# Raju Kamath

**Founder/ CEO & Head of Investments**

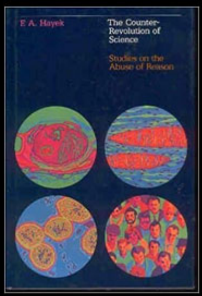
Raju Kamath founded Kuvera Capital Partners LLP in 2004 initially in partnership with Marshall Wace Asset Management. Kuvera is a multi-award winning Hedge fund and one of the first India dedicated Long/Short funds to be launched.

Prior to founding Kuvera, Raju spent 10 years with Dimensional Fund Advisors, where he managed developed equity, emerging markets equity and derivatives portfolios. Assets managed totalled $1bn, invested across 19 markets. Morningstar ranked the Emerging Market Fund as the second-best performer (out of 107 funds), on a five-year basis, while the UK Fund ranked seventh (out of 123 funds) on a three-year basis. He has an MBA (Finance) from Bayes (formerly Cass) Business School, City University and is a qualified accountant.

## Kuvera Capital Partners

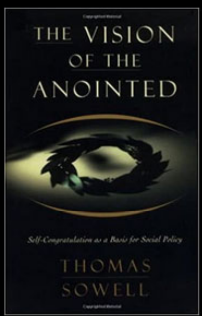
Kuvera Capital Partners is an alternative asset manager specialising in Indian equities. The firm manages the Kuvera fund which has around $2 billion under management as of 30th December 2021. The strategy is focused on Large Cap companies and evaluates global macro risks as well as India specific risks/opportunities when allocating capital. Derivatives are extensively used to hedge out residual portfolio risk.

## Book Recommendations




**The counter-Revolution of Science - Studies on the Abuse of Reason**

*Hayek, F.A.*




**The vision of the Anointed**

*Thomas Sowell*

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### Sustainable investments cannot be reliably identified.

Raju is sceptical about the reality of sustainable investing. "I think companies are using it to the extent that they need to be conforming to the prescriptions laid down. How much they are doing because they feel the need to be sympathetic with the planet, I'm more sceptical about. If you look at the dispersion of ratings given by ESG consultants to companies, there is significant variability and therefore non-consensus even at that level."

Raju says tobacco companies are putting procedures in place to improve their ESG scores. "I still have a problem thinking about how a tobacco company is going to have a high ESG score rather like how companies selling carbonated sugar water would have a high ESG score. But nevertheless, they managed to do it. I think in most states of the world, you would assume a company selling tobacco is not a good one however you want to define that."

### The role of the financial sector is to let the market decide.

Raju objects to "some sort of Politburo or priestly class" dictating what is good or bad in investments. "I'm much more predisposed to let the market decide."

He likens climate forecasting to COVID predictions (and all forecasts in general) because science is never bulletproof and sometimes not even close to being right. He remains to be convinced that solving for CO2 emissions is a magic bullet and says accepting the creed unthinkingly will incur unseen costs such as preventing underdeveloped countries from developing. "I think in principle that the market is a much better mechanism for solving problems than dictums from on high, and I think that applies to ESG."

### Solutions to climate change depend on how you view the problems.

For Raju the focus on carbon emissions can hide the fact that there are important steps that need to be taken in other areas.

"UN reports show that the use of fertilisers is a much more existential and a much more defined problem than the emission of greenhouse gases, which, to the extent I've read the science on it, I don't think is completely settled. The first UN report that came out said climate temperatures went up before emissions went up. We need to be sure of what are the drivers of the problem we're trying to address, if we are looking for a more sustainable way to live on the planet."

Raju says scientists are not omniscient and, based on the history of the planet, their forecasts are more likely to be wrong. "But what's being asked to be done as a result is these huge changes to the economics of countries and individuals.

"I think soil is a much more important thing and something we can get our arms around very quickly, planting lots of trees. The costs of being wrong there are a lot lower than of being wrong across big issues such as stopping the burning of fossil fuels or stopping driving cars as soon as possible."

## The outlook for 2050 depends on the science.

The climate tracker showing two or three degrees of warming this century is based on views and assumptions, Raju says. "I would like to see other points of view being allowed to be argued and publicly debated before we collectively pull the trigger on drastic changes." He is suspicious of a "consensus" on the data and forecasts in general. "We can't even forecast the markets correctly out to a year, and we will probably never know the true cost of the COVID policies implemented around the world."

## Businesses cannot be asked to take over society's conscience.

Raju says that as an investor with fiduciary responsibilities there is little that he can do about companies being, for instance, heavy polluters. "If people worry about heavy polluting companies, their cost of capital will go up, and so perversely would the expected return for the investors holding them." A much better solution, he opines, would be for informed consumers to avoid the products of the offending companies, punishing both companies and investors alike. As a small investor, I am all for democratising investing and giving investors a voice to influence outcomes so that the collective wisdom of the markets can prevail. Centralising and corporatizing decisions is not in my view the answer. Sorry, that's probably not a popular view!"