

## Scotiabank's Waterous leaving to start private equity fund

*Bank of Nova Scotia's global head of energy, Adam Waterous, is leaving to start a private equity fund focused on the oil and gas industry.*

Waterous Energy has raised \$400 million from investors including Gordon Flatt to capitalize on emerging opportunities in the Canadian and U.S. energy industry, Waterous said Friday. The fund will target controlling positions in private, unconventional oil and gas companies in regions like the Montney and Permian basins.

Technology in unconventional oil and gas has produced returns that are becoming increasingly attractive, Waterous, 55, said.

"The returns have gotten better because the reserves each well is producing has gotten larger and larger," he said. "Now what you're having for the first time — and you see it most obviously in Western Canada in the Montney — are companies recording astounding production gains on a year-over-year basis,"

He said that has been demonstrated by companies like Seven Generations Energy Ltd., Tourmaline Oil Corp. and others in Western Canada.

"As an investor, this has gone from an industry of fairly mediocre returns for a long period of time to one where the returns are quite spectacular," he said. "Now you have a situation where you have this great technology working even in a low-price environment."

Both Waterous and Gordon Flatt, whose brother Bruce Flatt is chief executive of Brookfield Asset Management, will be using their own money to help start the fund, he said.

"It's going to be a targeted, focused list of companies," he said. "We're not going to have a dozen companies. I want to just have a handful that we can grow and nurture."

Waterous was in charge of the Canada and U.S. power business at Scotiabank and was global head of investment banking, according to an internal memo. He will depart the Toronto-based bank at the end of the month.