

Investors from US eye assets in Africa

The meetings form part of the Mobilizing Institutional Investors to Develop Africa's Infrastructure programme

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Recent meetings between local fund managers and US pension funds, money managers and asset consultants — representing \$7.7-trillion in assets — signal a positive move towards boosting infrastructure investment on the continent, say role players.

"Africa is underrepresented in the investment portfolios of institutional investors in the US," said Donna Sims Wilson, chairwoman-elect of the National Association of Securities Professionals (Nasp) and president of Smith Graham & Co Investment Advisors based in Houston, Texas.

The meetings formed part of a programme known as Mobilizing Institutional Investors to Develop Africa's Infrastructure (MiDA), which is a partnership between the US Agency for International Development and Nasp. Nasp represents the interests of minorities and women in financial services.

The partnership aims to expose US institutional investors to co-investment opportunities with African counterparts in sub-Saharan Africa's infrastructure.

A low-yielding interest-rate environment in the US meant institutional investors in that country were hunting for risk-adjusted returns elsewhere, Wilson said.

Senior executives and trustees from BlackRock, the California Public Employees' Retirement System and the New York State Insurance Fund were among those at the talks.

Investec, Old Mutual and African Infrastructure Investment Managers (AIIM) were among local fund managers that made presentations. AIIM had noted increased interest in African investment opportunities from US institutional investors in the past 18 months, said Paul Frankish, head of strategic initiatives at the investment manager. There remained quite a big gap between real versus perceived risks of investing in Africa and investors were surprised by the level of development in SA, said Frankish.

Infrastructure investment opportunities in Africa were compelling when compared with the developed world, said Joseph Boateng, chief investment officer at Casey Family Programs, a foundation catering to the needs of foster children in the US.

MiDA had met with the JSE to explore listing project bonds on the bourse, said the programme's MD, Aymeric Saha. Refinancing existing renewable energy projects with proven track records was one option. Institutional investors could purchase and securitise existing loans and list them on the JSE, said Saha.