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Firm Launches Third Tech, Alt. Energy Fund

Connective Capital Management launched its most recent fund, a long/short vehicle focusing on technology and alternative energies, on April 1. The hedge fund is the third to be offered by the Silicon Valley firm, which launched its first fund one year ago with \$5 million and now has a total of \$125 million in assets under management in its three funds. The newest vehicle, Connective Capital I QP, has taken in \$30 million thus far.

Rob Romero, managing director, believes that being in the middle of the technology capital of the U.S. gives his firm an advantage when it comes to spotting great products and companies.

"We are based in Palo Alto (Calif.)...o rather than being in New York or San Francisco or some other financial center, we are actually in the middle of the action," Romero said. "Being here we have better access to data as to what companies are doing well and what ones aren't doing well."

Romero, who has a background in technology and has worked at Cisco Systems and various start-up hi-tech firms, uses his industry experience and his network of contacts to evaluate public companies.

"We really use our proprietary network of industry contacts to get access to information that is different than other funds," he said. "We believe beta should be free and investors should only pay for alpha, so we keep the fund's beta close to zero. We focus on deep fundamental research, taking longer-term views on the market."

The minimum investment in the new fund is \$500,000 and there is no lockup period. The firm is targeting funds-of-funds, family offices and larger institutions, and the fund has the capacity to take in up to \$500 million.

Connective Capital, which has grown from four to eight people over the past year, also has a venture capital arm. Connective Capital Ventures runs a fund that is focused on start-up tech firms, though it is currently closed to new investors.

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