



# Hedge fund manager betting on renewable energy

In recent years, investors of all kinds bet big on the future of the so-called Green Economy. But now, some hedge funds are shorting green stocks -- a sign that investor enthusiasm may be waning. A new Bloomberg analysis examines the positions that more than 500 hedge funds have taken on the ...

Sustainable energy stocks have attracted the interest of hedge fund short sellers, according to a report in the Financial Times, with managers betting that the prospect of interest rates rise will mean companies with strong environmental credentials but weak earnings are less attractive to investors.

The hedge funds' bets have been driving a wave of momentum against renewable energy, with the S& P Global Clean Energy Index having lost almost 60% of its value since its 2021 peak, while the S& P Global Oil Index as well as the broad market S& P 500 Index have soared more than 50%.

The arrangement typically comprises: (a) a financially-settled hedge and (b) the purchase of the renewable energy credits ("RECs") from the same project associated with the hedge. More specifically, the project owner sells its power into the open market and the project owner receives the prevailing market price for that power.

Historically hyper-focused on US oil and gas, the firm has also branched out into businesses related to renewable power and clean energy since launching an energy transition fund in 2019. Below are the 10 most-active PE investors making deals in the North American energy sector since 2018.

Lekander's \$1.8bn hedge fund makes bets on the shares of global energy companies, and can also invest in commodities. Last year a wager on rising oil prices helped it gain 20 per cent, he said. Lekander's bet on a green energy future is not just limited to carbon permits.

Lee: The hedge fund managers that we interviewed said that they were buying fossil fuels because they feel like it's a needed reliable source of energy as the world transitions. GURA: But there were other factors that led to bigger bets on fossil fuels.

2021 is approaching and sovereign wealth funds are increasingly taking a deeper look into ESG investing and sustainable investments, particularly in renewable energy. Despite the gloomy coronavirus lockdowns, sovereign wealth funds continue to allocate mounds of capital into clean tech investments. Sovereign investors are backing both new green technologies, ...

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