



Coeli Energy Transition Fund

Monthly report - February 2020

Fund Overview

Inception Date	16/08/2019
Base Currency	USD
Month end AUM	USD 51.8m
Liquidity	Daily
Minimum investment	USD 1m
Management fee	1%
Performance fee	20%

Fund Management

Vidar Kalvoy
Joel Etzler

Exposure, month end

No of long positions	40
No of short positions	30
Gross exposure	146%
Net exposure	5%
Net fossil fuel exposure	-4%
Largest long % NAV	5.6%
Largest short % NAV	8.2%
Top 5 longs % NAV	24%
Top 5 shorts % NAV	26%
Liquidity (0-1 day, 20% participation)	97.5%

Attribution

Long attribution	-8.5%
Short attribution	11.0%
Net	2.5%

Fund Manager Commentary

The fund returned 2.5% net of fees and expenses in February, bringing the year to date performance to 0.5%. The net performance since inception in mid-August last year is 1.3%.

The macro environment during February has been dominated by the outbreak and spreading of the Corona virus. The effect on travel and various business activities has already been significant and oil demand is projected to take a considerable hit. Brent crude declined 12% during February and was at one point down almost 30% since the peak in early January. The price has recovered somewhat in anticipation of further production cuts from OPEC+. Although this might arrest the decline, crude oil is a physical market where prices are set at the margin and unlike the stock market, it is not priced on future expectations. We expect prices to continue to be volatile, but any longer-term oil price strength is likely capped by the large, and growing, spare production capacity of the OPEC+ group.

The fund's performance in February came from the short side, despite an average net exposure during the month of +6%. As a reminder, the fund is always net short fossil fuels with February averaging -3.7%. Most of the themes had a positive development as shorter cycle focused energy companies suffered worse losses than longer cycle ones and fossil fuel companies took a bigger hit than renewables. A significant contributor to the performance was the fundamental positioning into earnings, which largely played out in our favour.

A theme that stood out as the best performing was the Land drilling vs Completion theme. Land drillers continue to hold relative pricing power, due to a tighter balance between supply and demand within quality assets, relative to completion focused companies, which struggle with a much larger oversupply of capacity. Similarly, the two themes, Majors and Refinery/IMO, performed well due to a mixture of positioning and getting earnings more right than wrong. No single theme had large losses during the month.

We expect March to be another volatile month and we remain focused on maintaining a neutral portfolio.

Sincerely Vidar Kalvoy & Joel Etzler

Performance in Share Class Currency (%)¹⁾

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019								0.0%	-2.6%	0.7%	2.0%	0.7%	0.8%
2020	-2.0%	2.5%											0.5%

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¹⁾Since inception unless otherwise stated. Share class I USD.

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