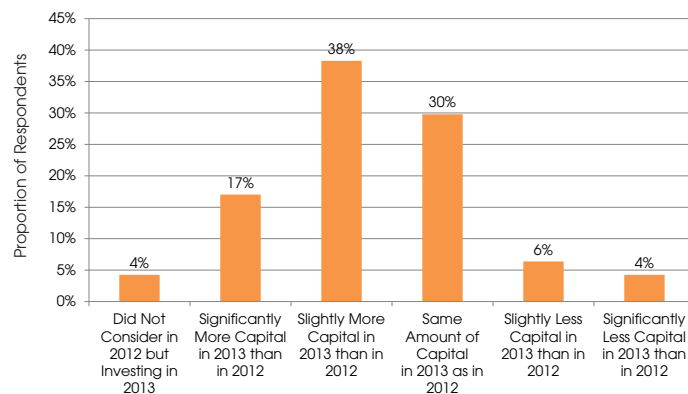
In terms of route to market, investment consultants active in infrastructure primarily seek to access the asset class via direct fund commitments, with 78% of respondents recommending this mechanism to clients, as shown in Fig. 3. Fund of funds vehicles are the next most favoured strategy, with 35% of consultants recommending this method of investment, although they are recommended by a significantly lower proportion of consultants when compared with private equity.

Fig. 1: Regions Viewed by Alternatives Investment Consultants as Presenting the Best Opportunities in Infrastructure Over the Next 12 Months



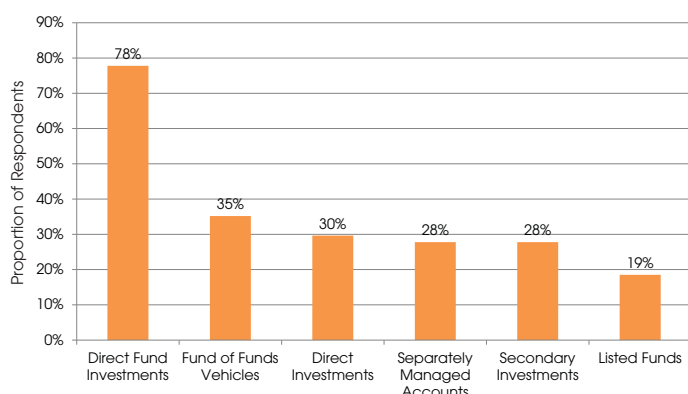
Source: 2013 Preqin Investor Network Global Alternatives Report

Fig. 2: Amount of Capital Alternatives Investment Consultants/Clients Plan on Committing to Infrastructure in 2013 Compared to 2012



Source: 2013 Preqin Investor Network Global Alternatives Report

Fig. 3: Alternatives Investment Consultants' Preferred Route to Market for Infrastructure Investment



Source: 2013 Preqin Investor Network Global Alternatives Report

Data Source:

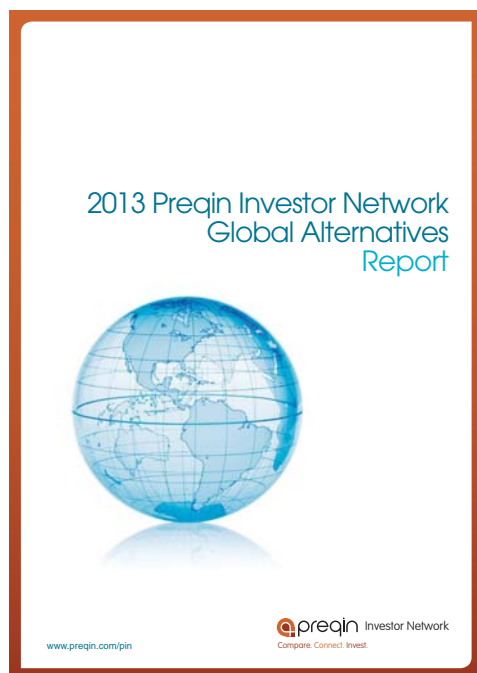
This article features data and analysis from the 2013 Preqin Investor Network Global Alternatives Report, the most comprehensive review of the alternatives industry aimed exclusively at institutional investors ever undertaken. The Report covers a wide range of topics, including asset allocation, fund selection and due diligence.

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2013 Preqin Investor Network Global Alternatives Report

The Report is the most comprehensive review of the alternatives industry aimed exclusively at institutional investors ever undertaken. It includes in-depth analysis on:



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- ▶ **Performance** of alternative assets, including industry benchmarks.
- ▶ Alternative **funds open for investment**, including league tables.
- ▶ **Consistent performing** managers, and top performing funds.
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