

Unveiling Insights

Three Questions with Infrastructure Lead Lisa Bacon.

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Lisa Bacon, Meketa Capital's Infrastructure Program Lead, brings an unparalleled perspective to infrastructure investing. Her diverse career, spanning public policy, utilities consulting, and private infrastructure investing, equips her with a unique vantage point on both operational and investment excellence.

What background do you think makes a great infrastructure investor?

When I stepped into real asset/private infrastructure investing, it was an evolving, less formalized asset class. At the time, many investors came from real estate or private equity backgrounds and weren't solely focused on infrastructure. To truly grasp the essence of a real asset, having a background or the ability to understand engineering or industry specifics is invaluable. For instance, when underwriting a utility investment, comprehending the interplay between rates for contracted revenues and capital expenditures can make a crucial difference in understanding the investment's return. Infrastructure investing is distinct due to the various factors that can influence investment outcomes.

What trends are you observing in the infrastructure market today?

Over the last 18 to 24 months, much of deal flow has been restricted, but there is a positive light. General Partners (GPs) have seen an increase in certain aspects of infrastructure investing due to the energy transition. We're observing a surge in climate-specific strategies aimed at enhancing energy systems. The increase in electrification has created more opportunities to improve anything associated with power.

What are the unique challenges of infrastructure investing?

Physical assets come with inherent development risks. Often, it's not about underwriting brand new technology. For example, with hydrogen projects, the technology may be established, but scaling up production introduces new risks, especially regarding project costs. These risks must be taken into account when evaluating risk/return tradeoffs.

As the landscape of infrastructure investing continues to evolve, driven by technological advancements and a growing emphasis on uncorrelated portfolio diversification, the need to develop new perspectives has the potential to help investors achieve their goals and objectives. Lisa Bacon's journey and insights serve as a guiding beacon, underscoring the importance of expertise, adaptability, and a forward-thinking mindset in achieving success in this vital and ever-changing sector.

For more information about Meketa Capital, please contact us at info@meketacapital.com.

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