

PERSPECTIVE IN NATURAL RESOURCES

ENERGY DOMINATES PRIVATE EQUITY INVESTMENTS IN NATURAL RESOURCES

Energy funds continue to dominate the private equity fundraising market, representing 64 percent of natural resources funds¹ closed and 83 percent of capital raised in the first quarter of 2018.

Private equity managers investing in the energy space are cautiously optimistic as oil prices flirt with highs not seen since 2014.



FUNDS IN THE MARKET

As of Q1 2018, there were **258 natural resources funds** in the market seeking to raise **\$131B**.

Of all the natural resources funds in the market, **69% are targeting energy opportunities** primarily.

The largest fund currently raising capital is **Energy Capital Partners IV**, which is seeking **\$6B**.

NATURAL RESOURCES FUNDS THAT HELD CLOSES

Year	Number of Funds Closed	Amount Raised
Q1 2018	14	\$13B
2017	109	\$75B
2016	128	\$72B

The number of funds closed each year over the past two years is on a downward trend, but the **14 funds that closed in Q1 2018 raised an average of \$967 million**, the fourth highest quarterly average over the same period.

MIDSTREAM POISED TO RUN THE SHOW

Four of the five largest private equity funds that closed in the first quarter of 2018 invest in the midstream sector.

Investors are flocking to players in the fast-growing energy infrastructure arena, including pipeline developers, transportation suppliers, logistics companies and terminal developers and operators.

Fund	PE Firm	Fund Size	Fund Type	Geographic Focus	Acquisition Targets
EnCap Flatrock Midstream Fund IV	EnCap Investments	\$3.25B	Energy 	U.S.	Oil and gas pipelines and storage terminals
Partners Group Direct Infrastructure 2016	Partners Group	EUR 2.2B	Energy 	Global	Transportation and processing facilities
Orion Mine Finance Fund II	Orion Resource Partners	\$1.75B	Metals & Mining 	Australia, UK, U.S.	
Basalt Infrastructure Partners II	Basalt Infrastructure Partners	\$1.285B	Energy 	North America, Europe	Energy transport infrastructure
Orion Energy Credit Opportunities Fund II	Orion Energy Partners	\$816M	Energy 	North America	Storage terminals, equipment providers

Source: [Preqin](#)

¹ Natural resources funds encompass energy, metals and mining, water, timberland, agriculture and farmland, and diversified natural resources



People who know Natural Resources, know BDO.

For more information, visit www.bdo.com/privateequity or contact:

SCOTT HENDON, Private Equity Practice Leader
214-665-0750 / shendon@bdo.com

CLARK SACKSCHEWSKY, U.S. Leader of BDO's Natural Resources practice
713-548-0899 / csackschewsky@bdo.com

ABOUT BDO

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 60 offices and over 550 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of 73,800 people working out of 1,500 offices across 162 countries.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information please visit: www.bdo.com.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2018 BDO USA, LLP. All rights reserved.

