

North America-Focused Oil & Gas Fundraising On Track for Record Year

Region attracts over three-quarters (76%) of investor capital committed to the global unlisted oil & gas industry in 2016

North America has long represented the key market for the unlisted oil & gas fund management industry and the region continues to dominate fundraising. Following an all-time high \$44bn raised by 35 funds in 2015, the aggregate capital raised looks likely to achieve another record total this year; 19 unlisted oil & gas funds have secured \$34bn of investor capital, as of October. With 51 North America-focused vehicles on the road collectively targeting \$29bn, 43% of which have already held at least one interim close, fund managers will be confident of surpassing the previous year's total. Moreover, with three-quarters of North America-based investors primarily targeting the domestic market, the oil & gas landscape in the region looks likely to remain buoyant into 2017.

North America has consistently dominated global unlisted oil & gas-focused fundraising over the past decade, and in recent years the region has attracted an increasing share of industry. Since 2013, the region has attracted over two-thirds of capital raised globally each year, and accounted for at least half of all oil & gas funds reaching a final close. 2016 YTD has been a particularly strong fundraising year and North America-focused vehicles have secured more than three-quarters (76%) of the total oil & gas commitments and represented 56% of all funds closed.

Other Key North American Oil & Gas Facts:

- **Investment Stage:** Since 2006, **40% of North America-focused oil & gas funds have targeted upstream investments**, while a third have focused on midstream opportunities. Oil field services (12%) and downstream projects (10%) account for smaller proportion of funds closed.
- **North America-Based Investors:** Currently, **91% of North America-based energy investors have a preference for oil & gas investments**, while 79% and 75% of energy fund searches and mandates issued will seek oil and natural gas investments respectively, over the next 12 months.
- **Performance Variation:** Of unlisted North America-focused energy funds with a preference for oil & gas, **earlier vintages (pre-2007) have seen the strong performance with a median net IRR of 17.0%**, while all five top performing funds are of earlier vintages. However, the most recent vehicles (2012-2013 vintages) posted -24.1%, bearing the brunt of the sharp fall in oil prices and volatility in energy markets.

To access further information and analysis, please see the full report below:

<https://www.preqin.com/docs/reports/Preqin-Special-Report-North-American-Oil-&-Gas-November-2016.pdf>

Comment:

"Fund managers have managed to attract large swathes of investor capital for oil & gas projects in North America through 2016 YTD, following on from another buoyant year of fundraising in 2015. Although there has been a reduction in the number of funds reaching a final close for two consecutive years, the amount of capital raised has continued to grow and North America remains the primary investment destination for opportunities in oil & gas.

However, suppressed commodity prices and the growing renewable energy industry have caused problems for fund managers in terms of generating robust returns. Although 2012-2013 North America-focused oil & gas vehicles will still be holding assets, their current performance will worry investors whose appetite for the natural resources asset class, in general, has dampened of late."

Tom Carr – Head of Real Assets Products, Preqin

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

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