



Carbon Cap Management LLP

Media Release

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Launch of Innovative Carbon Investment Fund

Carbon Cap Management LLP, a London-based investment firm has appointed a number of carbon trading and environmental veterans as staff and advisors as it prepares to launch a global carbon and environmental markets fund.

Carbon Cap is aiming to launch its World Carbon Fund early next year, with the vehicle's main focus being the international CO2 emissions trading markets.

Founder and CEO, Michael Azlen stated "Carbon markets have been a successful policy tool in the effort to reduce emissions and now Carbon is emerging as an attractive and investable global asset class. Carbon markets are expanding quickly around the world and the launch of China's carbon market next year means that 14% of global emissions will be covered under a "Cap and Trade" carbon market."

The company has hired energy and carbon markets expert Nigel Felgate PhD as the fund's portfolio manager, and Alex Child as head of carbon markets research.

Mr. Felgate joins Carbon Cap from BNP Paribas, where he worked as a proprietary trader across energy commodities including carbon emissions. Prior to that, he was a senior trader in carbon markets at Morgan Stanley, Bank of America and JP Morgan. He brings a successful 15 year track-record to Carbon Cap dating back to the inception of the European carbon market in 2005.

Alex Child joins Carbon Cap from Vivid Economics, where he was employed as a climate change and energy economist. Over the past 5 years, he has helped design climate policies and market-based carbon mechanisms around the world, including working on South Africa's carbon tax.

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“The World Carbon Fund is unlike other investment funds in that it will be an absolute return fund focused purely on Carbon and environmental markets” Azlen said, adding that this “innovative vehicle” would have the dual objectives of generating absolute returns while also delivering an observable impact on climate change.

Mr. Azlen said the fund’s investment universe will include carbon markets around the world, including Europe’s EU ETS, North America’s WCI and RGGI programmes, and the New Zealand and South Korea markets in Asia.

Along with partner Colin Hodges, Carbon Cap’s COO, the team has created a proprietary carbon price database and has written an academic paper “The Carbon Risk Premium” which analyses carbon as a liquid and investable asset class. This analysis indicates that carbon has generated attractive historical returns with a low correlation to both traditional and alternative asset classes, making it potentially attractive as an addition to diversified portfolios. “Carbon pricing has proven to be a successful tool to encourage emissions reductions and we believe that carbon prices will continue to rise over the next decade as policy makers increase climate change ambition” said Azlen

As part of the fund’s impact credentials, a fixed percentage of its performance fees will be used to cancel and offset carbon allowances and emissions in order to achieve direct climate impact.

The fund will invest into a variety of instrument types including physical carbon allowances, as well as futures and options. “We believe that carbon is in a long-term bull market, but these markets can be volatile so the ability to hedge and seek other sources of alpha is important, and that requires significant carbon trading expertise.”

Carbon Cap has not set a fixed capacity for the fund but is offering an ‘early bird’ share class where investors can secure a significant fee discount and additional capacity on early investments made into the fund.

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Azlen stated that “Carbon Cap’s mission is to raise awareness of climate change and to provide solutions directly related to the capping and reduction of carbon dioxide emissions. The World Carbon Fund aims to be the first in a family of strategies aimed at managing capital for investors in a way that generates positive returns and supports the transition to a low-carbon economy.”

THE BOARD

The company has recruited an advisory board of environmental market professionals, including James Cameron – former founder and chairman of carbon finance firm Climate Change Capital – and Neil Eckert – chairman of environmental markets incubator IncubEx. Eckert was previously co-founder and CEO of environmental bourse operator Climate Exchange plc and chairman of clean project developers Trading Emissions plc.

Also on the board are Michael Alen-Buckley – co-founder of alternative asset management firm RAB Capital, professor and climate change author Mike Berners-Lee, and LSE Grantham Research Institute on the Environment and Climate Change Director Sam Fankhauser.

INVESTMENT SEMINAR

Carbon Cap is holding a seminar on Climate Change and Carbon as an emerging asset class at 3pm on 28 November in central London. For more information please contact Kerry Holmes at:

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