

IJInvestor Awards 2022 – Direct Investor, Global

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To win the IJInvestor Direct Investor Award in the Global category, you have to prove to the independent panel of judges that your organisation is impressive on an international basis... and CDPQ did just that.

Taking it down to brass tacks, the CDPQ submission came out punching with the first statement for the judges identifying that for the year ended 31 December 2021, the weighted-average return on its depositors' funds was 13.5%, compared with 10.7% for the benchmark portfolio, representing \$10.4 billion in value added.

The annualised returns over 5 and 10 years were 8.9% and 9.6%, respectively, also outperforming the benchmark portfolio.

Information like this tends to catch the judges' attention... especially when it is followed by statements that CDPQ's net assets were \$419.8 billion, up \$149.1 billion over 5 years, with investment results of \$141 billion and net deposits of \$8.1 billion. Over 10 years, investment results were \$241 billion and net deposits were \$19.8 billion.

Charles Emond, president and chief executive of CDPQ, said: "In 2021, all our portfolios delivered strong performances, producing nearly \$49 billion in investment results. Infrastructure and private equity generated exceptional returns, equity markets leveraged the benefits of the portfolio's evolution, real estate's repositioning yielded clear results and we successfully navigated a pronounced rate hike in fixed income.

"This shows that our strategies are working and effectively taking into consideration today's key challenges – the climate transition, the digitisation of the economy and ongoing changes on the international stage."

Taking a look purely at the infrastructure portfolio, it posted a 14.5% return – its best in 10 years – compared with 11.4% for its benchmark index. This result stems from the strong performance of portfolio assets in the renewable energy and telecom sectors.

Over 5 years, the infrastructure activities produced an annualised return of 9.6%, above the benchmark at 9.2%, a value add that is also attributable to the portfolio's exposure to the wind and solar energy sectors.

The judging period

Over the course of 2021 – not the entire judging period which runs from 1 April 2021 to 31 March 2022 – the CDPQ infrastructure team continued its sustained deployment of capital with more than \$11 billion invested or committed.

The telecom and passenger mobility sectors played a central role in CDPQ's investment activities.

For example, CDPQ made major acquisitions in the telecom towers sector in Brazil and Europe, including an investment of more than €1.6 billion in ATC Europe.

For the acquisition of a 30% stake in ATC Europe, CDPQ created a single-asset fund and implemented its first GP/LP structure to unlock new capital and support the future growth of ATC Europe. CDPQ has already raised close to €250 million from LPs, and expects to secure additional third party capital by the end of 2022.

In terms of transport-related activities, it invested A\$2.3 billion in WestConnex, Australia's largest road infrastructure project. Alongside DWS, CDPQ also acquired Ermewa, the European railcar leasing specialist.

Sticking with transport, and through its partnership of more than \$8 billion with DP World, CDPQ entered the Indonesian market with the construction of a \$1.2 billion logistics and industrial port.

CDPQ continued its partnership-based approach for several acquisitions, partnering with leaders such as Telefonica to create JVs like FiBrasil.

In February 2022, Hy24, Mirova, CDPQ and Technip Energies joined forces to make record €200 million investment in green hydrogen pioneer Hy2gen AG.

The capital will be used to finance construction of facilities in geographies including Europe, to produce green hydrogen-based fuels – e-fuels – for maritime and ground transport, aviation and industrial applications.

The investment, which is the largest private green hydrogen-focused capital raise to date, is led by Hy24 with Mirova, CDPQ and strategic investor, Technip Energies.

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