

BOOKBINDER ROLLS OUT GREEN FoF



Richard Bookbinder

New York's **Bookbinder Capital Management** (BCM) has launched *TerraVerde Capital Partners*—a fund of funds that invests only in green hedge funds. While the definition of green can be problematic, BCM defines it as any hedge fund that is devoted to reducing carbon emissions. **Richard Bookbinder**,

managing member, told *AIN* he is unaware of any other U.S.-based fund of funds that is doing this.

"Climate is going to be a real game changer," said Bookbinder. "There is a great awareness globally as to what's taking place," he added, noting that at the recent G20 and G8 conferences, "climate change was on the front page." Of the \$2.7 trillion global stimulus package, roughly \$500 billion is lined up for green investments, said Bookbinder. The last 12-18 months have been the "perfect storm for this particular sector," as high oil prices have also put pressure on renewables, he added.

The fund allocates to managers that invest in clean technology and renewable energy, as well as other environmental sectors such as carbon trading, energy, solar, wind, water and reforestation, for example.

BCM has been in touch with about 100 funds that fall into its green classification. It looks for hedge fund managers that have extensive backgrounds in clean energy or clean technology. There are about 24 managers on BCM's shortlist and roughly 12 have made the cut for the new fund of funds, which rolled out on July 1.

There are opportunities on the short side, as well as on the long, said Bookbinder. Lots of companies are coming out

with new products but, like the technology boom, "many of these companies are going to run out of runway," and won't have the balance sheets to support them, he explained. Not all green investments are high-tech, said Bookbinder. For example, "the biggest loss of water is through leaky pipes, and that's about as low-tech as you get," he added.

Bookbinder believes there is enormous growth potential for the sector—"the newest emerging market"—over the next five-to-10 years and the fund is designed to let investors participate in this from its early stages.

BCM is targeting the high-net-worth market, through registered investment advisors, and family offices. Many of these have been at the forefront of 'green' investing, both directly into the stocks and via green private equity funds. BCM is also targeting the pension fund market in the U.S. and Europe, particularly in Scandinavia. Bookbinder declined to give the fund's launch size or quantify targets for asset raising.

For investors who want exposure to the sector, the biggest challenge would be to replicate the due diligence and research effort that BCM has carried out for the past two years, said Bookbinder. Investing via a fund of funds structure gives them both access to this expertise and portfolio diversification. "You need to invest in more than a couple of different hedge funds," he noted.

Bookbinder declined to give details of the new fund's liquidity terms. The investment minimum is \$1 million. There is a 1% management fee and a 10% performance fee. BCM is nearly 10 years old. It runs three other multi-strategy funds of funds.

—Harriet Agnew