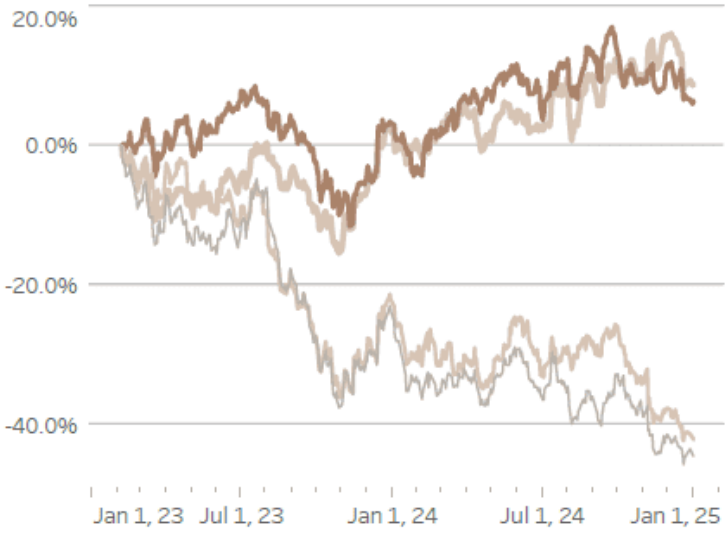
Coeli Renewable Opportunities Monthly Report December 2024 (I SEK)

This material is marketing communication.

Note that the information below describes the share class (I USD), which is a share class reserved for institutional investors. Investments in other share classes generally have other conditions regarding, among other things, fees, which affects the share class return. The information below regarding returns therefore differs from the returns in other share classes.

PERFORMANCE, NET OF FEES - IUSD



WilderHill New Energy Global Innovation Index %
iShares Global Clean Energy ETF %
Coeli Renewable Opportunities %
MSCI World Small Cap %

PERFORMANCE SINCE INCEPTION

ABSOLUTE PERFORMANCE (%) [1]

Coeli Renewable Opportunities	6.5%
IShares Global Clean Energy	-42.1%
WilderHill New Energy Global I	-44.5%
MSCI World Equity	28.2%
MSCI World Small Cap	8.8%

RELATIVE PERFORMANCE (%) [1]

IShares Global Clean Energy	48.6%
WilderHill New Energy Global I	51.0%
MSCI World Equity	-21.7%
MSCI World Small Cap	-2.4%

Source: Bloomberg, Coeli December 2024

Please note that the indices referred to in this monthly report are included for informational and illustrative purposes only. The fund is not managed in reference to the indices, but the indices are deemed to be relevant and comparable to the fund.

PERFORMANCE IN SHARE CLASS CURRENCY (%) [1]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023		0.4%	1.6%	0.3%	-0.4%	5.9%	-1.4%	-3.1%	-5.2%	-6.3%	4.8%	7.4%	3.2%
2024	-6.9%	6.2%	5.0%	-0.8%	4.7%	-5.4%	6.8%	0.9%	-0.4%	-3.2%	2.0%	-4.6%	3.2%

ATTRIBUTION DEC -24

Long	-7.9%
Short	3.3%

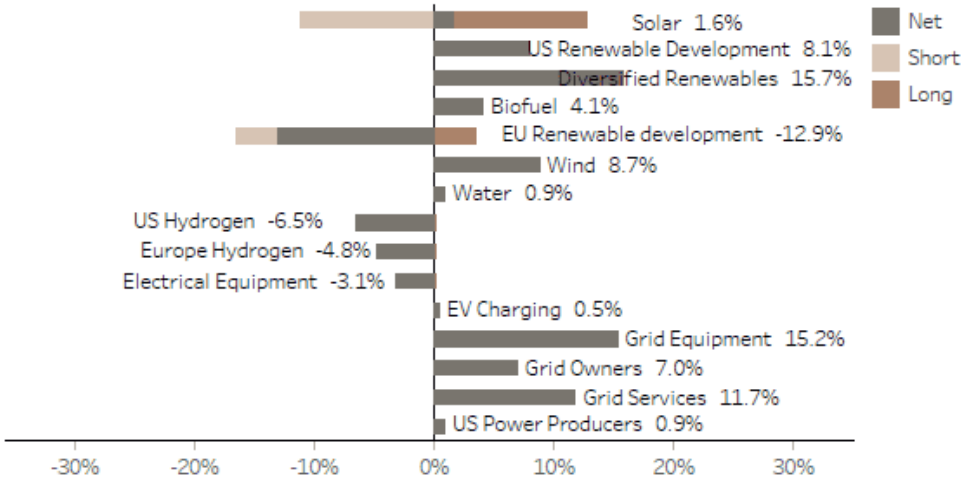
MONTH END EXPOSURES

EXPOSURE, MONTH END

No of long positions	27
No of short positions	14
Gross Exposure (%)	131%
Net Exposure (%)	47%
Max. Largest long % NAV	9%
Max. Largest short % NAV	5.9%
Top 5 shorts % NAV	-23%
Top 5 longs % NAV	36%

Source: Bloomberg, Coeli December 2024

STRATEGY EXPOSURE[1]



Past performance is not a guarantee of future returns. The price of the investment may go up or down and an investor may not get back the amount originally invested.

1) Share Class I USD

Performance for other share classes towards the end of the report.

FUND MANAGER COMMENTARY

The Coeli Renewable Opportunities fund lost 4.6% net of fees and expenses in December (I USD share class). It gained 3.2% during the year and is up 6.5% since inception in February 2023.
In December, the fund outperformed the most comparable indices, the Wilderhill New Energy Global index (NEX) and the iShares Global Clean Energy (ICLN) by 0.7% and 2.6% respectively. In 2024, the fund was ahead by 29-30% and it has outperformed by 49-51% since inception in February 2023.

December was a challenging month for the fund, the renewable energy sector and the broader stock market. Long-term rates rose significantly, and there was a partial unwinding of the so-called â?•Trump tradesâ?• that performed well leading up to and immediately after the US election.

The higher rates impacted our long themes, particularly â??US Renewable Developmentâ?? and â??Grid Ownersâ??, which deducted 1.0% and 0.9% from NAV, respectively. The worst-performer, however, was â??Diversified Renewablesâ??, which lost 1.8% of NAV. More on this in the 2025 outlook part below.

The best performing theme was â??EU Renewable Developmentâ?? adding 1% to NAV. It is net short and benefitted from both higher rates and declining power prices in December. The two hydrogen themes, both containing only short positions, also did well, adding a combined 0.5% to NAV. In total, shorts gained 3.3% in December while long positions lost 7.9% of NAV. The net and gross exposure ended at 47% and 132%, respectively, slightly lower than the average over the month.

MARKET COMMENT â?? SOFT FINISH TO A GREAT YEAR FOR THE US STOCK MARKETS

The S&P 500 declined by 2.5% in December and the Russel 2000, the small cap index, declined by 8.4%. Still, 2024 was an exceptional year for US stock markets. The S&P 500 rose 23%, slightly behind the 24% return in 2023. Although the rise was led by the Magnificent Seven which soared by 48%, the equal-weighted S&P 500 index gained 13%, more than twice the 6% return of Europeâ??s Stoxx 600 index and also beating the 10% gain of Russel 2000.

Unfortunately, the renewable indices continued to underperform due to weak fundamentals, higher interest rates and poor sentiment partly due to Trumpâ??s election victory. The three largest indices averaged a decline of 30% in 2024, led by a 38% decrease in the solar index (TAN), which has dropped by 73% since its peak in early 2021. More on this in the 2024 performance review below.

REVIEW OF 2024 PERFORMANCE

The fund delivered excellent relative returns in 2024 as the renewable universe continued its massive underperformance versus the broader market. However, while we are satisfied with our relative performance, we are not pleased with the absolute level of returns and believe we could have done better despite the headwinds affecting the sector.
Could 2025 be another weak year for renewable stocks? It is possible, but the fundâ??s positioning is quite different today than at the end of 2023. Nevertheless, before we discuss the positioning and outlook for 2025, we will go through what we got right and what went wrong in 2024.

Positive contributors

Hydrogen

The US and EU Hydrogen themes contributed more than 12% combined to NAV during the year. Most of the year, the two themes comprised only short positions but we actively increased and reduced risk after events and triggers.

We are pleased that we stuck to our fundamental view that green hydrogen projects would continue to get cancelled and pushed during the year. Our conviction in the fundamentals led us to keep our shorts during a 70-80% rally during May and we added to our positions in the short squeeze in September, as described in those monthly reports. We also had several opportunities to add to positions on strong one-day rallies when the market got excited about news we deemed non-events. The stocks we are still short at year-end declined by an average of 53% during 2024.

Grid

We identified early that grid infrastructure would emerge as a critical bottleneck. The main theme, â??Grid Equipment,â?? added just under 4% to NAV, while the other three grid themes posted marginally positive contributions. However, the sharp Q4 sell-off in â??Grid Ownersâ?? weighed on performance, reducing the combined contribution of all four grid themes from 6â??7% at the end of November. This means that more than half of Decemberâ??s loss originated from one of our highest conviction themes.

Diversified Renewables

The â??Diversified Renewablesâ?? theme added about 3-4% to NAV, largely driven by **Chart Industries (GTLS)**, one of our long-standing transition favorites. The stock had a volatile year but ended up 40%. We also added **Siemens Energy (ENR)** and some bitcoin miners to this theme. We

believe the bitcoin miners own attractive grid connections and renewable power contracts, an alternative route for owners of Data Centers to secure access to power, as discussed in depth in the November-24 report â??The Urgency to Secure Powerâ??. Unfortunately, in the short term the miners trade with the price of Bitcoin and these positions deducted about 1.5% of NAV in December. Encouragingly, the miners have already recovered about half of these losses in early January. Nonetheless, this was another winning theme that underperformed toward year-end.

Solar shorts

We also successfully shorted three solar stocks down to near zero, contributing about 7% combined to NAV during the year.

In **Maxeon (MAXN)**, a solar panel manufacturer, we maintained our short position throughout the year, despite short-term rallies of 70%+ as we were deeply convinced of the supply/demand imbalance in the solar panel markets and the companyâ??s weak funding situation. The stock declined by 99% during the year before we exited.

We were also short **Meyer Burger (MBTN)**, a European solar panel manufacturer which faced similar fundamental challenges as **MAXN**. Its European business was squeezed by intense Chinese competition and the company was lobbying hard but unsuccessfully for tariffs on Chinese panels. As it lacked funding to move its operation to the US to take advantage of the new tax credits, it was only a question of time before it would collapse. The share price declined by 85% before we exited.

As a hedge against long positions in the residential solar service space, we shorted **Sunpower (SPWRQ)** down to bankruptcy, generating a 96% return on the last part of the position.
Despite these three positions, solar was still the biggest losing theme in 2024, details below.

Negative contributors

At the start of 2024, we believed that fundamentals in several sub-sectors had bottomed and would begin to improve. This assumption proved incorrect. Using the **iShares Global Clean Energy (ICLN)** as a proxy, earnings expectations for 2024 and 2025 declined by nearly 30% during the year. With **ICLN** declining by 25% over the same period, it could be inferred that weak fundamentals â?? not lower multiple due to higher interest rates â?? were the drivers of the underperformance.

However, the picture is more nuanced. Higher interest rates caused developers to delay some projects, impacting earnings for the developers and their suppliers, therefore playing an important part in the deteriorating fundamentals.

The overarching mistake we made was not simply misjudging the macro and earnings expectations but rather being too slow to react and cut losses when fundamentals deteriorated. This misstep was particularly evident in our three worst-performing themes of the year.

Solar

The fundâ??s largest detractor was the â??Solarâ?? theme, costing the fund nearly 5% of NAV. In the utility scale solar space, the main problem was not demand but rather supply as projects and revenues were pushed to the right due to the many bottlenecks in permitting and interconnection. We were aware of these issues but expected them to become less of a problem over the year. We also underestimated how tariff risk on imported solar panels and later, waiting for IRA details would result in further project

delays. Although we were correct on the strong underlying demand as US electricity demand is growing and utility scale solar is the lowest cost power generator, from our utility solar stocks all but **First Solar (FSLR)** missed revenue and earnings estimates.

It was consequently a mistake to be net long the solar space through the year, however the exposure was partly a hedge against our large short position in hydrogen, which worked well both on an absolute and a relative level.

Although we identified successful shorts in solar, some mentioned above, they could not offset the overall losses for instance in positions like **Shoals (SHLS)** and **Array Technologies (ARRY)**. While we exited **ARRY** before it dropped another 50%, the position still inflicted significant damage.

EU Renewable Development

The second worst theme was â??EU Renewable Developmentâ??, which deducted about 2.5% from NAV. The two main culprits were long positions in the developers **RWE** and **EDP Renovaveis (EDPR)**, which we deemed attractively valued at the beginning of the year. The former declined by 25% in the first two months of 2024 as long-term rates rose. Adding to the position in February was not a mistake, but failing to trade around the recovery in Q2 left us with no gains by year-end. Poor corporate communication weighed on sentiment, though this has since improved. We remain long into Germanyâ??s February elections.

EDPR is a similar story. After a 32% decline in January and February, fundamentals worsened further, prompting us to exit in March and lock in a large loss. By year-end, the stock had fallen an additional 50%. In hindsight the position was too large and correlation to **RWE** too high, making it a case of insufficient hedging and risk diversification.

While we mitigated some of the losses by shorting power generators and offshore wind developers, timing issues on the former reduced the overall impact.

Wind

The third theme that stood out negatively was â??Windâ??. It detracted 1.5% from NAV, largely due to a long-held position in **Vestas (VWS)**. Despite a profitable position in **Nordex (NDX1), Vestas** underperformance offset the gains. We detailed the decision to exit **VWS** in our October-2024 report.

Outlook for 2025

â??It is difficult to make predictions, especially about the futureâ?•. â?? Niels Bohr

This holds especially true in todayâ??s unpredictable environment as President Trump approaches his second inauguration. Market sentiment is split â?? on the one hand, optimism surrounding Trumpâ??s promises of tax cuts and deregulation should drive earnings growth, at least for US companies. On the other hand, the US market is highly valued following two consecutive years of more than 20% return for the S&P 500. While inflation is perceived to be under control, potential risks looms, such as trade wars triggering inflationary tariff spirals or increased tightness in the labour market stemming from mass deportations of undocumented immigrants.

Although the Federal Reserve and the bond market still anticipate at least one more rate cut this year, any discussion of rate hikes could weigh on equity markets. Moreover, President Trump is

unpredictable and although he clearly would have preferred dictatorial powers, he is dependent on cajoling a thin Republican Congress majority to prevail on several key issues. Also, the constitutional and legal barriers that held him back in his first period are still mostly present. This means there will be a lot of headlines and political bickering, which should translate into increased volatility for the financial markets. Higher volatility is generally not good for valuation multiples.

Renewable Energy Sector

Policy uncertainty presents challenges for the renewable energy sector. Nevertheless, while some sub-sectors are adversely affected, others remain resilient or even benefit from the current environment. One standout thematic is grid infrastructure, the fundâ??s largest exposure last year, which remains a key focus in 2025.

As outlined in several previous monthly reports, access to power is one of the key bottlenecks for the advancement of artificial intelligence (AI). However, the need for grid upgrades extends well beyond AI. Equally important is the electrification of industry, transportation and society in general. In some ways, AI power demand is only the icing on the cake, but it surely increases the urgency and silence opposition to upgrading and expanding the grid. And as it happens, Trump seems focused on rapidly expanding AI to outcompete China.

Key Grid-related Themes
â??Grid Equipmentâ?? is the largest theme within grid thematic. It mainly consists of three large European electrical cable manufacturers with different exposure to low, medium and high voltage cables.

At the moment, Prysmian is our favourite. It is the largest of the three with around EUR 17bn of sales. Although it has the lowest relative exposure to the tight sub-sea, high voltage market, it has the highest exposure to the low- and medium voltage Industrial and Construction segment in the US. They control, together with the private company Southwire, about 60-80% of the market and benefit from high growth and strong margins as the US is onshoring and rebuilding its industrial base. At 16x P/E on 2025 consensus earnings, Prysmianâ??s valuation is attractive, particularly if the company lists in the US, a move currently under consideration.

â??Grid Servicesâ?? is the second largest theme in the space and consists of three of the largest US Engineering, Procurement and Construction (EPC) companies focused on the build-out of the grid. All three are active in both the development of renewable energy installations like wind, solar and batteries as well as everything related to the construction of the electrical grid. **Quanta Services (PWR)** is the largest company of the three with revenues of about USD 26bn. It also screens as the most expensive, but it has by far the best track record on meeting earnings targets and a successful history of accretive acquisitions. With a very strong market backdrop, **PWR** is the closest we get to a compounder in this segment.

We are hedging part of the risk in â??Grid Equipmentâ?? and â??Grid Servicesâ?? by shorting peripheral AI/grid related electrical components companies that screen expensive and are already either producing at capacity with high gross margins or have short book-and-turn businesses with low entry barriers and growing competition. There is a growing list of potential short candidates that we are reviewing.

â??Grid Ownersâ?? is a theme consisting of European utilities owning grid infrastructure like distribution and transmission networks. Most of their revenues are regulated and set to grow

significantly as the grid is expanded. The higher the capex, the stronger the earnings growth. Earnings risk is therefore unusually low as capex growth is already agreed upon with regulators for years into the future. Nevertheless, stock prices are still impacted by higher long-term rates in the near-term, and we believe this was the main reason for the poor trading into yearend when both German and UK long term rates rose sharply.

The share price of the themeâ??s largest position, **EON (EOAN)**, was also impacted by the negative outcome from a court case against the government for allowed returns on existing assets. Moreover, the political risk also increased as the likely winner in the German election in February, the conservative alliance CDU/CSU, has promised lower electricity prices and grid fees which led some to conclude that the utilities will cover the shortfall. However, the CDU/CSU alliance has also stated that private capital should be incentivized to invest in the grid. Any lowering of electricity bills would therefore be financed by lower energy taxes and not by reducing regulated returns, we believe.

At current levels, we expect capex growth and potential regulated return upgrades in 2025 to offset risks of higher rates and negative political headlines.

We are also hedging part of the interest rate risk by being net short in â??EU Renewable Developmentâ?? which still contains both rate sensitive EU power generators and offshore wind developers. In addition to the shorts in Europe, we are also long for instance **Nextera Energy (NEE)** in the US. In general, we are optimistic to increasing electricity prices in the US and negative to Europe. In the former, we expect strong AI driven power demand combined with electrification of an increasing industrial base to overwhelm a supply response hampered by permitting and interconnection issues. Europe is in a different starting position where power demand is still 5% below the 2015-2019 level.

There is more spare capacity in the system, likely less AI driven power demand near term and potentially a shrinking industrial base. In addition, there is a wave of new LNG capacity coming from 2026 which is likely to impact power prices in Europe into the end of the decade.

Diversified Renewables

Outside of the grid related themes, â??Diversified Renewablesâ?? has become the single largest theme in the fund with a mix of energy transition companies involved in a variety of renewable energy related industries, and bitcoin miners controlling attractive clean energy contracts with grid connections. It is important to note that it is not a play on higher Bitcoin prices.

The two main energy transitions companies are **Chart Industries (GTLS)** and **Siemens Energy (ENR)** . Both are involved and benefitting from robust growth in electrification, but they also have solid positions in natural gas power equipment and other related businesses areas. **Chart** we have discussed in many monthly letters and although the stock rose 40% in 2024, we still believe there is at least 30% further upside.

Siemens Energy (ENR) had an even better 2024 with a tremendous 320% return following a successful turnaround of the business, exceeding expectations and strong order intake across most business units. The company is global leader in high voltage equipment, large gas turbines and offshore wind turbines. Although the wind business has struggled over the last years, the other businesses are all performing strongly. The headline trading multiple of 70x P/E 2025 is rich but considering the 32% EPS CAGR 2024 â?? 2027, the stock is significantly cheaper than most peers. Although we do not expect anything like last yearâ??s performance, we believe there is solid upside and will add on weakness.

Other themes

After the sharp decline for hydrogen stocks the last years, we do not expect that the pure short **â??US Hydrogenâ??** and **â??EU Hydrogenâ??** themes to be the best performers in 2025. However, as we have mentioned in almost all monthly reports last year, we struggle to see the fundamental benefit of using green hydrogen in almost any application. The main problem is that green hydrogen is not cost competitive with its grey alternative. In order to become a viable alternative, power prices would have to decline to insignificant levels, or politicians would have to agree on considerably higher carbon taxes. We do not see any of these outcomes in the near to medium term.

Finally, we are still involved in the solar space, but entering the new year, the **â??Solarâ??** theme is much smaller and net neutral. The only conviction long in the space is **First Solar (FSLR)**, which is also the fundâ??s largest position. As we have mentioned in many monthly letters last year, we believe most of its IRA tax credits will be safe from Republican meddling. There will be headlines saying the opposite for sure, but in the end, the company will keep its expected credits. **FSLR** is also set to benefit from Trumpâ??s protectionism and tariffs on anything with links to China.

For the rest of the solar space, we are still short companies with strong links to China as we see a high risk of strengthened Foreign Entity of Concern (FEOC) regulation. Some Chinese panel manufacturers have survived the last years on profit from the US market while losing money in most other markets, especially China. If the door to the US closed, fundamentals would deteriorate further.

With regards to utility scale and residential solar market, we do see value in some of the names at the current levels. Especially since our base case is that many of the IRA tax credits will survive and safe harbouring and grandfathering of projects will be allowed. However, it will likely take eight-nine months until we have any kind of firm clarity on any changes to the laws and final regulations. This is simply too prolonged a period of uncertainty for an already highly volatile segment. Although we do have a couple of positions into the budget/IRA negotiations in February/March, we view them more as trading position than long term investments until there is more clarity on the final policies.

2025 will be an interesting year with more volatility, a lot of trading opportunities and perhaps not a year when the broad stock market indices offer the best returns. It could be a year for the stock pickers, famous last wordsâ?¦

We look forward to updating you on the progress during the year.

Sincerely

Vidar Kalvoy and Joel Etzler

PERFORMANCE IN SHARE CLASS CURRENCY (%)

IUSD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023		0.4%	1.6%	0.3%	-0.4%	5.9%	-1.4%	-3.1%	-5.2%	-6.3%	4.8%	7.4%	3.2%
2024	-6.9%	6.2%	5.0%	-0.8%	4.7%	-5.4%	6.8%	0.9%	-0.4%	-3.2%	2.0%	-4.6%	3.2%

ISEK

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023		0.3%	1.6%	0.2%	-0.5%	5.6%	-1.7%	-3.2%	-5.3%	-6.5%	4.6%	7.0%	1.0%
2024	-7.0%	6.0%	4.8%	-1.0%	5.1%	-5.6%	6.6%	0.8%	-0.6%	-3.3%	1.8%	-4.9%	1.4%

RSEK

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023		0.0%	1.4%	0.2%	-0.7%	5.6%	-1.7%	-3.4%	-5.4%	-6.5%	4.5%	7.0%	0.1%
2024	-7.1%	6.0%	4.8%	-1.0%	5.1%	-5.6%	6.6%	0.8%	-0.6%	-3.4%	1.7%	-4.9%	0.9%

Source: Coeli December 2024

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