Alecta Piles Into Infrastructure

Stockholm (HedgeNordic) – Swedish pension fund **Alecta** has allocated €620 million to three funds investing in infrastructure in the past seven months. “Infrastructure is an integral part” of Alecta’s plan to increase its allocation to alternative assets to 20 percent. Since 2016, Alecta has increased its portfolio’s exposure to alternative assets from seven percent to 12 percent.

Alecta, which has SEK 900 billion or about €82 billion in assets under management as of the end of March, has committed capital to three infrastructure vehicles managed three different managers: Brookfield Asset Management, Antin Infrastructure Partners and Allianz Global Investors. “These are three large, scalable investments within infrastructure that gives Alecta’s clients the opportunity of good return,” says Axel Brändström, CIO of Real Assets at Alecta. “The size and scalability contribute to cost efficiency and diversity,” he adds.

Last week on June 30, Alecta committed to invest $300 million in Brookfield’s open-ended Super-Core Infrastructure Partners. Alecta committed an additional €250 million to a value-add fund called Antin Infrastructure Partners IV in April. This vehicle represents a global closed-ended structure with a focus on energy, telecom, transportation and social infrastructure. At the end of last year, Alecta committed €100 million to Europe-focused core-fund Allianz European Infrastructure Fund, which also has an emphasis on energy, telecom, transportation and social infrastructure.

According to Frans Heijbel, Head of International Real Assets at Alecta, “the funds we have invested in are all managed by well-reputed firms in international infrastructure with long and successful track-records.” Heijbel goes on to say that “the fact that we can close large investments with them proves that we have the capability to grow our assets within infrastructure in the pace and quality that our high set goals for sustainability, asset allocation, financial return and cost efficiency requires.”

After Hans Sterte *(pictured)* joined Alecta as its chief investment officer in the first quarter of 2018, the Swedish pension fund has embarked on a plan to increase its allocation to alternative investments to 20 percent of the total portfolio from about eight percent. Within that target, Alecta plans to increase its real estate allocation to 15 percent of the overall portfolio, as well as maintain a three percent allocation to infrastructure and two percent to private debt. About one-quarter of the infrastructure allocation goal of three percent has been achieved with the abovementioned infrastructure fund investments.

Picture by Evelina Carborn.