

Domestic Infrastructure Fund Managers Increase in Prominence in South America

67% of capital raised by infrastructure funds targeting South America was raised by domestic fund managers in 2010-2013, compared to only 39% in the period 2006-2009.

Preqin's latest edition of Infrastructure Spotlight reveals that South America-based fund managers active in the region raised 67% of capital garnered by South America-focused funds in 2010-2013, an increase of 28 percentage points compared to the proportion of aggregate capital that was accounted for by domestic fund managers in 2006-2009. As a consequence, fund managers based outside of South America have declined in prominence in the region, having raised only 31% (\$1.3bn) of capital for funds targeting the region in 2010-2013, compared to 61% (\$2.5bn) in 2006-2009.

Domestic fund managers make up the majority of firms active in South America (60%) and 57% of funds on the road focusing on investments in the region are managed by South America-based firms.

Other Key Facts:

- Notable local managers include Brazil-based BTG Pactual, which is currently targeting \$1.5bn for its latest fund offering, BTG Pactual Brazil Infrastructure Fund II; another prominent domestic fund manager, Astra Investimentos, also Brazil-based, is currently targeting \$1bn for Astra Infrastructure Fund.
- Three of the largest unlisted infrastructure funds focusing on South America have been raised by Brazil-based fund managers.
- The success of local fund managers may in part be due to domestic investors showing confidence in the region, many of which have significant assets under management; South America-based infrastructure investors targeting the region have average assets under management (AUM) of \$41bn, compared to all infrastructure investors which have an average AUM of \$39bn.
- In the period 1994 to 2013 YTD, the most active sector for unlisted infrastructure deals in South America has been energy, with 34% of the total number of deals occurring in this sector; transportation and utilities are also well served in the market, with 26% and 25% of deals occurring in each sector respectively.
- Historically, 33 South America-focused infrastructure funds have held a final close, raising an aggregate \$10bn.
- There are 14 unlisted infrastructure funds on the road targeting the region, seeking an aggregate \$6bn.

For more information and analysis, please see

http://www.preqin.com/docs/newsletters/INF/Preqin_Infrastructure_Spotlight_June_2013.pdf

Comment:

"Various economic and non-economic factors in South America provide the potential for significant opportunities within the region for both foreign and domestic infrastructure fund managers. In recent years there has been a general increase in domestic managers raising private infrastructure funds targeting the region, with 57% of South America-focused infrastructure funds currently on the road being managed by South America-based firms. This underscores the current uptake of a privately financed infrastructure investment market by domestic investors.

However, foreign fund managers have also been quick to recognize the potential for investment in South America. Funds raised by managers based outside of South America accounted for \$5.2bn of the \$10bn raised targeting the region historically, and \$2bn of the capital being sought."

Elliot Bradbrook, Manager of Infrastructure Data

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.

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