

Natural Resources Fundraising Stutters in 2019

Capital raised surpasses \$100bn for second year running, but number of funds declines

The number of natural resources funds closed fell for a second consecutive year in 2019. A total of 128 vehicles closed through the year, down from a peak of 184 in 2017 and 149 that closed in 2018. However, the aggregate capital raised surpassed \$100bn for only the second year ever. Funds closed in 2019 secured \$109bn, on par with the \$107bn raised in 2018. But the number of funds closed that focus exclusively on pure natural resources strategies is falling: high capital totals have been driven by the closure of several mega funds which will allocate a portion of their capital to energy investments.

This sets the scene for an extremely challenging fundraising market in 2020 – there are 318 vehicles seeking capital at the start of the year, the equivalent of almost two and a half years' supply at 2019 levels. This total is down from a year previously, suggesting that some fund managers are choosing to abandon their fundraising processes without reaching a final close, or that funds that do close are not being replaced by new vehicles coming to market.

For more information, see the full 2019 Natural Resources Update Factsheet here:

<https://docs.preqin.com/reports/2019-Natural-Resources-Fundraising-Update.pdf>

The forthcoming 2020 Preqin Global Natural Resources Report is the most comprehensive breakdown of the global industry. To pre-order your complimentary media copy, please email us at press@preqin.com.

Patrick Adefuye, Head of Real Assets:

“Strong headline totals for the natural resources industry in 2019 have masked an extremely challenging landscape. The success of mega infrastructure funds which intend to make some acquisitions in the energy space have bolstered capital totals, but the number of pure natural resources funds being successfully raised has fallen year-on-year since 2016. The fundraising market has fallen below replacement rate, as fund managers call off their fundraising or choose not to bring new funds to market. Without a seismic change in the commodities market, we can expect these conditions to persist into 2020.”

Key 2019 Natural Resources Facts:

- **2019 saw 128 natural resources funds secure a total of \$109bn.** This is a new record in total capital raised, surpassing the \$107bn secured in 2018. But this was in large part due to several mega infrastructure funds which will have some exposure to energy investments, not a general upswing in natural resources-dedicated vehicles.
- **The number of funds closed has fallen for the second consecutive year,** going from 184 in 2017 to 149 in 2018 and 128 in 2019.
- Similar capital totals secured by fewer funds meant that the **average size of natural resources funds reached \$955mn**, the highest level ever seen.
- **Dry powder reached \$263bn by the end of December 2019**, surpassing a quarter of a trillion dollars for the first time. High fundraising pushed available capital up from the \$230bn seen at the end of 2018.
- By contrast, the number of funds in market as of January 2020 is lower than it was a year ago. **There are now 318 funds seeking a total of \$205bn**, compared to 323 funds that were targeting \$196bn from investors at the start of 2019.
- Nonetheless, the number of funds in market is two and a half times as large as the number of funds that closed in 2019, suggesting many vehicles will not be able to reach a final close.
- **Energy funds continue to dominate the market.** There are 219 funds targeting the sector currently in market, seeking a combined \$173bn. This compares to 99 funds seeking \$32bn across all other natural resources strategies.

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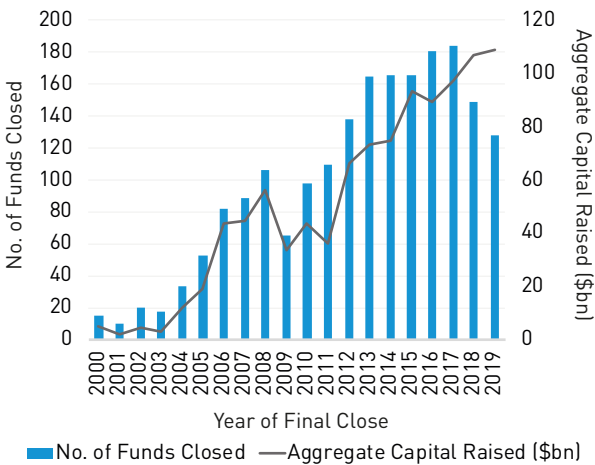
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2019 Natural Resources Fundraising Update

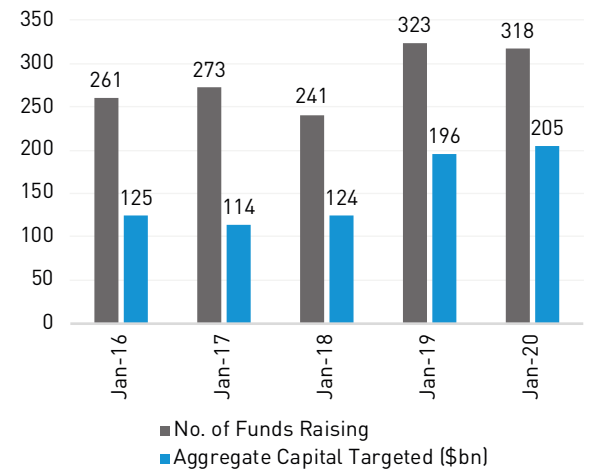
Capital raised surpassed \$100bn for the second year running, but the number of fund closures declined

Fig. 1: Global Unlisted Natural Resources Fundraising, 2000 - 2019



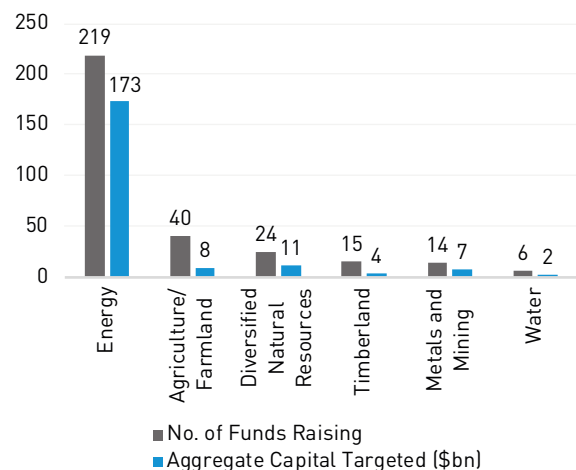
Source: Preqin Pro

Fig. 2: Unlisted Natural Resources Funds in Market, 2016 - 2020



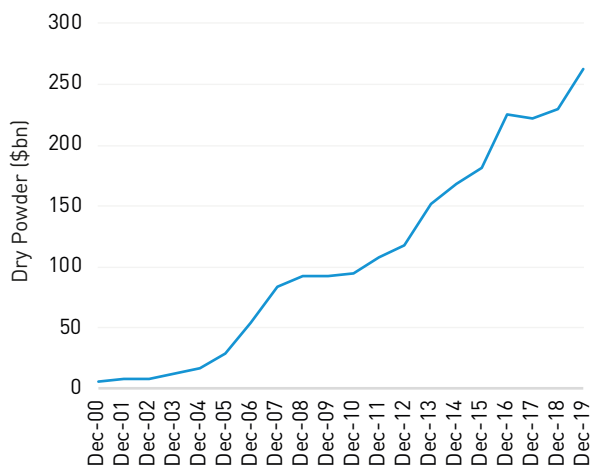
Source: Preqin Pro

Fig. 3: Unlisted Natural Resources Funds in Market by Primary Strategy



Source: Preqin Pro. Data as of January 2020

Fig. 4: Global Unlisted Natural Resources Dry Powder, 2000 - 2019



Source: Preqin Pro