

\$1bn Club Investors and Fund Managers Dominate Infrastructure Fundraising Market

82% of largest investors invest directly in infrastructure assets, while largest fund managers account for 85% of aggregate capital raised in the last 10 years

Prequin research on the \$1bn Club of infrastructure investors, a group of 69 institutional investors that have allocated \$1bn or more to the asset class, finds that the depth of their resources and their experience in the industry has allowed them to become dominant market participants. More than two-thirds (69%) of the \$1bn Club have a separate infrastructure allocation, compared to 34% of smaller investors. \$1bn Club investors also have an average allocation to infrastructure of 7.0% of total AUM, compared to 3.3% for their smaller counterparts. This level of resource and experience allows them greater access to the market through direct investments, and 82% of \$1bn Club investors invest directly into infrastructure assets, compared to 31% of other investors.

As much as these largest investors are able to exert their influence on the industry, the largest managers continue to dominate the fundraising market, accounting for an ever-larger proportion of total investor capital raised. Prequin currently tracks 84 unlisted infrastructure firms globally which have raised more than \$1bn in the last 10 years, which collectively account for \$320bn, or 85%, of investor commitments since 2006. Of these, just six fund managers have raised more than \$10bn, and collectively account for \$108bn, 29% of capital raised in the period, an indication that even within this largest class of fund managers there is an increasing stratification by size.

Other Key \$1bn Club Investor and Fund Manager Facts:

- **Canadian Capital:** Six of the ten largest allocators to infrastructure are headquartered in Canada, and **hold a combined AUM of approximately \$59bn, 19% of the \$1bn Club's allocation to infrastructure**. Eleven of the entire \$1bn Club are located in Canada, while 14 are located in Australia and 12 in the UK.
- **Investors by Type:** Public pension funds account for the largest proportion (23%) of any investor type in the \$1bn Club, slightly more numerous than asset managers (21%). **Sovereign wealth funds represent 8% of the \$1bn Club, with approximately \$15bn allocated to infrastructure**, often supporting domestic projects.
- **First-Time Funds:** \$1bn Club infrastructure investors will have a significant influence on the success of first-time fund managers by acting as cornerstone investors; **77% of the largest allocators will invest or consider investing in first-time funds**, compared with 55% of all other infrastructure investors.
- **Manager Experience:** Although the largest fund managers tend to be those which have the most established track record, **80% of managers who have raised \$1-2.4bn have raised just 1-2 funds previously**. This falls to 17% among fund managers which have raised \$10bn, of which 33% have raised five funds or more.
- **Manager Location:** Of the 84 members of the \$1bn Club of fund managers, 38% are based in North America and 39% in Europe. **London is the biggest hub for these managers**, and is the location for 18 firms which have collectively raised \$67.3bn over the past 10 years.

To access further information and analysis, please see the full report below:

<https://www.prequin.com/docs/newsletters/ra/Prequin-Real-Assets-Spotlight-August-2016.pdf>

Comment:

"The increased resources, both human and financial, that the members of the \$1bn Club of investors can bring to bear on the industry allow them to take a more tailored approach to the infrastructure market. The high proportion of investors choosing to directly invest in projects is indicative of their size, and their greater experience allows them to rely less on the expertise of fund managers to identify attractive investment opportunities.

It is likely that \$1bn Club investors will see further growth in their number over the coming years, as many large investors which do not currently qualify are below their target allocations to the asset class, and so may increase their commitments above the threshold in order to meet their objectives. As more investors join this group of the largest infrastructure investors, its members are increasingly becoming dominant participants in the infrastructure market."

Tom Carr – Head of Real Assets Products, Prequin

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

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