

## New Natural Resources Debt Funds Targeting \$23bn

### Robust fundraising in recent years attracts fund managers to the industry

The unlisted natural resources debt fundraising market has developed since the financial crisis, with 54 funds closing since 2010 raising a combined \$29bn. The most successful year of fundraising occurred in 2013 when 15 funds reached a final close, raising a combined \$11bn; by comparison, five funds raised just \$0.5bn in 2014, and nine funds closed in 2015 securing \$5.5bn of investor capital. Since 2010, 79% (\$23bn) of investor commitments have gone to funds with a primary focus on energy; vehicles with a diversified approach saw the next highest amount of capital, raising a combined \$4.2bn despite just three fund closures. Between agriculture, metals & mining and timberland strategies, 16 funds raised \$1.9bn.

Geographically, the majority of capital secured by natural resources debt fund managers since 2010 has been committed to vehicles targeting investments in North America with 24 funds raising \$23bn. Europe has seen the least investor capital with just \$0.8bn raised while Asia-focused funds have seen an aggregate \$3.7bn of commitments. Funds focused on areas outside of these regions have raised \$1.6bn through 13 fund closures.

#### Key Natural Resources Debt Funds in Market Facts:

- **Funds in Market:** There are currently **32 natural resources debt funds in market, targeting \$23bn** in investor commitments. Firms tend to be either large alternative fund managers with experience in private debt, or energy-focused private equity firms.
- **Funds by Strategy:** Energy-focused funds make up the majority of natural resources debt funds in market and target capital, with **19 funds seeking \$15bn of investor commitments**. Three vehicles looking to invest in water are seeking \$2.8bn, while diversified strategies are hoping to secure \$4.1bn.
- **Region Focus:** Despite low fundraising levels since 2010, **six Europe-focused funds are seeking \$6.3bn of investor capital**. North America-focused funds have the most funds in market (17) and are targeting the greatest amount of capital (\$15bn) with just one fund seeking \$0.1bn looking to make investments in Asia. Outside of these regions, eight funds are looking to raise \$1.8bn.

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

<https://www.preqin.com/docs/newsletters/ra/Preqin-Real-Assets-Spotlight-May-2016.pdf>

#### Comment:

“Under pressure from increased regulation and capital requirements since the financial crisis, many banks have looked to deleverage and reduce their lending, creating more and more opportunities for fund managers to provide a range of financing options to natural resources companies.

The continued growth of interest in debt investment in these companies will depend on the success or otherwise of the current group of funds and also on the direction commodity prices take. However, with regulation still affecting the ability of banks to address all the financing needs of natural resources companies, the next commodity boom will likely be financed, to an extent, by private capital.”

#### 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.

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