



Fund of the Month: National Investment & Infrastructure Fund Limited (NIIFL):

In December 2020, NIIFL announced that it had officially closed the Master Fund, which is focused on Indian core infrastructure, with USD 2.34 billion in commitments, including two SWFs (ADIA, Temasek), four PPFs (AustralianSuper, CPP, OTPP and PSP), US DFC and a number of domestic investors such as ICICI Bank, HDFC Group, Axis Bank and Kotak Mahindra Life Insurance. The institution is now fundraising for a Strategic Opportunities Fund (direct private equity) and a Fund of Funds, targeting a total to US\$ 6 billion AuM. NIIFL is now regarded as a success story that focuses on two critical assets for the country – private equity and infrastructure – with governments around the world keen to emulate the model. We had the pleasure to catch up with its Head of Investor Relations & Partnerships, Ms. Saloni Jhaveri.



Ms. Saloni Jhaveri, NIIFL's Head of Investor Relations and Partnerships

[GSWF] How do you ensure alignment between the government of India and foreign SWFs and PPFs?

[NIIFL] India is an attractive market with significant investment opportunities and there is a deficit of equity from domestic sources. International institutional investors are aware of this opportunity but are often unable to figure out how to access them. In that context, NIIFL was sponsored by the Government of India to become a sustainable platform to attract long term capital into the Infra & PE.

[GSWF] How scalable and ambitious NIIFL is, especially in the context of the size and needs of India's Infrastructure?

[NIIFL] India is a large country, and we will not be able to address it all. However, we will have an equity pool US\$ 6 billion and bring an additional US\$ 3-5 billion in co-investment. This is a fairly large pool of capital which will have a considerable impact. Together with our platform companies and fund managers, we estimate to have a multiplier effect of 20x total investment on government money.

[GSWF] What is your advice to governments following your business model, such as Indonesia, Djibouti or Jordan?

[NIIFL] Different governments have different models, but some of the factors that have worked for us include (i) the 49% stake held by the Government at both manager and fund level; (ii) investment decision making on commercial principles at arm's length to the Government; (iii) strong governance framework; and (iv) freedom to recruit with market-linked compensation.

[GSWF] How is your screening process for new LPs? Are PLC shares and co-investment rights offered as part of the deal?

[NIIFL] We focus on institutional investors that are well known for their credibility and strong reputation. The shares at PLC level were only offered to our initial investors in the Master Fund, which is now closed. An important objective is to catalyze co-investment.

[GSWF] What is the status of the Strategic Opportunities Fund and of the Fund of Funds? Will there be more funds?

[NIIFL] We are fundraising for FoF (US\$1b target, US\$0.7b raised) and SOF (US\$2.1b target). MF is focused on core infrastructure, the SOF is direct PE and the FoF invests in funds managed by third-party managers. All three funds have already made investments, e.g. the SOF started a private debt platform that the government committed US\$ 0.8 billion to, and that is open for more investors.

[GSWF] How do you convince SOIs to invest with you guys, and what are the main challenges you face when fundraising?

[NIIFL] Our scale, governance framework, a high-caliber team and Government support have helped us achieve what we have. We had US DFC and PSP coming in for MF's final close, and we are actively pursuing more pension funds from EU, US and Asia Pacific.

[GSWF] How do you tackle issues such as project delays and costs overruns? Do these affect SOIs' interest?

[NIIFL] We have learned from previous investment cycles, and we try to focus on project-based risks.

[GSWF] How do you source your deals? Is the ability of sourcing off-the-market deals important for your LPs?

[NIIFL] We bid on public auctions, participate in private processes and have also transactions that are proprietary and are sourced through our networks. Our Strategic Initiatives & Policy Advisory (SIPA) team works with public agencies to design investable opportunities for all market participants. We have also worked with some of our LPs on investment opportunities in India.

[GSWF] NIIF has invested across the infrastructure spectrum – is the intention to invest in digital infrastructure, too?

[NIIFL] Absolutely, if the right opportunities come across, we will consider digital infrastructure.

[GSWF] Is ESG fully integrated in your investment process? Is that a requirement from some of your investors?

[NIIFL] ESG is an extremely important aspect for us and is fully integrated into our investment decision process. We have a dedicated 2-3 people team and we continually work with our investors such as ADB, AIIB, Canadian and Australian pension funds.

NIIF Funds as of January 2021

Table with 4 columns: Metric, Master Fund (MF), Strategic Opportunities Fund (SOF), Fund of Funds (FoF). Rows include AuM in US\$b, Focus, Foreign Investors, and Investments.

Source: NIIFL, Global SWF Data Platform

[GSWF] How do you split your staff between funds and locations? How large do you intend to grow?

[NIIFL] We are 80+ staff now. We have a dedicated investment team for each fund, and then our SIPA, IR and Ops teams that are shared. We are targeting 100 staff, which can choose to work from Mumbai or Delhi.

[GSWF] Personally, how has your role changed over the past three years? Does the job get any easier?

[NIIFL] Over the last 3 years my role has evolved significantly and I now spend more time in strengthening existing relationships and building new ones as well as initiatives such as the Virtual Global Investor Roundtable (VGIR 2020). So, that all keeps us busy too!