PitchBook

Global Real Assets Report

Q3 2021

PitchBook

Contents

Executive summary 2

Overview 3-6

Infrastructure 7-11

Oil & gas 12-14

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Executive summary

The outlook for real assets looks more bullish than it has in years. Concerns that the current inflationary environment may endure are prompting many LPs to look to real assets funds as an inflation hedge in their portfolios. Infrastructure managers continue to attract capital by delivering reliable fund returns in the region of 10%. At the same time, natural resources and oil & gas funds may be approaching a significant turning point as commodity prices soar. The real question is: How long will the bull run last, and will it be enough to entice both GPs and LPs back into strategies that have underperformed for so long?

Infrastructure fundraising continues to be dominated by a small number of large managers. However, as LP interest in the strategy grows, opportunities exist for emerging managers to carve out niches further up the risk-return curve. The passage of a $1 trillion infrastructure package in the US may create some public-private partnership opportunities for private capital, especially smaller firms, while government transportation and renewable energy projects in Europe and Australia continue to facilitate significant private investment.

Fundraising in oil & gas has remained lackluster in 2021, continuing a steady decline that began in the mid-2010s. The global push for sustainability has significantly increased the cost of capital for carbon-intensive projects and—coupled with poor historical performance—shifted LP dollars away from oil & gas funds and toward vehicles focused on renewable infrastructure. The road to net zero will be long though, and the combination of sustained global demand and the retreat of capital from fossil fuel exploration and production should present attractive opportunities to those willing to invest in oil & gas.

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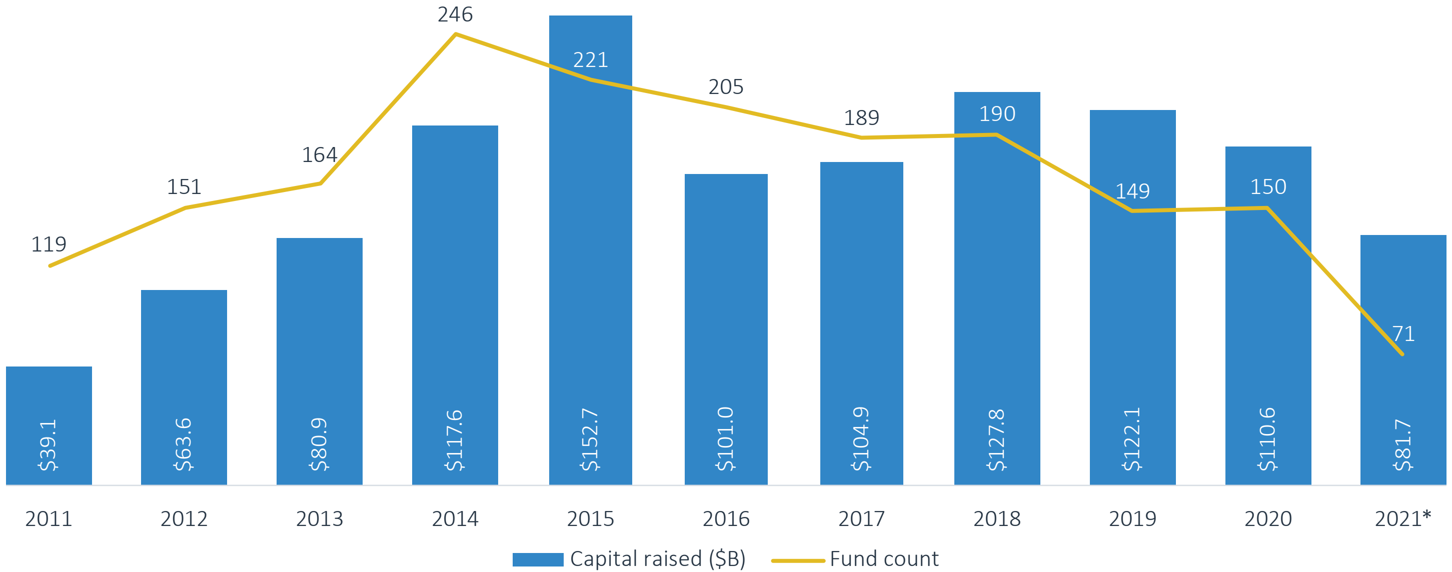
Overview

Real assets fundraising activity

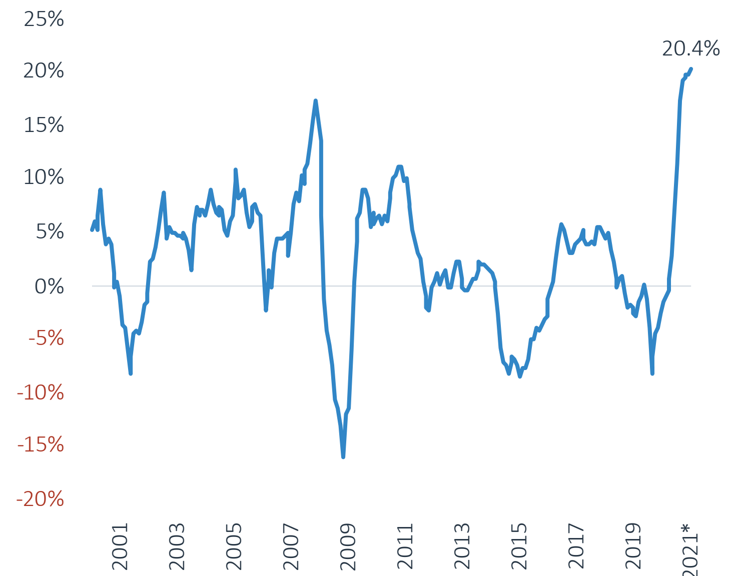


Source: PitchBook | **Geography**: Global
*As of September 30, 2021

Real assets fundraising continued at a modest pace in 2021, with 71 funds closing for a combined $81.7 billion YTD. Fundraising this year has been notably dominated by a smaller number of large infrastructure funds from Copenhagen Infrastructure Partners, Macquarie Asset Management, BlackRock (NYSE: BLK), KKR (NYSE: KKR), and EQT (STO: EQT). This is partially because infrastructure funds, which tend to be larger by necessity, are receiving more LP demand than oil & gas and other real assets funds.

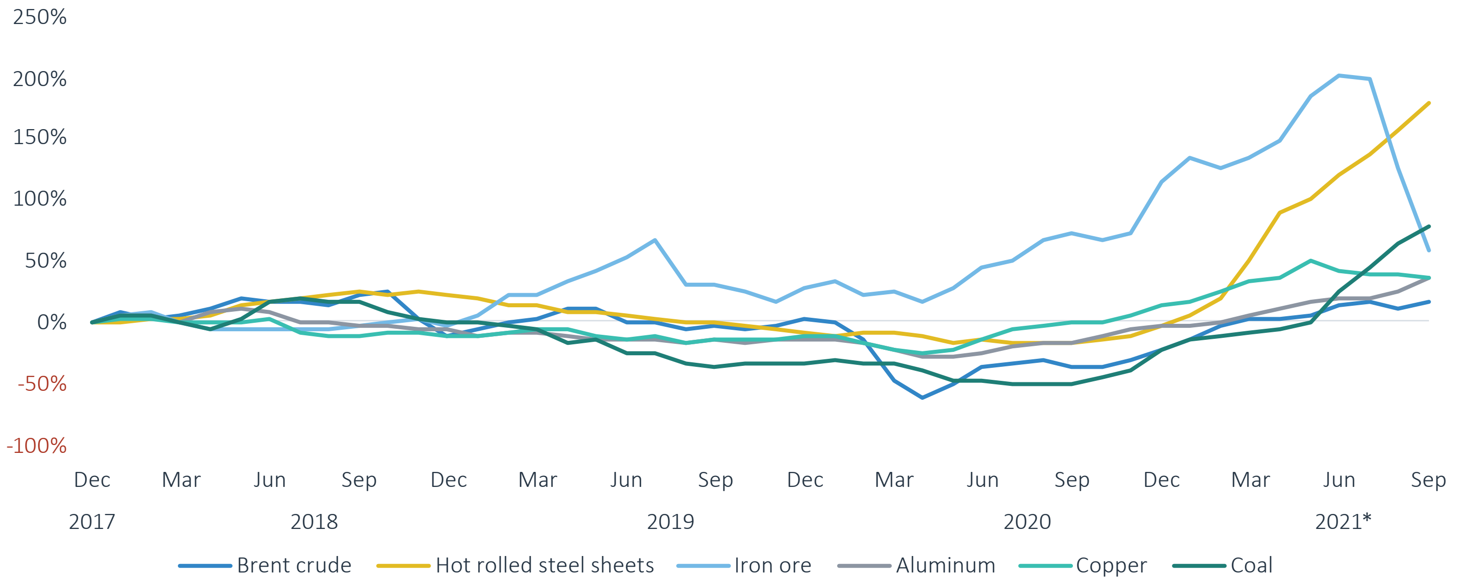
Although the fundraising figures through Q3 2021 are less stunning than those of other strategies such as private equity (PE) and venture capital (VC), the outlook for the real assets space looks more bullish than it has in years. On the one hand, infrastructure funds have posted reliable returns in the region of 10% for years due to the noncyclical nature of traditional infrastructure assets and burgeoning new investment areas such as digital and renewable energy—these returns will likely continue over the coming years. Additionally, the enactment of a roughly $1 trillion infrastructure spending bill in the US is just one example of the potential for governments to energize the transportation and clean energy sectors as they move to correct historical underspending on infrastructure.

Producer Price Index for all commodities, YoY change



Source: FRED | **Geography**: US
*As of September 30, 2021

Spot prices for select commodities



Source: Morningstar | **Geography**: Global
*As of September 30, 2021

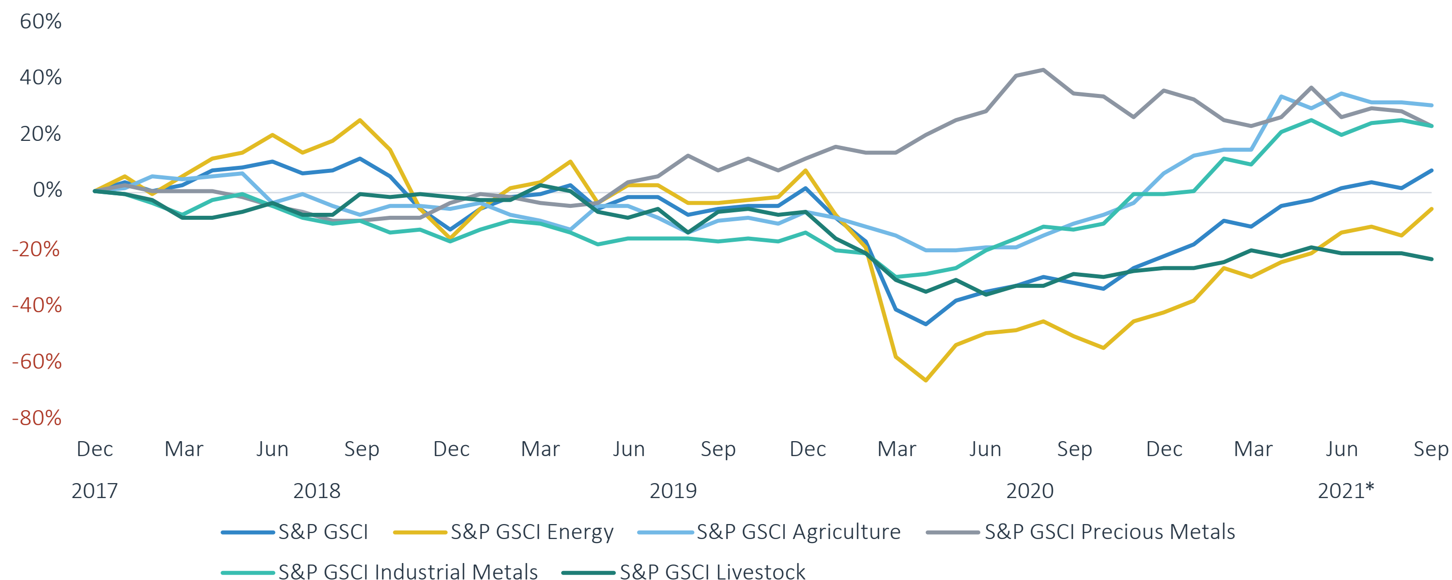
On the other hand, natural resources and oil & gas funds may be approaching a significant turning point as commodity prices soar. A confluence of demand resurgence following 2020's downturn, weather events, domino-effect energy shortages, and supply chain and production backlogs have caused a supply-demand imbalance for many commodities that may continue into next year and beyond. Historical underinvestment in the oil & gas sector may present a longer-term profit potential. Moreover, growing concerns that the current inflationary environment may not be transitory after all are sure to prompt many LPs to look to real assets funds as an inflation hedge. Consumer price index (CPI) year-over-year increases remained above 5% for the last five reporting months, and in October, the commodities portion of the Producer Price Index (PPI) hit 22.2%, its highest reading since the 1970s.

Natural resources fundraising has been in steady decline for the better part of a decade as investors moved away from the political risks, volatility, and underperformance associated with commodities. The dearth of private capital combined with equally weak performances from public companies slowed capital expenditure in recent years, stymying the near-term growth potential of assets that take years to develop through exploration. The tide appears to be turning though as macroeconomic indicators are now pointing to a sustained bull market for many commodities ranging from precious metals to food and fertilizer.

Real assets horizon IRRs by strategy*

Source: PitchBook | **Geography**: Global
*As of March 31, 2021

Total return for select commodities indices



Source: Morningstar | **Geography**: Global
*As of September 30, 2021

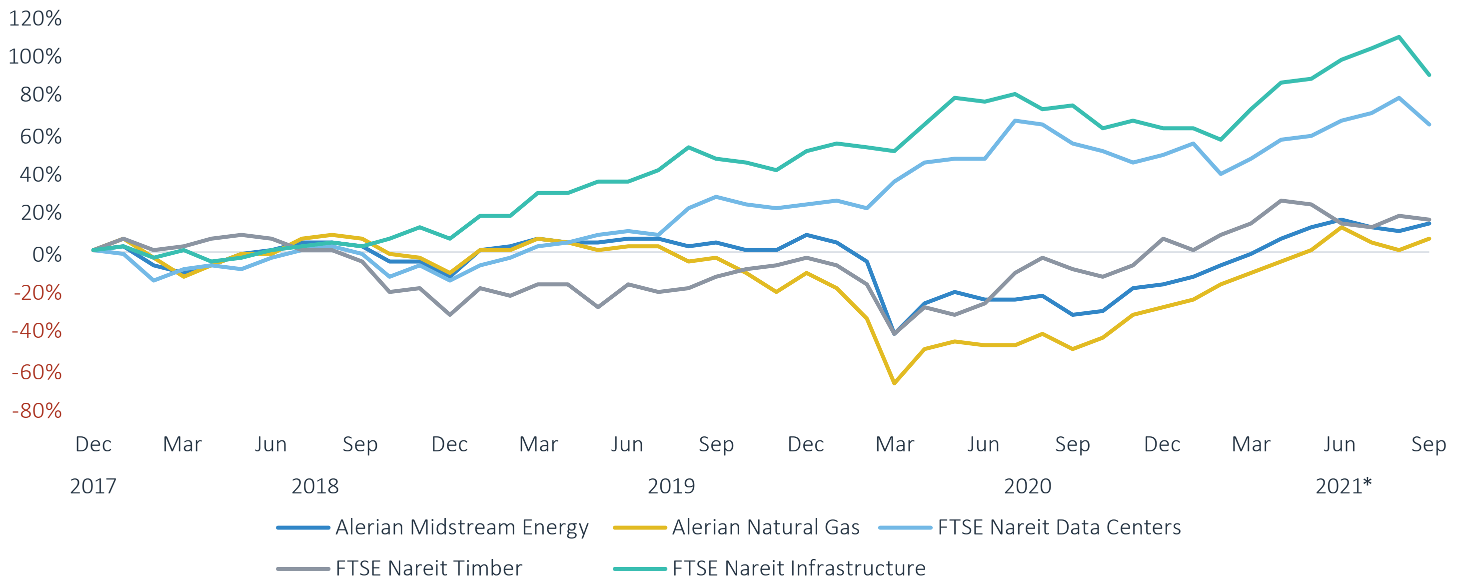
This poses a generational opportunity for the natural resources funds still active, and we may see outsized fund step-ups in the next year or so as these managers take advantage of increased LP demand. However, the real question is: How long will the commodities bull run last, and will it be enough to entice both GPs and LPs back into an asset class that has underperformed for so long? Public company executives are forgoing new investments in the space until the sustainability of these price increases proves to be enduring, which may offer private capital an opportunity if they can get in first.

Another key theme transforming the real assets space is the growing political and investor interest in energy transition. As described in the following sections, the global push for sustainability has significantly increased the cost of capital for carbon-intensive projects. It has also shifted LP dollars away from oil & gas funds and toward vehicles focused on renewable infrastructure and other "green" assets. The latest United Nations Climate Change Conference (COP26) in November saw numerous asset managers and allocators—including BlackRock, Brookfield Asset Management (NYSE: BAM), Stonepeak Infrastructure Partners, Invesco (NYSE: IVZ), and CalPERS—that collectively represent $130 trillion AUM commit to pursuing a goal of net-zero global emissions by 2050. Individual LPs, including the New York State Common Retirement Fund and Ontario Teachers' Pension Plan, have also made net-zero pledges, while the Harvard University Endowment has stated it will make no new commitments to funds that plan to invest in fossil fuels. The road to net zero will be long though, and the perpetual underinvestment in fossil fuels projects, combined with the unwillingness of many investors to deploy capital in the space, will likely present opportunities to those willing to invest in oil & gas.

The global energy transition has also created intense demand for minerals used in electrification and renewables production. These include lithium, nickel, cobalt, manganese, and graphite for batteries; "rare earth elements" for wind turbines and electric vehicles motors; and copper and silver for solar panels.[1] Aluminum is another key component of vehicle electrification, as aluminum parts can be used to make vehicles lighter and can increase energy efficiency. Because many mining companies have underinvested in technology and exploration in recent years, prices for these resources will likely remain elevated as demand increases.

1: "Mining for Assets: The Specialist Buyout House Digging for Metals To Fuel the Low-Carbon Economy," *Private Equity News*, Lina Saigol, August 9, 2021.

Total return for select indices

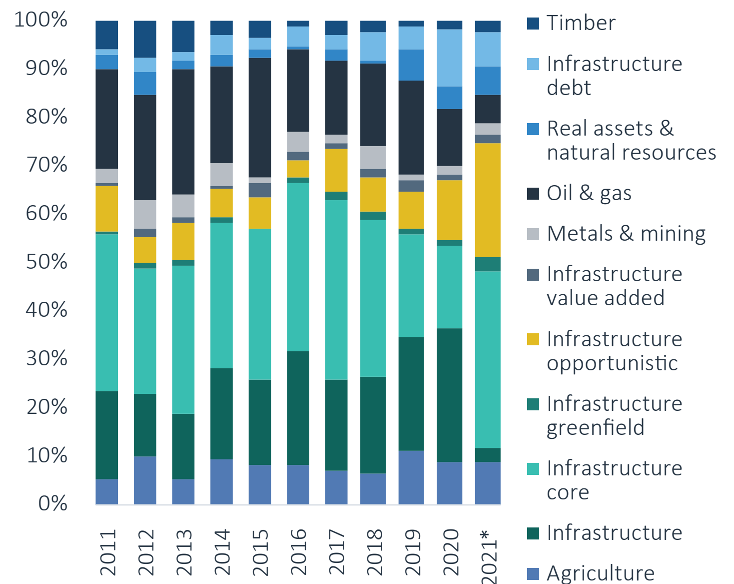


Source: Morningstar | **Geography:** Global
*As of September 30, 2021

Additionally, many mining processes are themselves environmentally hazardous or energy intensive. Firms that shift technology metal mining operations to renewable energy sources and pursue other environmental, social, and governance (ESG) initiatives will be well positioned to market their funds to LPs as ESG-supporting investments. For example, the portfolio companies of Appian Capital Advisors, which closed its second mining fund at $775.0 in January, conduct local revegetation and community development projects.

The ESG investing push has also created new opportunities in agricultural real assets. In July, Equilibrium Capital closed the largest agriculture fund since 2015: a $1.0 billion vehicle dedicated to controlled environment agriculture (CEA), meaning crops are grown in vertical farms and climate-controlled greenhouses. Sizeable commitments from Canadian, European, and US pensions allowed the firm to achieve a nearly 3x step-up just two years after its first CEA fund closed at $336.0 million.[2] CEA promises several sustainability benefits—including drought resistance, water efficiency, and the reduction of transportation-related emissions—and is expected to grow significantly in the coming years as technology improves and operating costs diminish. With such enthusiastic LP support, it will be interesting to see whether other agriculture and real assets firms pursue a similar strategy.

Share of real assets fund count by type



Source: PitchBook | **Geography:** Global
*As of September 30, 2021

2: "Equilibrium Secures More Than $1bn for Second CEA Fund," Agri Investor, Chris Janiec, July 7. 2021.

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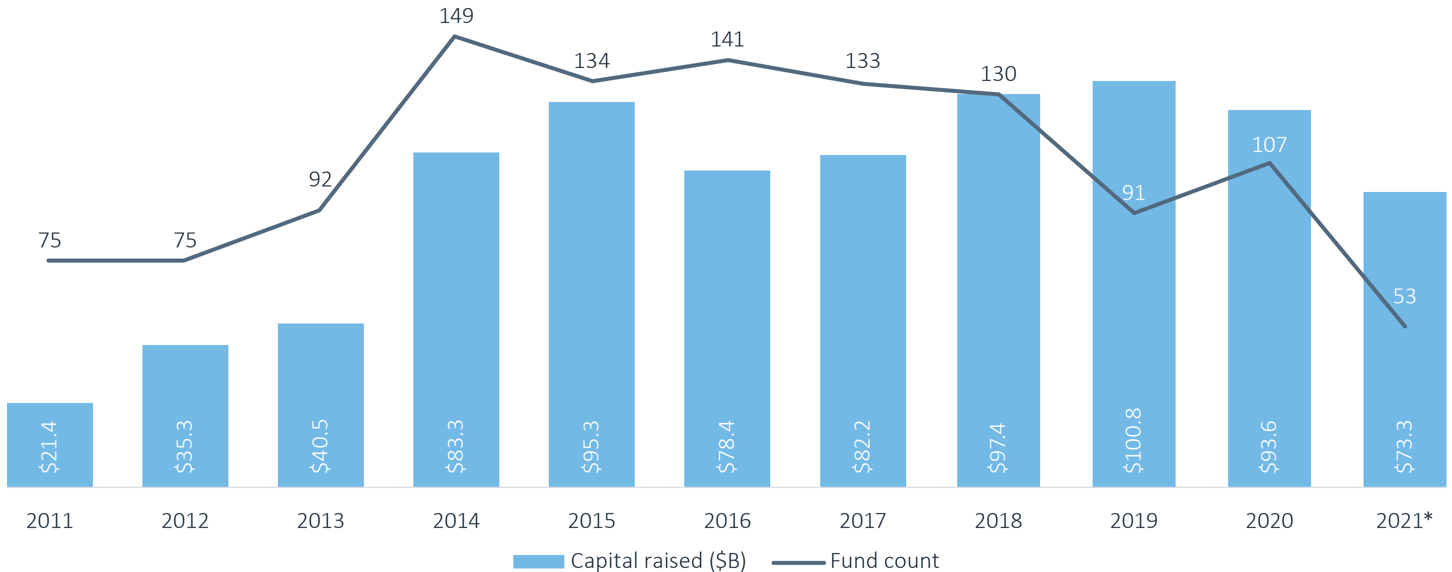
Infrastructure

Infrastructure fundraising activity

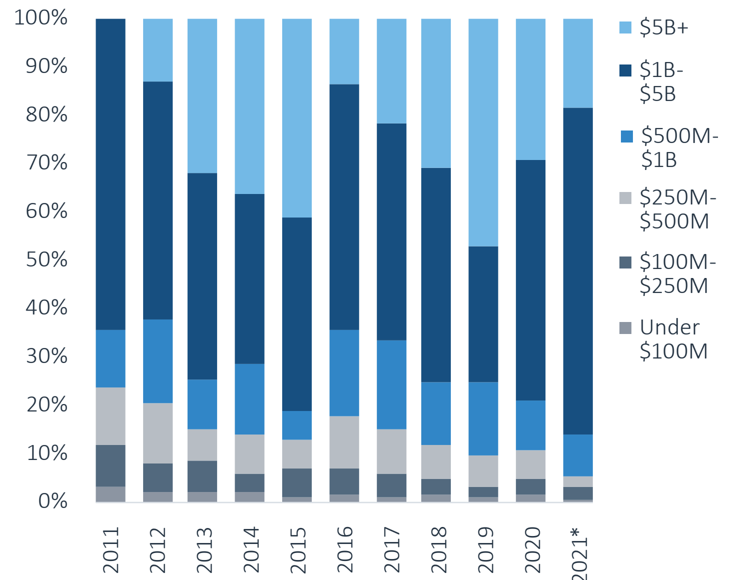


Source: PitchBook | Geography: Global
*As of September 30, 2021

Global infrastructure fundraising has remained steady over the past half-decade or so, including during 2020's pandemic-induced downturn. After proving their resiliency last year, infrastructure funds raised $73.3 billion through Q3 2021. Additionally, new interest in the strategy has been spurred by growing digital infrastructure needs, the vast opportunity set that is arising from underinvestment in infrastructure, and significant pressure to transition global energy production to renewable sources. With a record $287.7 billion in dry powder as of Q1, infrastructure funds have the capacity to make more and larger investments—Blackstone's (NYSE: BX) Q3 2021 earnings call noted that some of its largest deals of the quarter were in infrastructure, an area the firm had been less focused on a few years prior but will expand into going forward.[3]

For LPs, a significant factor in the attractiveness of infrastructure investments is the highly resilient nature of the strategy. Infrastructure funds continue to produce reliable returns while oil & gas and other real assets fund types exhibit far more volatility. Looking at the three-year horizon and longer, infrastructure outperformed other real assets strategies significantly, returning 8% to 10% while the others showed inconsistent performance, even dipping at times into negatives. The strategy

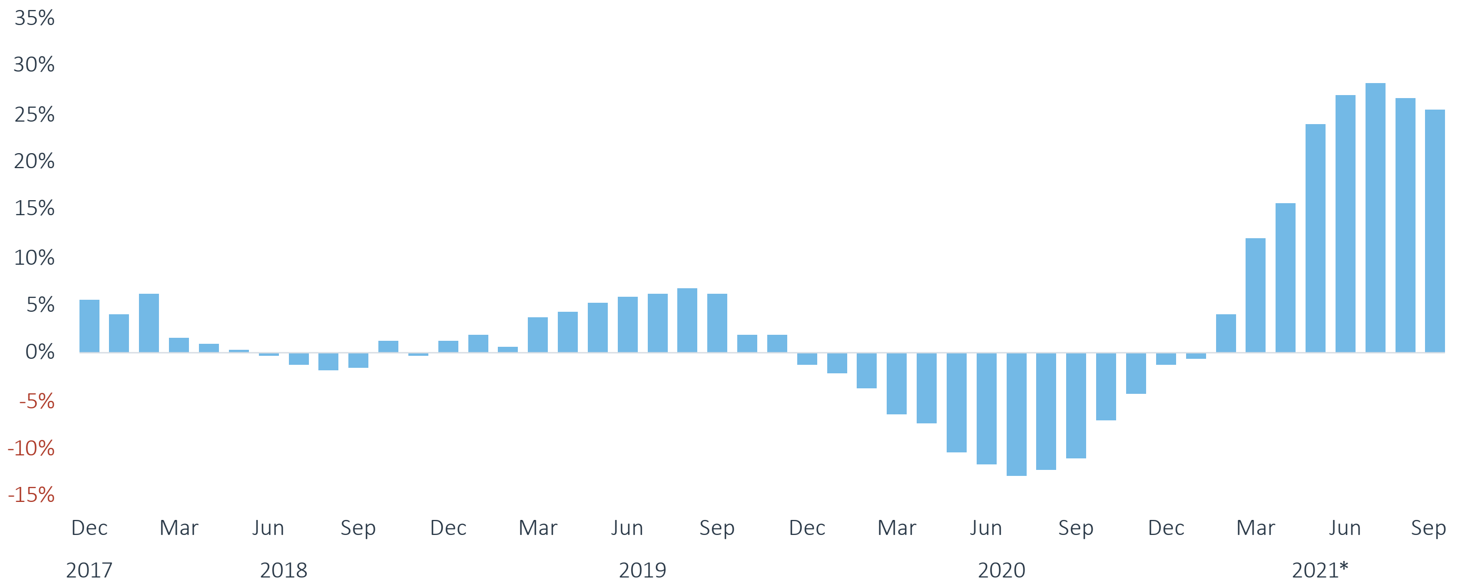
Share of infrastructure capital raised by fund size



Source: PitchBook | Geography: Global
*As of September 30, 2021

3: "Blackstone Third Quarter 2021 Investor Call," October 21, 2021.

Port of Los Angeles monthly volume, YoY change



Source: Port of Los Angeles | **Geography:** US
*As of September 30, 2021

performs well during downturns due to inelastic demand and regulated revenue models for many infrastructure assets. Additionally, the current inflationary backdrop may be a boon to infrastructure fundraising, as these assets often have longer-term inflation-linked contracts, making the strategy an attractive inflation hedge that has historically outperformed global stocks and bonds during inflationary periods. Anecdotal conversations with LPs indicate that the demand for investments in assets able to pass along inflationary costs has been skyrocketing. With travel continuing to recover and consumer demand still strong, we expect infrastructure performance to remain stable or even increase in the coming quarters.

The multiyear trend toward raising fewer, larger infrastructure funds continued in 2021, with the median fund size shooting up compared with last year. In June, DWS Group closed its Pan European Infrastructure Fund III at approximately $3.5 billion, while in July, Macquarie Asset Management raised $6.9 billion for its Americas-focused Macquarie Infrastructure Partners V, reflecting abundant investor appetite for the strategy. Infrastructure has been dominated by a few managers, partly due to the nature of the industry, which requires funds to be large in order to acquire equally massive assets. For example, Brookfield Asset Management manages $154 billion in infrastructure and renewable power assets and is targeting $12.5 billion for its latest global infrastructure fund.

However, with LP interest in infrastructure growing, opportunities exist for smaller managers to differentiate themselves by offering funds that move further up the risk-return curve. LPs that are new to the strategy tend to begin building their allocations by committing to core infrastructure funds, which typically buy large, established assets at relatively high multiples, before branching into value-added funds, which can target smaller, less-mature assets. One example of an emerging player on the value-added side is American Triple I Partners, an independent sponsor currently raising its first comingled fund. The firm writes $50 million checks to invest in transportation, social, and digital infrastructure assets with significant growth potential and also pursues larger consortium-based public-private partnership (PPP) opportunities. As more LPs look to develop their infrastructure portfolios, the strategy may diversify as new entrants stake out less-crowded market segments in the coming years.

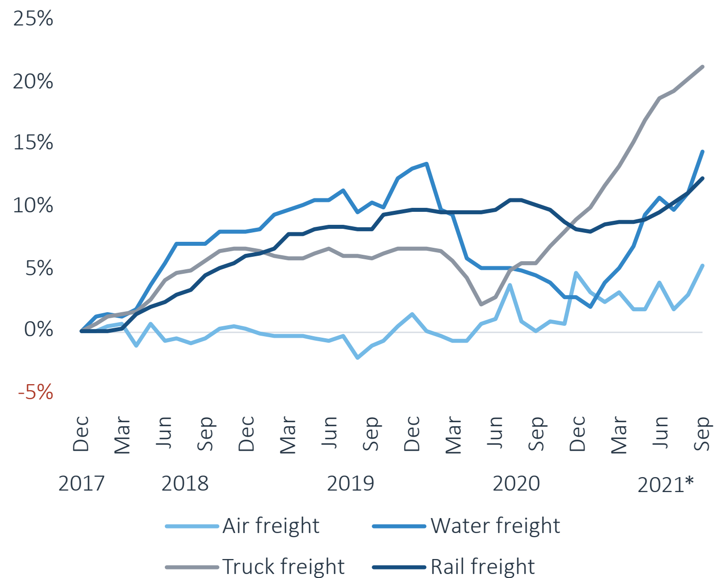
Transportation assets, a mainstay of infrastructure funds, are seeing significant interest amid a growing global supply chain crisis. The pandemic severely disrupted supply chains by prompting shutdowns, which resulted in reduced industrial activity in mid-2020 that then created a bullwhip effect as retailers rushed to restock supplies. Governments and supply chain operators are now scrambling to ease the backlog. For example, the Biden administration and several US retailers and domestic

freight companies are working to shift the Port of Los Angeles and the Port of Long Beach, which together see 40% of US imports, to 24-hour service. Still, this is easier said than done, and many experts believe that things will likely get worse before they get better. As retailers shift their supply chains to different transportation modes in an attempt to mitigate delays, prices across air freight, rail freight, trucking, and marine freight are rising sharply, especially in the US, where the situation is most acute. This will likely present significant opportunities for infrastructure funds going forward, as governments and the private sector are now keenly aware of the need to invest in technological improvements and capacity augmentation to improve supply chain resiliency in the future.

Marine shipping provides a case study, as the sector has already seen several noteworthy deals this year. In the current volatile environment, pricing for marine transportation assets is dependent not only on the volume of shipments passing through ports but also on an asset's positioning to weather significant industry upheaval. In November, EQT AB entered agreements to sell Fenix Marine Services, the company that operates one of the largest Port of Los Angeles terminals, to CMA CGM, a global shipping line, for $2.3 billion. The sale more than doubles the $875.0 million valuation at which EQT purchased Fenix in 2017, a result not only of surging throughput volumes at the Port of Los Angeles but of EQT's investments in digitization to improve efficiency. By contrast, Oaktree Capital Management fetched only $4.0 billion in its sale of Ports America, which operates 70 terminals at 33 US ports, to CPPIB; this is significantly less than the approximately $5 to $6 billion Oaktree had reportedly sought. One possible explanation is that Ports America does not own terminals or hold long-term concessions (leases), which provide multidecade stability in pricing and port access, at most of the ports where it operates, leaving it more exposed to competition from newcomers as the industry comes under pressure to modernize.[4] With port volumes likely to remain elevated, we expect to see further transaction activity for transportation assets in the coming quarters.

For infrastructure funds that were anticipating a boost in investment opportunities from expected PPPs, the outlook is unclear. In the US, President Biden signed a roughly $1 trillion bipartisan infrastructure bill in November—the largest such investment by the US

Producer Price Index for select transportation services

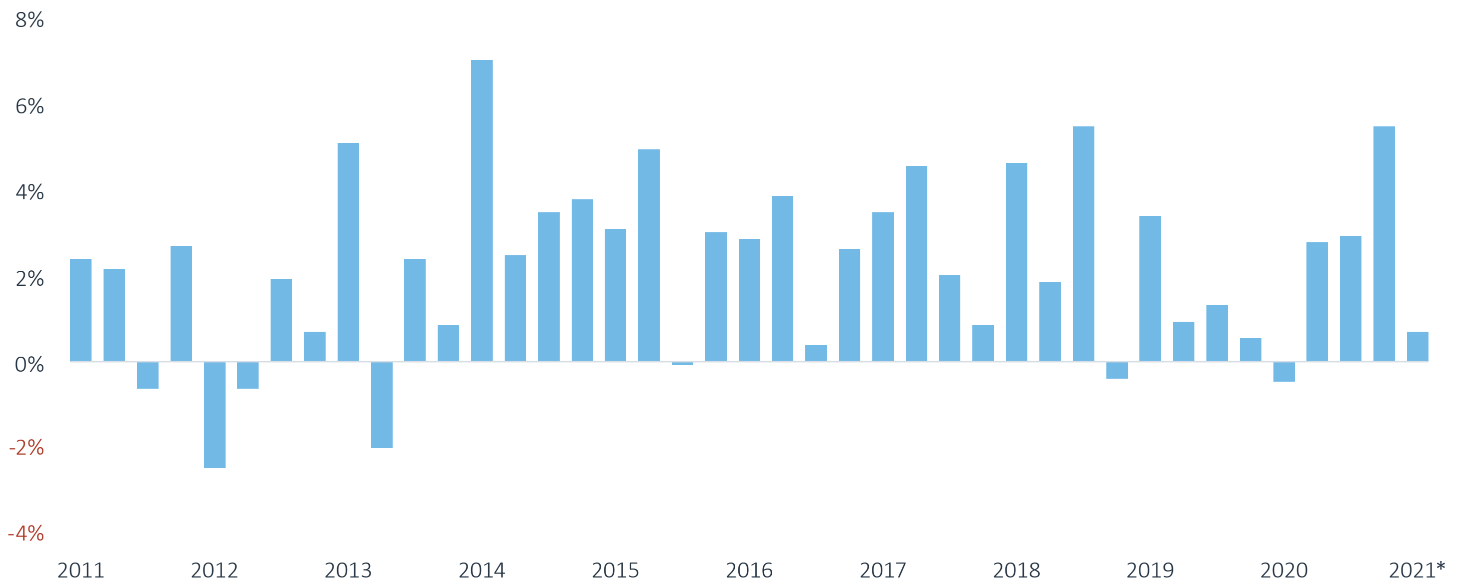


Source: FRED | **Geography**: US
*As of September 30, 2021

government in a generation—that lays out plans to create a broadband access grant program, as well as target improvements to roads and bridges, passenger rail, ports and airports, and the power grid. The final text of the legislation encourages, but does not require, local authorities to utilize PPPs to carry out new projects, meaning that it remains unclear to what extent the bill will directly facilitate investments by infrastructure funds. This comes as a blow to the large firms that lobbied for greater participation in bankrolling projects. However, Blackstone noted that it is reopening its $14 billion infrastructure fund without depending on PPPs, as the organic demand is already enormous. Middle-market funds that focus on construction and ancillary services also expect to see some benefits from the increased public spending, as federal grants to state and local governments can help get smaller projects off the ground. Bernhard Capital Partners' recent acquisition of RailWorks, a company that provides rail construction and maintenance services, exemplifies this opportunity. Other government programs may also provide additional avenues into PPPs—one example is Biden's announcement in October that federal waters will be identified for leasing to wind developers by 2025 to develop large-scale wind farms along US coastlines.

4: "Ports America Sold," *World Cargo News*, Paul Avery, September 30, 2021.

Infrastructure quarterly horizon IRRs



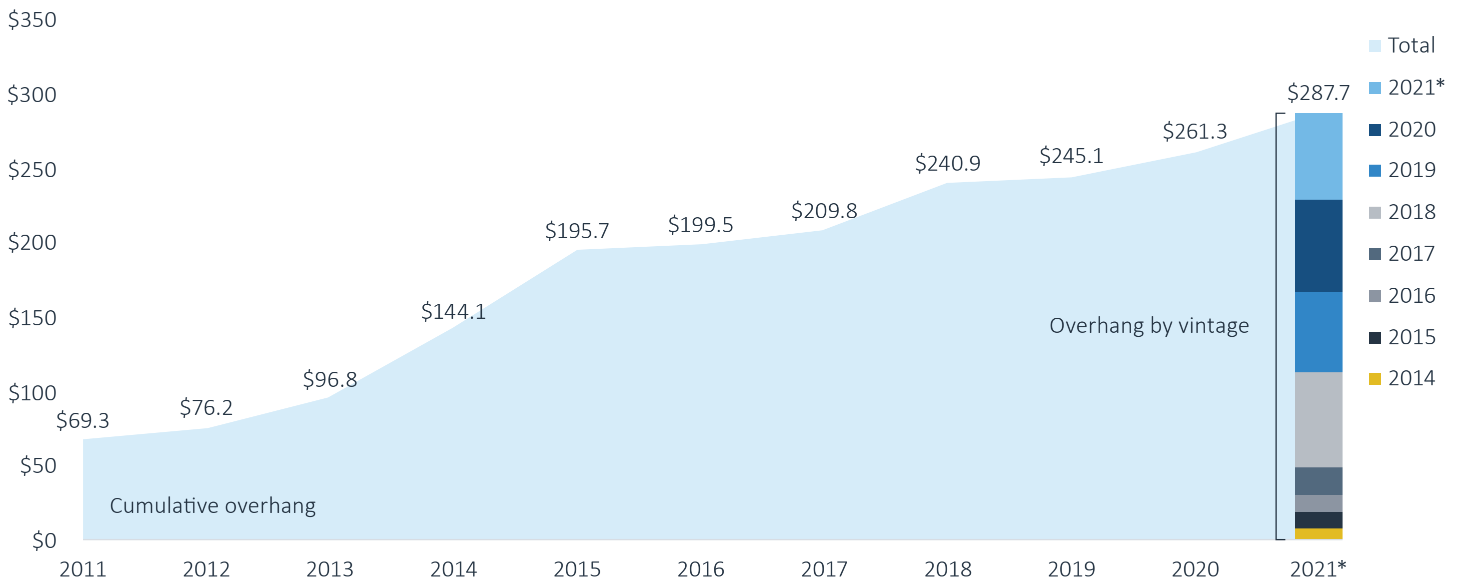
Source: PitchBook | **Geography:** Global
*As of March 31, 2021

According to data from the World Bank and the European Investment Bank, the US lags other major economies in utilizing private capital in infrastructure projects.[5] For example, the UK National Infrastructure and Construction Pipeline, published in August, envisions that investments across a wide range of infrastructure projects totaling almost €650 billion will be delivered over the next decade.[6] Europe will likely continue to account for a sizeable proportion of the global infrastructure fund market in both fund count and capital raised, led by the region's higher public sector involvement and focus on addressing climate change. In Oceania, Australia has been experiencing a deal frenzy in massive infrastructure assets, including an agreed $17.5 billion takeover of the Sydney Airport (SYD: AX) by a consortium of infrastructure investors—the country's largest-ever buyout. Australia has traditionally leaned heavily on PPPs to operate its airports. The investors, which include Global Infrastructure Partners and two Australian pension fund managers, are betting on the resumption of travel as Australia reopens its borders. More broadly, Australia offers a growing transportation infrastructure market as the government moves to address mounting issues in population growth, urbanization, and congestion in the country's major cities. For example, Infrastructure Capital Group (ICG), an Australian-based specialist infrastructure fund manager, bet on public transportation growth with its acquisition of Kinetic, which operates over 147 buses across 15 cities and was recently awarded a 9.5-year contract to operate 30% of Melbourne's bus network.

The global push toward renewable energy is also shaping the infrastructure strategy. As construction tenders start to incorporate ESG criteria and businesses gradually correct parts of the supply chain to align with ESG targets and growing consumer demand for sustainability, investors are raising significant funds to be able to share in the new batch of opportunities. In 2021, capital has continued to flow into funds focused on renewable energy, with many firms successfully raising sustainable asset funds across core and opportunistic strategies. Stonepeak Infrastructure Partners closed its debut renewable energy fund at $2.75 billion in July, along with Generate Capital's $2 billion sustainable infrastructure fund and Foresight Group's $1.0 billion energy infrastructure fund. With the US officially rejoining the Paris climate agreement earlier this year, the new administration is expected to facilitate the wider deployment of renewables to achieve its larger goal of net-zero carbon emissions by 2050. Europe has been at the forefront of the global energy transition, and by 2030, half of the EU's electricity is expected to be powered by renewables.[7] While Europe's extensive wind farm developments are well known, hydrogen is also emerging

5: "Analysis: Private Equity Struggles to Get In on $1 Trillion Infrastructure Bonanza," *Reuters*, Chibuike Oguh, August 5, 2021.
6: "Analysis of the National Infrastructure and Construction Pipeline 2021," UK Infrastructure and Projects Authority, August 2021.
7: "The Investment Plan for Europe and Energy: Making the Energy Union a Reality," European Commission, June 14, 2016.

Infrastructure dry powder ($B) by vintage



Source: PitchBook | **Geography:** Global
*As of March 31, 2021

as a major renewable energy trend on the continent. For example, the multifamily office Vedra Partners launched a $1.4 billion-target climate fund to focus on British hydrogen assets.

Digital infrastructure is another area of increasing interest. The accelerated shift in digitization across businesses, emergence of 5G networks, and increasing usage of fast-streaming entertainment content are driving up the demand for high-capacity infrastructure for internet-related service providers. The US is the largest market in data center operations, and demand continues to grow due to higher consumption of data by end users and wide adoption of the Internet of Things. Digital Colony, one of the most prolific investors in the space, closed its second fund at $4.1 billion earlier this year. Deal activity in the space has heated up of late as well. On Novemeber 15, two massive deals were announced: KKR and Global Infrastructure Partners teamed up to buy data center operater CyrusOne (NASDAQ: CONE) for around $15 billion and American Tower (NYSE: AMT) agreed to acquire data center operator CoreSite Realty (NYSE: COR) for $7.5 billion. Both deals illustrate the investor appetite in digital infrastructure, though some investors worry that data centers are being overbuilt in the US, or are wary of the elevated multiples at which US digital assets are trading. As a result, they are looking elsewhere for higher returns.

In this context, India is another digital infrastructure market that investors are monitoring given the success of its broadband and fiberoptic cable connections, which are positioning the country to become a major leader in global internet consumption while ushering in a wave of technological innovation. Compared with other major countries, investments in digital infrastructure still lag in India, making it ripe for opportunities for private investments to come in. In July, global data center provider Digital Realty (NYSE: DLR) and Brookfield Asset Management's flagship listed infrastructure company Brookfield Infrastructure (NYSE: BIP) announced plans to jointly invest over $2 billion to develop and operate institutional data centers across the country. India's data center demand is expected to significantly increase as the country expands its focus on digitalizing services and recovers from lingering pandemic-induced hardships that reduced private sector participation in digital infrastructure projects. The Indian government's plans to increase investment in infrastructure, including projects through PPPs, are a positive sign for opportunities ahead.

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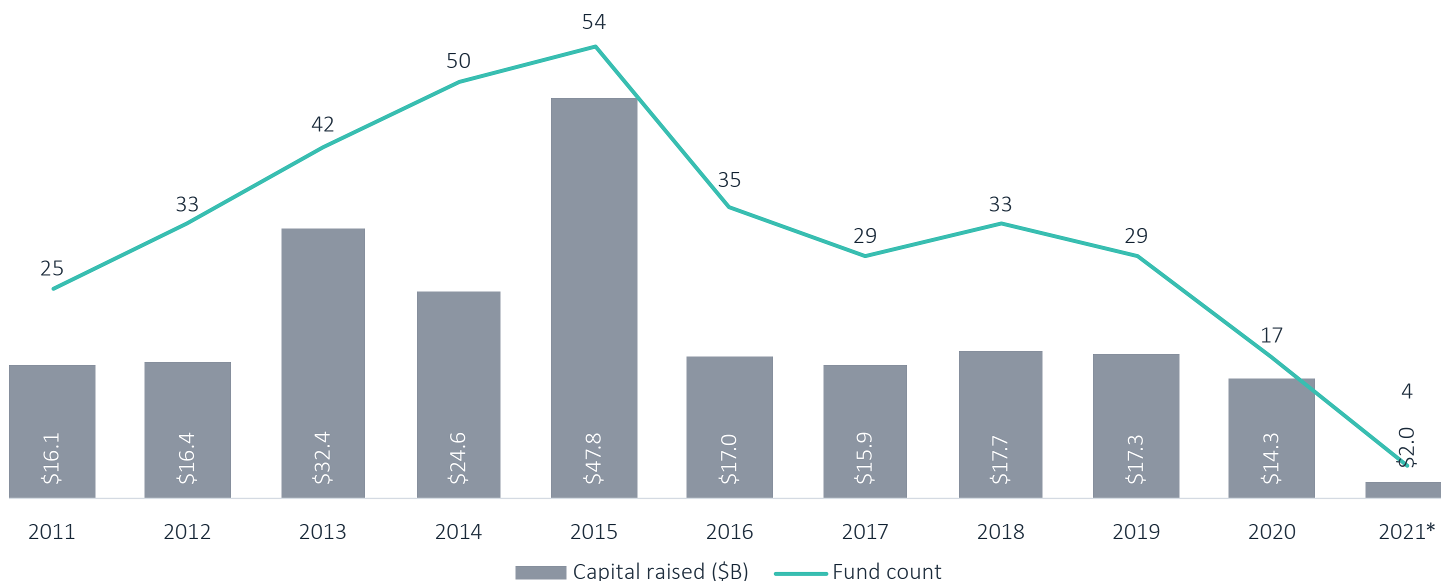
Oil & gas

Oil & gas fundraising activity



Source: PitchBook | **Geography**: Global
*As of September 30, 2021

Fundraising in oil & gas has remained lackluster in 2021, with only four funds closed for a combined $2.0 billion YTD. This continues a steady decline that began in the mid-2010s. Oil & gas funds have only $42.4 billion in dry powder, less than half of what they had stockpiled in 2014, and around half of that overhang is in pre-2017 vintages, meaning some of it may be returned to LPs if it is not invested soon. Investors are wary of an asset class that has underperformed for a decade: Oil & gas funds have posted a 0% 10-year horizon IRR. Public companies in the space have also been cash-flow negative for years. Moreover, investment in traditional energy production appears increasingly fraught as ESG pressures mount. As mentioned in the overview section, many LPs are setting ESG targets that dissuade them from committing to oil & gas funds, making oil & gas fundraising challenging. Financing new oil & gas projects has also become difficult, as banks look to clear their balance sheets of carbon-intensive investments.

Amid this gloomy outlook, the few oil & gas firms that remain are facing a historic opportunity. Rapid global economic recovery and the knock-on effects of a coal shortage in China have sent West Texas Intermediate (WTI) crude prices over $80 per barrel for the first time since 2014, while natural gas prices are also elevated, especially in Europe. Furthermore, with little excess production capacity remaining on the supply side, the outlook for oil prices is bullish well into 2022, when new Chinese coal production is expected to come online and ease the demand for oil as a coal substitute.[8] This bodes well for privately backed upstream oil & gas companies. Historically, oil & gas fund returns have strongly correlated with oil prices, and this is beginning to show up in our data: In Q1 2021, oil & gas funds achieved a 13.5% one-year IRR, a stark turnaround from two years of near-zero or negative returns. As data comes in from Q2 and Q3, we expect to see even higher returns. The lack of investment in oil & gas production has also created opportunities for the few funds still deploying capital to do so at attractive valuations and with little competition. In addition to the diminished presence of private market funds, the largest oil producers are largely sitting on the sidelines when it comes to new exploration and drilling projects. Although flush with cash, the oil majors are currently focused on increasing share prices by repairing their balance sheets, rewarding their shareholders with dividends and share buybacks, and navigating ESG demands.

8: "Goldman's Jeff Currie: It's a Commodities Supercycle, and We Still Haven't Hit Max Pain," *Odd Lots* podcast, *Bloomberg*, Tracy Alloway and Joe Weisenthal, October 18, 2021.

Oil & gas fund performance compared with WTI oil prices

Source: FRED and PitchBook | **Geography**: Global
*As of March 31, 2021

A telling example of the vacuum being left by large producers is Royal Dutch Shell's (LON: RDSA) $7.0 billion sale of its entire Permian Basin upstream portfolio to ConocoPhillips (NYSE: COP). The Permian Basin has become the most desirable shale region in North America due to its low production costs—making it one of the few still-profitable places to drill after prices plummeted in 2020. Nevertheless, Shell, which is currently facing an adverse ruling by a Dutch court over the greenhouse gas emissions tied to its products, said it believed expansion in the Permian Basin was becoming too expensive, underlining the sector's extreme hesitancy around capital-expenditure spending. By contrast, in June, KKR announced it was merging its portfolio company Independence Energy with Contango Oil & Gas in a $9.5 billion deal to create a platform that will consolidate shale and natural gas assets that are distressed, over leveraged, or are prime carveout targets because they do not make strategic sense for their owners.[9] In another opportunistic move, Norwegian firm HitecVision has been scooping up oil & gas assets in the UK's North Sea via its NEO Energy platform, buying 40 production fields from ExxonMobil (NYSE: XOM) in February for $1.4 billion and acquiring Zennor Petroleum, a company that holds rights to already-approved greenfield projects, for $625.0 million in July. HitecVision has also begun building a natural-gas-focused business on the Norwegian Continental Shelf—an exploration region seen as bearing significant litigation risk due to the ruling against Shell.

It remains difficult to predict whether this potentially lucrative cycle for oil & gas funds will translate into future fundraising recovery. Potential LPs need to be convinced that the elevated returns we will likely see through 2021 are not only more than transitory but are significant enough to outweigh the political and environmental implications of investing in carbon-intensive energy sources. On the other hand, despite commitments from governments and businesses to develop renewable energy sources, a significant global energy transition remains decades away, meaning that the demand for oil & gas should sustain in the long term. The latest estimate from the US Energy Information Administration predicts that global energy demand will increase by more than 40% from current levels by 2050, driven almost entirely by economic growth in developing countries.[10] Meanwhile, the International Energy Agency predicts that the supply side will grow much more slowly if current government policies continue. Oil will likely remain in high demand as future upstream investment depends on sustained price recovery, while demand for natural gas is projected to outpace supply around 2030.[11]

9: "KKR Seeks More Shale Deals After $5.7 Billion Contango Merger," *Bloomberg*, Melissa Karsh and David Wethe, June 8, 2021.
10: "International Energy Outlook 2021 (IEO2021)," US Energy Information Administration, October 6, 2021.
11: "World Energy Outlook 2020," International Energy Agency, October 2020.

Oil & gas quarterly horizon IRRs

Source: PitchBook | Geography: Global
*As of March 31, 2021

The current fundraising market for oil & gas is dominated by specialist firms. Quantum Energy Partners is currently raising its eighth flagship fund, targeting $4.25 billion, while First Reserve is raising its ninth flagship fund, targeting $3.0 billion. The small handful of new firms that have entered the space in the last few years, including Waterous Energy, Cibolo Energy Partners, AEC Partners, Drillcore Energy Partners, and BKV Corporation, may see strong enough returns on their first funds to propel future growth, even in a capital allocation environment that currently favors incumbents. Meanwhile, it will be worth watching how the largest firms, especially those that are publicly traded, navigate ESG pressures. As mentioned previously, KKR is taking advantage of the current opportunity in oil & gas, while Blackstone appears to be stepping away from the space. One option for firms that continue to invest in the space—but that may also face growing LP and shareholder pressure to show progress toward sustainability—is to begin offering net-zero oil & gas funds using carbon offsets. Several oil majors have already begun selling net-zero fossil fuel products, and Kimmeridge, a small firm currently deploying its 2019 vintage fund II, is pioneering this strategy in the private markets by promising that its new Colorado Basin upstream platform will be net zero with regard to "scopes 1 and 2" (that is, its oil & gas production will be net zero, but the use of the products it sells will not be).[12] We will be closely tracking the performance and fundraising trends of oil & gas funds as the asset class navigates uncharted waters in the months and years ahead.

12: "Kimmeridge Demands Oil Companies Do More for Carbon Neutrality," *Axios*, Dan Primack, November 8, 2021.

Additional research

Asset allocation and fundraising

Global Fund Performance Report (as of Q1 2021 with preliminary Q2 2021 data)

Download the report here

Q3 2021 Private Fund Strategies Report

Download the report here

PitchBook Benchmarks (as of Q1 2021)

Download the report here

H1 2021 Global Real Estate Report

Download the report here

2021 Sustainable Investment Survey

Download the report here

Q3 2021 Quantitative Perspectives: US Market Insights

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