

Preqin Industry News

Jessica Sutro delivers a round-up of the latest private equity news, featuring exclusive intelligence uncovered by Preqin's analysts. Preqin Online subscribers can click on the investor/firm names to view the full profiles.

Though the number of natural resources funds raised each year has declined since 2008, the Charts of the Month show an increase in the aggregate capital committed to closed funds from \$7bn in 2011 to \$12.6bn in 2012 so far as well as the potential for strong performance. Both investors and fund managers have demonstrated interest in the sector, with several natural resources funds closing recently.

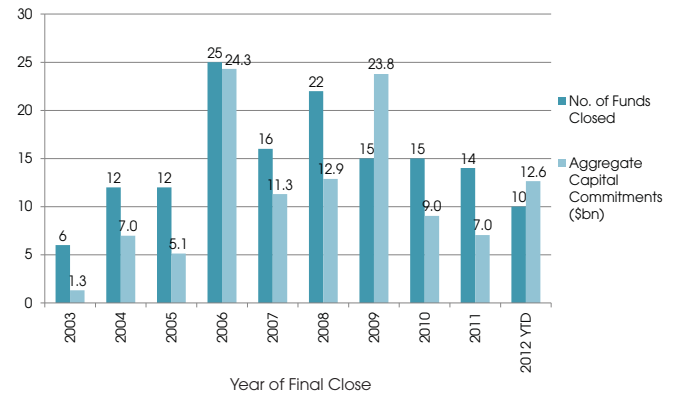
Two of these recently closed funds will concentrate their investments on oil-based natural resources in North America. [Natural Gas Partners X](#), managed by [NGP Energy Capital Management](#), has collected \$3.66bn in aggregate capital commitments since its inception in February 2011 and is the largest natural resources fund to close last month. The fund will focus its investments within the oil and natural gas production, energy midstream, and oilfield services industries based in North America, but will also consider investments globally. [KKR Natural Resources](#), [Kohlberg Kravis Robert's](#) maiden oil & gas fund, also closed this June with \$1.25bn in aggregate capital commitments and a focus on purchasing non-core assets from existing oil fields and oil companies in North America.

Several fund managers have followed this North American focus, making recent acquisitions in the natural resources sector in the US. Apollo Global Management, Access Industries, Riverstone Holdings and Korea National Oil Corporation completed the acquisition of [El Paso Corporation's Oil and Natural Gas Exploration and Production Assets](#) in May, in a deal valued at \$7.15bn. [Venari Resources](#), a deep water oil exploration company also based in the US received commitments in May of up to \$1.125bn from a consortium of investors including Warburg Pincus, Jordan Company, Kelso & Company and Temasek Holdings.

LP investors have also demonstrated interest in targeting natural resources. In particular, a number of pension funds have made commitments to currently raising and recently closed funds. The \$153.7bn public pension fund [CalSTRS \(California State Teachers' Retirement System\)](#) was among the investors in the recently closed [Braemar Energy Ventures III](#), a [Braemar Energy Ventures](#) fund which will pursue a niche focus on the energy technology space. Another pension fund, [Arizona State Retirement System](#), has committed \$50mn each to two natural resource-focused funds, [Apollo Natural Resources Fund I](#) and [Blackstone Energy Partners](#), which are targeting \$1.25bn and \$3bn respectively.

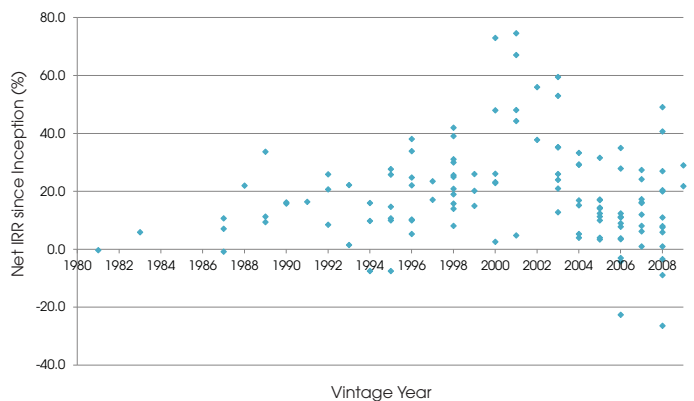
Finally, Chilean government agency [CORFU](#) is looking to use the secondary market to invest in natural resources private equity vehicles, in addition to making commitments to growth and venture capital funds. Though it will consider investments within Asia and South America, particularly Brazil, it will mainly seek vehicles that target Chile.

Chart of the Month 1: Natural Resources Fundraising, 2003-2012



Source: Preqin Funds in Market

Chart of the Month 2: Net IRR Dispersion of Natural Resources Funds by Vintage Year



Source: Preqin Performance Analyst

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@peqin.com and we will endeavour to publish them in the next issue.