



December 2022 Newsletter

As we enter 2023, let's take the opportunity to pause and reflect upon the recent evolution of the infrastructure market for institutional investors.



Coming up on the heels of pandemic-induced restrictions, 2022 has been a challenging year for the Global economy with de-globalization of trade and investment flows, resurgent inflation and soaring interest rates, food and

energy crises linked to the Russian invasion of Ukraine,....Recession is looming on the horizon for many markets. Infrastructure, though credited with being more resilient to cyclical variations, has also been affected in ways that could hardly have been predicted a year ago. And yet, more than ever, investors and fund managers hold the keys to a sustainable recovery and development of our economies and societies. Institutional investors have recognized this by significantly ramping up their commitments, as fund raising by specialist infra funds reached record levels: 139 b\$ for unlisted infrastructure in the first three quarters- already \$10bn more than full year 2021. Simultaneously, we see a trend towards greater specialization strategies, with energy transition and digital infrastructure leading the way, and the emergence of new concerns such as increasing the resilience to cater for Climate-change Adaptation.

LTIIA will continue to address and explore these trends, old and new, in its quest to promote infrastructure as an asset class through the development of analytical tools and performance benchmarks, as well as through the sharing of best practices among the investment community. As part of its activity program for 2023, it has identified the following working themes:

- **Energy transition and Impact on Institutional Investors asset allocation**; How can/do investors manage corresponding risks & bring concrete improvements in energy transition, energy efficiency, energy security?

- How to ramp up **investment in infrastructure for Climate-adaptation**, a theme first addressed in 2022 with the publication of a first progress report by LTIIA, will continue to be covered with the focus on collecting more instances of good practices by members - ideally in coordination with both D20-LTIC and OECD

While those 2 themes will be conducted through internal working groups to be set up early 2023, a potential side-study linked to this Climate-change theme, to be conducted with EDHEC Infra, would revolve around **Climate risks (transitions and physical) vs. historical and expected returns** across all TICCS classes – or, alternatively, **Risks of the infra class in the different NGFS climate scenarios**.

This study would follow up on the 2022 report jointly commissioned by LTIIA and EDHEC Infra on **Infrastructure resilience to external shocks**, a very timely and relevant study disseminated and presented to hundreds of investors & managers globally. We also aim to link up with newly established research-focused industry bodies, such as IRIS- Investment Researchers in Investment Society.

As part of our on-going collaboration with public organizations, and in-keeping with our role as a bridge between private and public long term investors in infrastructure, we will also engage with our membership into the upcoming consultations envisioned by OECD on the **comparative use of Green & Social Bonds use by Public and Private institutional investors.**

We will also come back to you in the coming weeks with proposals to engage -along with partner organizations like Paris-Europlace, the D20-LTIC or Global Infra Basel- and support the **FAST-Infra initiative** – a wide-reaching potential game-changer for the Infrastructure investors community- and actively contribute to its governance and Board thematic committees to be set up

-Finally we intend to pursue our informal socializing (physical) events around a theme, an expert and a cocktail-buffet: the next one is scheduled in Paris, at La Banque Postale Asset Management premises on Feb 2nd evening, on the theme of the upcoming **revision by the EU Commission of SFDR regulation and the moving target of Art.9 classification for sustainable funds.**

All of the above while continuing our active participation in relevant events for the Infrastructure investors community, whether third-party organized or convened by us.

It is our belief that LTIIA is recognized as a legitimate and articulate voice for the private sector investors in their dialogue with Public authorities - as illustrated by recent requests for feedback by both the French and British governments on Infrastructure investment issues - regulators and international institutions. But we can only respond to their expectations through your active participation in the association's life and working groups . Our thanks and gratitude go to the LTIIA members that actively contributed to it and shared their insights!

As the end of year is nearing, we'd like to thank you all for your continuous support and wish all of you- on behalf of President Vincent Levita and the LTIIA secretariat - a happy holiday season and a productive and successful Year 2023 in shaping the future of infrastructure .



Vincent Levita

chair



Francois Bergere

Executive Director
