



## Exclusive: Aquamarine beats \$1bn target for debut fund

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*The New York-based investment firm has raised \$1.25bn for its North American Real Asset Fund little more than a year after its founding.*

Building on its relationships with institutional investors in East Asia, real assets investment firm Aquamarine Investment Partners (Aquamarine) has closed its first fund on \$1.25 billion, *Infrastructure Investor* can reveal.

“For the past year, our whole focus has been to build the investor relationships with the LPs that enter our programme and we’re delighted to say that we’re done with that,” said Joel Moser, the firm's founder and chief executive. “But our focus now very much shifts to originating and closing transactions, which is what we’ll be doing over the next year to 18 months.”

The North American Real Asset Fund I, a 10-year vehicle, will focus on infrastructure, midstream and real estate. Last March, Moser said in an interview with *Infrastructure Investor* that \$50 million had already been deployed into a \$1 billion real estate development in Manhattan. At the time, the firm was in exclusive negotiations regarding two additional projects.

“One in particular was in the Bakken region,” Moser told *Infrastructure Investor* this week. “However, we are going to slow down on that project because with a very precipitous drop in the price of oil the prudent thing to do is to pause.”

While Aquamarine was never going to take on commodity risk, he explained that the oil price's extreme fall had put the brakes on capital spending on projects in the sector.

“Even if you’re not specifically in the oil industry, you’ve got to ask yourself, ‘what’s the ripple-through effect of that much-reduced capital spending on projects,’” Moser remarked, citing a Financial Times article which claims that a question mark hovers over \$1.5 trillion worth of projects as a result of the drop in the price of oil. “It’s going to hit not just directly oil and gas services and drilling; it’s also certainly going to hit transportation and shipment. It’s going to have a lot of unexpected outcomes.”

He viewed the Global Financial Crisis as an example of how the fallout from economic shocks can affect sectors previously thought as relatively protected. “When the global financial downturn hit, everyone said ‘well, good thing that we’re in toll road PPPs.’ But what nobody realised at the time was that because of the crisis, people significantly cut back on travel; they didn’t have jobs and they didn’t want to spend money on gas. Also, there were less goods being shipped and ports were hit really hard,” Moser pointed out. “In retrospect, all these things are obvious but it’s a little harder to see them prospectively.”

Due to this ‘black swan moment’, he explained, Aquamarine has decided to take a step back from the unconventional energy space for the time being. “For the moment what we’re focusing on is social infrastructure.”

Asked whether Aquamarine will consider investing across the entire sub-sector, Moser responded: “We look at it all but what I find particularly fascinating are some of the low- to moderate-income housing programmes that are established. They seem sort of ‘sleepy’ and there is a specialised form of capital going into them, but it’s an unexplored area for a real asset/infrastructure investor.”

Aquamarine was founded in July 2014, when Moser left Kaye Scholer, the law firm where he was a partner and head of energy and infrastructure. Based in New York, Aquamarine has a team of more than 20 professionals.