



# RHENMAN GLOBAL OPPORTUNITIES L/S

April 2020

RC1 (SEK)  
**5.23%**

YTD  
RC1 (SEK)  
**-19.07%**

- A global long/short equity fund able to invest in all sectors around the world.
- Fundamental portfolio management by a portfolio manager with more than 30 years of experience in the finance sector.
- The portfolio team is supported by a renowned Advisory Board.

## Monthly update

Shutdowns are slowing down economies, but investors believe in the future. Following the worst performance in decades from financial markets in March, April proved to be one of the best months in recent times.

**Despite high death toll, investors showed some risk appetite**  
Covid-19, of course, completely dominated the headlines during the month. The number of recorded cases worldwide more than tripled to over three million, and by the end of April nearly a quarter of a million people had died.

However, during the latter part of the month, most Western countries were able to note a gradual slowing in death rates. In parallel, hopes also rose that drugs could mitigate the course of the disease. In particular, promising trial results from the US company Gilead's drug remdesivir led to an improved risk appetite among investors.

### 2020 is set to be the worst year since World War II

The economic data presented in April were dismal, reflecting the negative impact of the shutdowns. Several "all-time records" were broken, in everything from rising unemployment to reduced air travel and companies' declining expectations. Even if some recovery takes place in the autumn, 2020 will be the worst year for the global economy since World War II.

Central banks and governments around the world continued to launch stimulus packages on an unprecedented scale, giving former ECB president Mario Draghi's classic statement "whatever it takes" a new meaning. These actions also made a major contribution to the positive undertone in capital markets.

Corporate reports for the first quarter generally showed a good start to 2020 but a sudden slowdown at the end of March. Many companies chose to drastically lower or completely omit their outlooks for the rest of the year. However, there were exceptions particularly in sectors that will benefit from the virus pandemic, at least in the medium term.

### Passenger traffic and oil were the big losers

In addition to passenger traffic, where virtually all aircraft were grounded and all cruise ships remained in port, energy was the sector that most significantly reflected the world's sluggish level of economic activity. Demand for oil has fallen by at least 20 percent and although agreements have been reached to reduce production, the excess supply is huge. As a consequence, the price of oil continued to fall in April and finished up just over 60 percent lower than at year-end.

### The world index rose slightly but with a wide spread

The world index measured in Swedish kronor rose in April by 8.4 percent (10.9 percent in euros). All sectors showed gains, but with a continued wide spread: Consumer discretionary and energy recorded the largest gains, while utilities and consumer staples lagged behind. Geographically, too, all major regions rose but again with a wide spread. The United States recorded the biggest monthly gains by far, while Hong Kong and Japan recorded more modest increases.

### FUND PERFORMANCE

The fund increased by 5.23 percent, measured in its main share class RC1 (SEK), and by 7.02 percent measured in IC4 (EUR). Information technology and energy contributed most positively, while holdings in consumer staples and industrial companies showed smaller gains. The fund's long positions contributed to performance with 5.6 percent, while short positions contributed with 0.4 percent measured in SEK. The month's best contributors were two US energy stocks, Chevron and Exxon Mobil. The weakest were Square Enix and Tesla.

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## Chevron and Exxon Mobil stock recovered on positive news

Somewhat surprisingly, the two US energy stocks Chevron and Exxon Mobil turned out to be the month's best contributors. Although oil prices continued to fall in April, the sector recovered following a series of press releases about widespread production cuts and improved prospects for a ceasefire in the oil price war between Russia and Saudi Arabia.

The month's recovery in the share prices of major energy companies was in line with previous historical declines, such as the 2014-2016 oil price crash and the 2008-2009 financial crisis. Even then, energy stocks were first dragged down abruptly with the Brent oil price and later stabilised independently of oil prices. Based on companies' past actions in times of crisis, investors do not seem to fear major reductions in dividends. Moreover, compared with recent crises, the major US oil companies today have more robust balance sheets and better liquidity.

Many investors feel that energy companies' share prices were, in fact, too low even before the crisis and are now hoping that their recovery will continue. For this to happen though, there must be a higher physical demand for energy leading to a recovery in oil prices. The most significant risk is that the slump in demand due to Covid-19 will be more prolonged than expected.

## Game store closures and customers in quarantine sent Square Enix stock down

One of the month's weakest contributors was the Japanese game developer Square Enix. The long-awaited first installment of Final Fantasy VII: Remake had its worldwide release in the second half of April, but fewer games than expected were sold in the first few days after the launch. Low initial sales (3.5 million physical copies) took investors by surprise. Following overwhelmingly positive reviews and reactions from fans, the company expected a launch at least in line with Final Fantasy XV and Kingdom Hearts 3, both of which sold 5 million copies within the first three days.

The low sales are thought to be due to closed game stores and limited parcel delivery in some regions because of the Covid-19 pandemic. Also, Square Enix's outdoor game for mobile phones, Dragon Quest Walk, which has already become a key contributor to the company's profits, suffered a major fall-off in activity when users stayed home during the crisis.

## Covid-19 expected to strengthen Tesla's position

The short position in US electric car manufacturer Tesla also contributed negatively in April. The stock soared when a former sceptical analyst from Credit Suisse upgraded the stock to "Hold", citing the ongoing pandemic. Credit Suisse said it believed the company could benefit from the crisis since it was ahead of other automakers with its battery technology. According to Credit Suisse, traditional car manufacturers will have to abandon fossil fuel-based vehicles in favour of battery platforms in the longer term. The present slump in US car sales is making this transition more difficult because it is putting pressure on manufacturers' profits and cash flows, potentially giving Tesla an advantage.

The argument is thus that Covid-19 is strengthening Tesla's leading position, and the company now has a higher market capitalisation than Ford, GM and Fiat Chrysler combined. However, Tesla will presumably experience a sharp weakening in demand in the second quarter just like the other automakers.

## OUTLOOK

If the downturn from late February to mid-March was the steepest experienced in living memory, the recovery of the past six weeks was one of the fastest. US stock markets in particular have now recovered most of the losses, with technology and healthcare in the lead. NASDAQ is virtually unchanged since the end of last year, whereas broader indices in the United States, Europe and Japan are down by between 10 and 20 percent.

## Global equity markets reflect a belief in the future

Given the near shutdown that currently prevails in many of the world's economies, the positive mood of equity markets reflects a belief that the worst is now over and that the wheels will – figuratively and literally – soon start turning again. This will, of course, happen as more and more countries lift restrictions on the shutdowns. Industries are already starting to get back on track, and consumption is likely to gradually improve. The second quarter of this year should basically represent a bottom, and we should then be able to see a gradual increase in activity in the global economy. In all likelihood, 2021 will be a significantly better year than 2020 in the real economy.

A big question, though, is the strength and not least the speed of recovery and how much has already been discounted in asset classes such as stocks and corporate bonds. We must keep in mind that the major negative effects on corporate profits still await us, and that investors have got to be willing to look beyond them. There is also a risk that company closures in hard-hit industries might have a negative impact on overall risk appetite.

These statements could be interpreted as being negative for the future, but that is not the case. Our expectations for the economic recovery are, we believe, realistic and positive.

However, we are aware of the prevailing short-term uncertainties and understand that what is happening now will have significant repercussions on everything from consumption patterns to the structure of different business sectors. We expect to face a world in which the strong companies will be able to advance their positions at the expense of the weaker ones.

Already last month, we wrote: "It has never been more critical than now for companies in which the fund has invested to live up to several different criteria. These include solid market positions, the potential for future profit growth, strong balance sheets and good dividend capacity." We would like to reiterate this view, and we remain confident that the fund's holdings will emerge stronger going forward.

## Fund characteristics

### KIID AND PROSPECTUS (WEBPAGE)

<https://fundinfo.fundrock.com/Rhenman-PartnersFund/>

### INVESTABLE CURRENCIES

Euro (EUR)/Swedish Krona (SEK)

### RETURN TARGET

Annualised net returns of +7-8 % over time

### LEGAL STRUCTURE

AIF/FCP (Fonds Commun de Placement) under Part II of the Luxembourg Law on Investment Funds

### PORTFOLIO MANAGER

Rhenman & Partners Asset Management AB

### HEAD OF INVESTMENT TEAM

Staffan Knafve

### AIFM/MANAGEMENT COMPANY

FundRock Management Company S.A.

### PRIME BROKER

Skandinaviska Enskilda Banken AB (publ)

### DEPOSITARY AND PAYING AGENT

Skandinaviska Enskilda Banken S.A.

### AUDITOR

PricewaterhouseCoopers (PwC)

### SUBSCRIPTION/REDEMPTION

Monthly

### MINIMUM TOP UP

No minimum

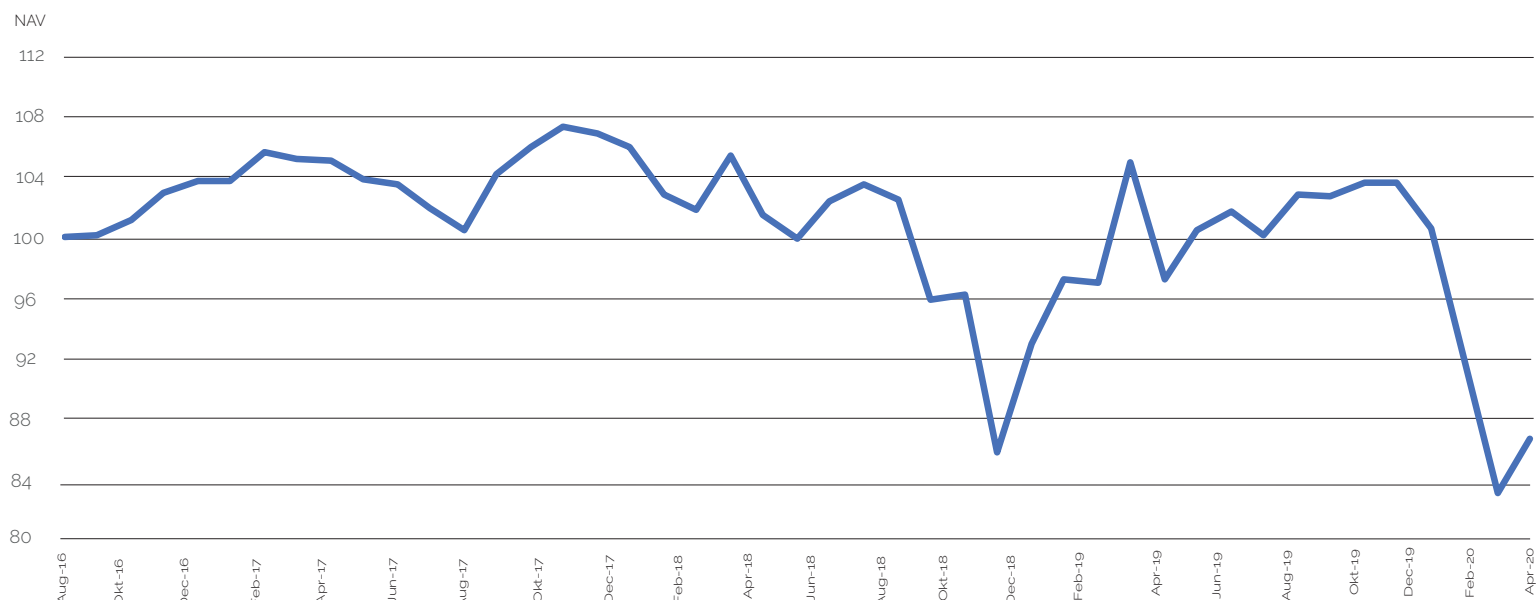
### NOTICE PERIOD

3 business days (12.00 CET)

### HURDLE RATE

Euribor 90D (high-water mark)

## FUND PERFORMANCE - RC1 (SEK)



### MARCH 2020

SHARE CLASS	NAV <sup>1</sup>	MONTHLY RETURN <sup>1</sup>	YTD 2019 <sup>1</sup>	SINCE INCEPTION <sup>1</sup>
RC1 (SEK)	84.25	5.23%	-19.07%	-15.75%
RCg (SEK)	88.21	5.35%	-18.72%	-11.79%
IC1 (EUR)	73.93	6.96%	-20.41%	-26.07%
3M Euribor (EUR)	99.47	0.00%	0.00%	-0.53%

### SHARE CLASS CHARACTERISTICS – INSTITUTIONAL SHARE CLASSES – ONLY INSTITUTIONAL INVESTORS

MINIMUM INVESTMENT		MGT. FEE	PERF. FEE	ISIN NO.	BLOOMBERG TICKER	LIPPER REUTERS	TELEKURS
IC1 (EUR)	100 000	1.50 %	20 %	LU1346219667	RGLOPC1 LX	68373122	32744428
IC1 (SEK)	1 000 000	1.50 %	20 %	LU1346220160	RGLOPI1 LX	68373081	32744302

### SHARE CLASS CHARACTERISTICS – RETAIL SHARE CLASSES – ALSO OPEN TO INSTITUTIONAL INVESTORS

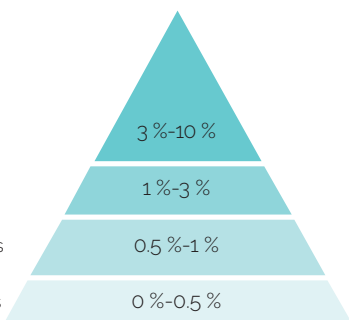
MINIMUM INVESTMENT		MGT. FEE	PERF. FEE	ISIN NO.	BLOOMBERG TICKER	LIPPER REUTERS	TELEKURS
RC1 (SEK)	500	2.00 %	20 %	LU1346219402	RGLOPR1 LX	68373110	32744421
RCg (SEK)	2 500 000	0.70 %	20 %	LU1339365303	RGLOPRg LX	68373115	32744420

Administrative fees are charged in addition to the fees above. Further information is available in the KIID as well as the prospectus (part B, B14-18).

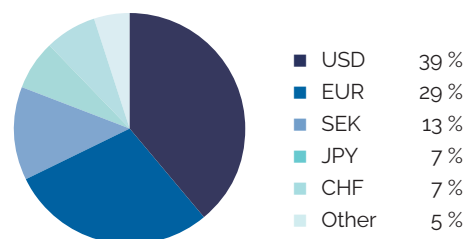
Note: 1) Please find launch date information on page 4.

## PORTFOLIO CONSTRUCTION<sup>2</sup>

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	8
Core holdings	1%-3%	26
Fractional positions	0.5%-1%	0
Candidate holdings	0%-0.5%	0



## CURRENCY EXPOSURE<sup>3</sup>



## RISK (RC1 SEK)

Value at risk <sup>4</sup>	3.84%
Standard Deviation <sup>5</sup>	16.01%
Sharpe Ratio <sup>5</sup>	-0.26

## EXPOSURE<sup>6</sup>

Long	84%
Short	-1%
Gross	85%
Net	82%

## AUM<sup>7</sup>

Fund:
EUR 7m
USD 7m
<b>Firm total: EUR 676m</b>

## LARGEST LONG POSITIONS

1. Nestlé
2. IBM
3. Chevron
4. Ericsson
5. Square Enix

**Notes:** 2) As a percentage of the market value of the long and short positions (excluding cash positions). 3) Number of long equity positions (excluding any ETFs). 4) For holdings at month end (95% conf. int. 250 days history). 5) Standard deviation and Sharpe ratio are annualized. 6) The exposure is not adjusted for net fund flow at month end. 7) The AUM is adjusted for fund inflow at month end. Total firm AUM consists of funds Rhenman Healthcare Equity L/S and Rhenman Global Opportunities L/S.



## NAV & PERFORMANCE DATA

RC1 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2016									100.10	101.22	103.31	104.36	
2017	104.27	106.54	106.06	105.84	104.40	103.98	102.13	100.41	104.80	106.89	108.52	108.00	
2018	106.99	103.24	102.04	106.29	101.71	99.75	102.74	104.00	102.48	95.00	95.42	83.14	
2019	91.66	96.68	96.32	105.80	96.64	100.42	101.86	100.05	103.24	103.07	104.22	104.10	
2020	100.58	90.73	80.06	84.25									

RC1 (SEK) PERFORMANCE %, NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2016									0.10	1.12	2.06	1.02	4.36
2017	-0.09	2.18	-0.45	-0.21	-1.36	-0.40	-1.78	-1.68	4.37	1.99	1.52	-0.48	3.49
2018	-0.94	-3.51	-1.16	4.17	-4.31	-1.93	3.00	1.23	-1.46	-7.30	0.44	-12.87	-23.02
2019	10.25	5.48	-0.37	9.84	-8.66	3.91	1.43	-1.78	3.19	-0.16	1.12	-0.12	25.21
2020	-3.38	-9.79	-11.76	5.23									-19.07

RC9 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2016									100.22	101.45	103.62	104.87	
2017	104.89	107.25	106.85	106.75	105.42	105.11	103.36	101.72	106.28	108.36	110.13	109.72	
2018	108.82	105.11	104.00	108.46	103.89	102.00	105.16	106.57	105.12	97.55	98.10	85.56	
2019	94.44	99.71	99.45	109.35	100.00	104.02	105.63	103.86	107.28	107.23	108.54	108.53	
2020	104.99	94.79	83.73	88.21									

RC9 (SEK) PERFORMANCE %, NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2016									0.22	1.23	2.14	1.21	4.87
2017	0.02	2.25	-0.37	-0.09	-1.25	-0.29	-1.66	-1.59	4.48	1.96	1.63	-0.37	4.62
2018	-0.82	-3.41	-1.06	4.29	-4.21	-1.82	3.10	1.34	-1.36	-7.20	0.56	-12.78	-22.02
2019	10.38	5.58	-0.26	9.95	-8.55	4.02	1.55	-1.68	3.29	-0.05	1.22	-0.01	26.85
2020	-3.26	-9.72	-11.67	5.35									-18.72

IC1 (EUR) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2017							99.08	98.29	100.48	101.42	101.46	101.92	
2018	101.48	94.89	92.06	93.50	91.73	88.84	92.99	91.09	92.39	85.50	86.29	76.46	
2019	82.38	85.88	86.39	92.77	85.18	88.19	89.22	86.71	90.20	89.84	92.54	92.89	
2020	88.35	80.01	69.12	73.93									

IC1 (EUR) PERFORMANCE %, NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2017							-0.92	-0.80	2.23	0.94	0.04	0.45	1.92
2018	-0.43	-6.49	-2.98	1.56	-1.89	-3.15	4.67	-2.04	1.43	-7.46	0.92	-11.39	-24.98
2019	7.74	4.25	0.59	7.39	-8.18	4.40	0.37	-2.81	4.02	-0.40	3.01	0.38	21.49
2020	-4.89	-9.44	-13.61	6.96									-20.41





## ABOUT RHENMAN & PARTNERS

Rhenman & Partners Asset Management, founded in 2008, is a Stockholm-based investment manager focusing on two niche funds administered by FundRock Management Company S.A.: Rhenman Healthcare Equity L/S, founded in 2009, and Rhenman Global Opportunities L/S, founded in 2016. Assets under management amount to approximately EUR 700m. Investment Teams of both Funds are in their investment processes supported by renowned Advisory Boards, including professors and experts with many years of market experience and extensive networks around the world.

## Legal Disclaimer

Rhenman Global Opportunities L/S ("the Fund") is not an investment fund as defined in the European Union directives relating to undertakings for collective investment in transferable securities (UCITS). Legal information regarding the Fund is contained in the Prospectus and the KIID, available at Rhenman & Partners Asset Management AB (Rhenman & Partners) webpage: <http://rhepa.com/the-fund/prospectus/>.

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