

Coeli Energy Transition Joins the NHX Universe

Stockholm (HedgeNordic) – Launched in mid-August of this summer, climate-focused market-neutral equity fund **Coeli Energy Transition** has now joined the Nordic Hedge Index. The fund is managed by Vidar Kalvoy and Joel Etzler, who previously managed a similar strategy at London-based alternative asset manager Horizon Asset.

Set up under the umbrella of Stockholm-headquartered asset manager Coeli Asset Management, the fund launch has been in the making for almost a year. Although the process took longer than initially expected, “the silver lining is that we have had more time to prepare for the launch,” Vidar Kalvoy tells HedgeNordic. Coeli Energy Transition currently manages around \$35 million in assets, but “there is additional capital subscribed and coming in over the next months” according to Kalvoy.

Explaining the fund’s investment focus, Kalvoy says that “we believe the ongoing energy transition will disrupt the energy sector and will cause even higher volatility and more dispersion between winners and losers.” The market-neutral approach enables the fund to capitalise on the widening dispersion. As Kalvoy explains, “the emphasis is on picking the winners and losers in this transition, simultaneously having a very strong focus on portfolio construction and aiming to hedge out as much oil price and market beta as possible.”

Coeli Energy Transition’s portfolio management team reckons that the biggest opportunity for creating alpha lies within the fossil fuel space, which is much larger and has higher trading volumes than the alternative energy space, and more importantly, is the most challenged by the transition. “If climate scientists are correct about global warming and the limited time we have to change our way, it is in the fossil fuel space where the biggest changes have to happen,” emphasises Kalvoy. “After all, 87 percent of all energy consumption is still covered by fossil fuels.”

Although the duo is bearish on the long-term price of oil, Coeli Energy Transition “is not a fund to make money from a falling oil price.” Instead, the fund’s focus is to extract alpha by accurately picking the winners and losers in this ongoing energy transition.

Welcome to the Nordic Hedge Index!