Press Release
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Coeli Renewables Fund Caps Solid January

Stockholm (HedgeNordic) – As recently as December, the renewable energy portfolio managers at Coeli saw AI-driven power demand as the "icing on the cake" for power demand growth. However, the release of DeepSeek's R-1 model in January introduced immediate uncertainty about long-term power consumption, prompting the team behind Coeli Renewable Opportunities to act swiftly. By adjusting their positions to manage risk and seize trading opportunities, they limited losses to 2.1 percent during the sell-off on Monday, January 27. The fund ultimately closed the month up seven percent, with short positions contributing more than longs, while renewable energy indices remained largely flat.

"Despite the significant sell-off toward month-end, January was a strong month for the fund," says Joel Etzler, who manages Coeli Renewable Opportunities alongside Vidar Kalvoy. The fund posted a seven percent net return for the month, with long positions contributing three percent and short positions contributing four percent. In contrast, renewable energy indices remained largely flat and the fund's closest Nordic peer finished the month in negative territory.

"The 'Diversified Renewables' theme was the top performer, continuing its strong momentum from 2024," says Kalvoy. The second-best performing theme was the 'US Hydrogen' theme, which consists entirely of short positions. "In fact, when combined with the 'EU Hydrogen' theme, hydrogen-related positions were the fund's top-performing thematic during the month," he adds. "We actively traded the news flow and added to a high-conviction short position, which turned out to be our single best performer in January." On the other hand, the 'Solar' theme was the weakest, subtracting 0.4 percent from overall performance.

The defining event of the month was the release of DeepSeek's R-1 model, which triggered immediate uncertainty about long-term power demand. This led the duo to reduce the fund's net exposure by more than 20 percentage points, taking it well below the "sweet spot" range of 40 to 80 percent. "During the sharp sell-off on Monday, January 27, we reduced our net exposure to 17 percent intraday before selectively increasing some positions and covering short-term trades, ending the day at 26 percent," recalls Etzler. "This active trading generated approximately 2 percent in profit, limiting the fund's total loss for the day to 2.1 percent," he adds. "Given that Morgan Stanley's 'Powering AI' basket fell 17.5 percent on the same day, we are satisfied with the outcome."

After managing energy market-neutral funds for much of their investment careers, Joel Etzler and Vidar Kalvoy at Coeli transitioned to running a long-biased long/short equity fund focused exclusively on renewables at the start of 2023. Coeli Renewable Opportunities delivered a 7.0 percent net return in January and has gained 13.9 percent since its inception in February 2023. The fund has outperformed its closest benchmarks, the Wilderhill New Energy Global Index (NEX) and the iShares Global Clean Energy ETF (ICLN), by 56 percent and 59 percent, respectively, since launch.

“Looking ahead, the uncertainty surrounding AI data center developments, ongoing IRA (Inflation Reduction Act) revision and headline risks, and the unpredictable nature of US policy under the current administration have led us to maintain a lower net exposure than our typical sweet-spot range of 40-80 percent,” concludes Kalvoy. “We believe more attractive entry points will emerge for many of our favored long-term holdings, and we currently see compelling trading opportunities on both the long and short side.”