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QIC TARGETS INFRASTRUCTURE DEBT TO CAPITALISE ON GLOBAL DOWNTURN

QIC is targeting opportunities in the infrastructure debt market to take advantage of discounted prices caused by the financial crisis and deleveraging by global banks and hedge funds.

Infrastructure debt represents an attractive investment due to its steady cash flows, high barriers to entry and historical record of withstanding economic downturns.

Indiscriminate and forced selling of infrastructure debt has created the opportunity for experienced investors to gain access to infrastructure loans at discounted prices.

QIC Managing Director, Active Management Susan Buckley said the current economic environment had led investors to seek investment opportunities with a stable underlying credit profile.

“Infrastructure assets are attractive in the current investment environment as downturns in the economy usually have minimal impact on the demand for essential infrastructure services and their income streams are often regulated or guaranteed by governments,” Ms Buckley said.

“QIC’s investment scorecard process has identified significant pricing opportunities in infrastructure assets due to indiscriminate and forced selling.

“Experienced investors who understand infrastructure will be well placed to take advantage of the current opportunity to access infrastructure loans at a discounted price,” she said.

QIC’s infrastructure debt strategy involves using leveraged loans rather than high yield bonds.

“Leverage loans provide a number of benefits over high yield bonds. A leveraged loan is a senior secured debt and have historically higher recovery rates than high yield bonds,” Ms Buckley said.

“Loans typically also have more protections written into the contract requiring the borrower to meet minimum financial performance measures.

“We believe infrastructure loans currently present a strong opportunity to generate high returns with an attractive risk profile when compared to similarly rated bonds and loans,” she said.

QIC provides a range of innovative infrastructure debt solutions to clients, developing extensive capabilities in sourcing global infrastructure deals, assessing their relative value and undertaking rigorous bottom-up research.

QIC is one of Australia’s largest institutional fund managers with over \$70 billion under management for its Australian and overseas clients.

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