

# Significant Majority of Natural Resources Fund Managers Look to Deploy More Capital in 2018

## Managers say that ease of finding attractive investment opportunities varies by strategy

As the unlisted natural resources industry continues to see high levels of dry powder, fund managers report that they are looking to deploy more capital in 2018: 70% of fund managers\* plan to deploy more capital in natural resources assets in 2018 compared to 2017, including 41% that plan to deploy significantly more. By contrast, just 1% plan to deploy less capital. For the asset class as a whole, 21% of fund managers report that it is more difficult to find attractive investment opportunities compared to 12 months ago. However, these proportions vary based on strategy. The largest proportion (43%) find it easier to source attractive opportunities in metals & mining at present compared to 12 months ago, followed by energy (23%) and agriculture/farmland (11%) assets. Timberland is the only strategy for which a majority (58%) of fund managers are finding it more difficult to source attractive investment opportunities than 12 months ago.

**For more information and analysis, see the full *H1 2018 Natural Resources Fund Manager Outlook* here: <http://docs.preqin.com/reports/Preqin-Special-Report-Natural-Resources-Fund-Manager-Outlook-H1-2018.pdf>**

### Key Natural Resources Fund Manager Outlook Facts:

- **Seventy percent of fund managers plan to deploy more capital in natural resources assets**, including 41% that plan to deploy significantly more capital. By contrast, just 1% plan to deploy less capital.
- For the asset class as a whole, **21% of fund managers report that it is more difficult to source attractive investment opportunities** compared to 12 months ago, with none finding it easier.
- **However, a large proportion (43%) feel that it is easier to find attractive opportunities in metals & mining** at present, while just 7% feel that it has become more difficult.
- **In energy, 23% of fund managers report that it has become easier** to source attractive investment opportunities, while 11% reported the same for agriculture/farmland assets.
- **Timberland is the only strategy for which a majority (58%) of fund managers find it more difficult to source attractive investment opportunities** than 12 months ago.
- Overall, a greater proportion of fund managers find that there is a more competition for assets compared to 12 months ago: **59% reported an increase in competition** while none reported a decrease.

### Patrick Adefuye, Head of Real Assets Products:

“With high levels of dry powder available to them, fund managers are looking to deploy more capital in the upcoming year than they did in 2017. Although over one-fifth of fund managers find it more difficult to source attractive investment opportunities compared to 12 months ago, this proportion varies widely by strategy. Significant proportions of managers report a decrease in the difficulty of finding attractive assets in metals & mining assets, energy assets and agriculture/farmland assets.

This may represent a bounce back for the metals & mining industry from the prolonged decline that began in 2015, as investors feel that sourcing attractive investment opportunities in this strategy is becoming easier. It is notable as well, that investors report that it is also getting easier to source attractive investment opportunities in energy assets, which is already a competitive market. All in all, there may be significant scope for deal making in some of the most active natural resources sectors over the course of 2018.”

*\*Results based on a survey of over 50 unlisted natural resources fund managers conducted in November 2017.*

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