



Wine Fund Manager Not A Wine Drinker

By Erin Griffith

It's true: Peter Kaufman is a managing director at Bacchus Capital Management, a wine-focused investment fund, and he doesn't really care for wine. He's "more of a beer and shot guy," he said at a conference earlier this year.

I bring this up because Bacchus Capital announced its first investment today. The firm provided a mezzanine loan to Cameron Hughes Wine, a sourcer of super- and ultra-premium wine for stores like Sam's Club and Costco. You must be thinking, the words "premium" and Costco sure do not belong in the same sentence. Could that contradiction be a result of the Joe Six Packs on Bacchus Capital's deal team?

I'm guessing not. For background, Bacchus Capital is the first fund of its kind, founded in 2007 to invest in capital intensive wineries and wine businesses. Despite the risk of hyper-specialization, I think it's a brilliant strategy-its founders hail from the biggest wine and spirit names (Seagram Chateau and Estates, Diageo, Sutter Home Winery, Constellation Brands and Vincor International), and the baby boomer population is bolstering unprecedented growth in the wine industry. Just ask Anheuser Busch. Beer sales are flat (except craft breweries), but people keep drinking! They're drinking wine, and Bacchus Capital is positioning itself to get a piece of that market. The firm is in the midst of raising its debut fund.