

Greentech Hires Ex-Gabelli's Smith for Sustainability Funds

By Kelly Bit September 25, 2014

Greentech Capital Advisors LLC, the New York-based investment bank, is starting an asset-management business to trade shares of companies focusing on resource scarcity and sustainability.

The bank has hired David Smith for the new unit, GCA Investment Management, as a money manager, according to a statement being released today. Smith, 48, most recently held a similar role at Gamco Investors Inc., where he ran the Gabelli Green Long/Short Fund.

Capricorn Investment Group LLC, the Palo Alto, California-based firm that makes investments designed to produce financial returns and social or environmental benefits, has allocated an undisclosed amount to the unit known as GCA Invest, GCA said separately. Capricorn declined to comment.

GCA Invest will run a long-only equity fund and long-short equity fund, which will start in November, to trade stocks in resources, industrials, services and energy. Long-short equity managers make bets that shares in companies will rise or fall, while long-only managers take bullish positions. The funds aim to capitalize on a shift to clean infrastructure because of issues tied to global climate change, such as food shortages, water scarcity and energy consumption, according to Smith.

“Investing in sustainability offers investors great opportunities to benefit from growth trends,” he wrote in an e-mail. “We see the sector as having a positive outlook as resources become more scarce. The evidence is that many technologies such as LED lights, solar and alternative-fueled vehicles have crossed the chasm

to commercialization, whereas 10 years ago they were uneconomical and concepts.”

Renewable Energy

Opportunities include trading in renewable energy stocks to take advantage of new financing structures such as yield companies, which allow the operator to raise capital at lower costs by pooling assets into a publicly traded entity that pays dividends to investors, Smith said. The funds will also look at firms specializing in water management, air quality or solid waste management in markets tied to agriculture, energy and water.

Adam Hinckley, who has helped raise capital for GCA since 2010 and before that covered renewable energy at hedge-fund firm SAC Capital Advisors LP, joins Smith as a senior analyst, according to the statement.

“We are seeing significant amounts of capital move in the direction of sustainable infrastructure -- vehicles such as green bonds, ‘yieldcos’ and securitizations have helped advance market acceptance,” Smith wrote in the e-mail. “The headline move by many funds to divest of fossil fuels underscores the investor shift that is occurring.”

Rockefeller Shift

The Rockefeller Brothers Fund, built with profits from Standard Oil Co., joined a group of 800 institutions and individuals this week in announcing they’re selling investments in coal and tar sands producers in a move to pressure companies that are contributing to climate change. The issue has reached “center stage,” Smith wrote, evidenced by this week’s United Nations climate change summit, where President Barack Obama joined more than 100 world leaders to create momentum for negotiations on a draft global agreement.

GCA provides investment-banking services to sustainable infrastructure companies and has additional offices in San Francisco and Zurich.

To contact the reporter on this story: Kelly Bit in New York at kbit@bloomberg.net

To contact the editors responsible for this story: Christian Baumgaertel at cbaumgaertel@bloomberg.net Josh Friedman, Mary Romano