



RHENMAN GLOBAL OPPORTUNITIES L/S

September 2020

RC1 (SEK)
-1.57%

YTD
RC1 (SEK)
-21.64%

- 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

US politics, Covid-19 and technology stocks continued to make the headlines in September. After a rally in August, in which US technology companies in particular showed strong gains, September was initially marked by profit-taking and increased caution. We then saw some recovery towards the end of the month, with trading again concentrated on technology stocks. In the absence of company-specific news, virus developments and the impending US presidential election attracted the greatest interest.

Biden still in the lead after heated debate in Ohio

With just over a month to go until the November election, news feeds focused on the United States. An increasingly polarised situation was clearly visible in the first debate between President Trump and Democrat Joe Biden. The tone in Cleveland, Ohio, was sharp and the debate was characterised by harsh words from both sides. During the month, Biden's lead in the polls increased. However, in early October, the news broke that President Trump and his wife had tested positive for Covid-19. How this will impact the election is unclear at the time of writing, but the president has already drawn widespread criticism for how he has been handling the pandemic.

Increased spread of Covid-19 worried markets

The second wave of Covid-19 (or, as some might say, the continuation of the first one) in the wake of eased restrictions, also dampened risk appetite, especially in Europe. In countries like Spain, France and the United Kingdom the spread of infection increased sharply, partly as a result of increased testing, even though the number of deaths was significantly lower than in the spring. The new restrictions which were imposed or announced, prompted investors to worry about the effects of the pandemic on the economy. These concerns were also reflected in the performance of the energy companies and the banks, sectors that could be hit hard by a weakened economic recovery.

In the shadow of all this, Brexit negotiations continued. Chief EU negotiator Barnier and his British counterpart

Frost held talks but failed to produce any tangible results. Towards the end of the month, Prime Minister Boris Johnson announced that he would contact German Chancellor Angela Merkel to try and achieve a breakthrough in the negotiations.

Unchanged world index in Swedish kronor

The world index, measured in Swedish kronor, remained largely unchanged in September. Industrial enterprises and utilities produced the biggest gains, while banks and energy companies again recorded the worst performances. In terms of regions, developments were also mixed, with Japan performing most positively while US stock markets (rather unusually) recorded some declines.

FUND PERFORMANCE

The fund fell by 1.57 percent, measured in its main share class RC1 (SEK), and fell by 3.32 percent measured in IC4 (EUR). Consumer discretionary and industrial companies made the most positive contributions, while holdings in banks and energy companies accounted for the largest negative contributions. The fund's long positions dragged down performance by 2.0 percent, while short positions added 0.4 percent measured in SEK. The fund's best contributors in September were the short positions in Tesla and Janus Henderson. The worst contributors were BNP Paribas and Halliburton.

Tesla stock weighed down by Battery Day, short selling position contributed positively

This month's top contributor was the short position in Tesla. The company was passed over for inclusion in the S&P 500 index in September in a minor reshuffle, probably due to the company's inability to generate a profit without subsidies. Also, Tesla announced a reverse at-the-market stock buyback programme worth 5 billion dollars, possibly contributing further to the sales pressure.

Tesla's much anticipated 'battery day', which took place on 22 September, fell short of expectations. The timeframes for Tesla's ambitious targets turned out to be longer than

[Continued on the next page →](#)

expected, prompting the market to react negatively. Most investors were disappointed by the lack of concrete progress and raised a warning finger to Tesla's promises and to what is commercially feasible.

Elon Musk said in a statement that the company aimed to produce 20 million cars a year by 2030. This would represent a market share of 66 percent of the total electric car market (compared with Tesla's current market share of about 15 percent). Given the intensifying competitive landscape, imagining a scenario in which these forecasts will be realised is not particularly likely.

Dividends and buybacks lifted Janus Henderson Group

Another positive contributor in September was the Janus Henderson Group. The global asset management group manages over 330 billion dollars in mutual funds and ETFs in five different asset classes.

Despite an unfavourable operating environment during the year with heavy outflows, the company's strong finances have allowed for sustained dividends and continued stock buybacks. The share price received a boost in September, but the valuation still remains low in terms of historical levels.

At the end of the month, the activist fund Trian announced that it had bought the equivalent of nearly 10 percent in Janus Henderson, again indicating the low valuation.

Corona and dividend restrictions weighed down BNP Paribas' performance

One position that weighed down the fund this month was BNP Paribas. The major French bank was dragged down by overall negative sentiment towards banks during a month that saw several major banks record their lowest stock prices for 25 years. Decisions by the Federal Reserve and the ECB respectively to restrict dividends and stock buybacks have hit the sector hard, though BNP is expected to revert to its previous dividend policy as soon as the ECB lifts the restrictions.

BNP has fared relatively well during the corona crisis thanks to sound finances and a diversified business model. There is a correlation between how seriously a country has been affected by the virus and how hard the country's banking system has been squeezed. Together with the underlying state of the business, this has led to huge differences in how different banks have been affected by the crisis. BNP is well capitalised and continues to support its customers during the corona crisis. The company posted stronger-than-expected earnings for the second quarter after reporting a number of favourable events, including record trading revenue.

Weak oil market created headwinds for oil services company Halliburton

Another negative contributor for the month was Halliburton. The impact of the corona crisis on the demand for oil led to a drop in oil prices to 40 dollars a barrel. Oil prices have now stabilised at this level because of supply cuts from OPEC and Russia, among others. The current price level is a major blow for the oil sector in general and for shale oil producers in particular, causing negative effects on service companies

like Halliburton.

During the corona crisis, Halliburton strengthened its balance sheet by launching a massive cost savings programme. The company has cut a total of 1 billion dollars in costs since April this year. It will report its quarterly results in October and is expected to continue with its previously announced dividend policy.

OUTLOOK

Despite some downturns in September, US stock markets remain by far the best for 2020 as a whole. This is mainly due to a handful of major technology companies. The top five stocks in the S&P 500 (Facebook, Amazon, Apple, Microsoft and Google) have so far this year risen by an average of just over 40 percent, measured in US dollars. The remaining 495 companies, measured in the same way, have simultaneously fallen by a few percent. The United States is also the only major region that is on the plus side so far this year, with declines of 15 to 20 percent in Europe and Hong Kong.

The high proportion of technology companies is thus the main explanation for the relatively strong performance of US markets, with the NASDAQ up about 20 percent. Technology is also one of the very few sectors on the plus side worldwide. Sectors such as banks and oil, on the other hand, are now showing declines of 26 percent and 50 percent, respectively, for the year to date, having continued to fall in September.

Interest in growth companies remained great – value companies were the losers

The great interest in growth companies over the past ten years has gradually led to significant differences in valuations compared with other sectors. Banks represent one of the most striking examples. In the United States, banks are now trading at a greater discount than they have been for several decades relative to the market as a whole, and in Europe the banking index has recorded its lowest share prices for 30 years. Despite a fundamentally healthy banking system and low interest rates, increasingly tight regulations and politically motivated decisions on measures such as the payment of dividends have negatively impacted investor views of the sector.

In last month's letter, we wrote about a two-tier market in which some sectors were deemed to have infinitely good opportunities while others would face immense struggles in the foreseeable future and beyond. We do not believe that the world will evolve in such black and white terms. Some of the "winning" companies of recent years may not be able to live up to the market's high expectations going forward, while some of the "losing" companies will spring positive surprises.

We believe in the intrinsic quality of value companies

We reiterate our message from last month. The fund has a clear focus on value companies and has consequently performed weakly in the equity market thus far in 2020. We have great respect for the challenges facing the global economy, but when it improves, the inherent quality of our holdings, we believe, will lead to a significant revaluation.

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

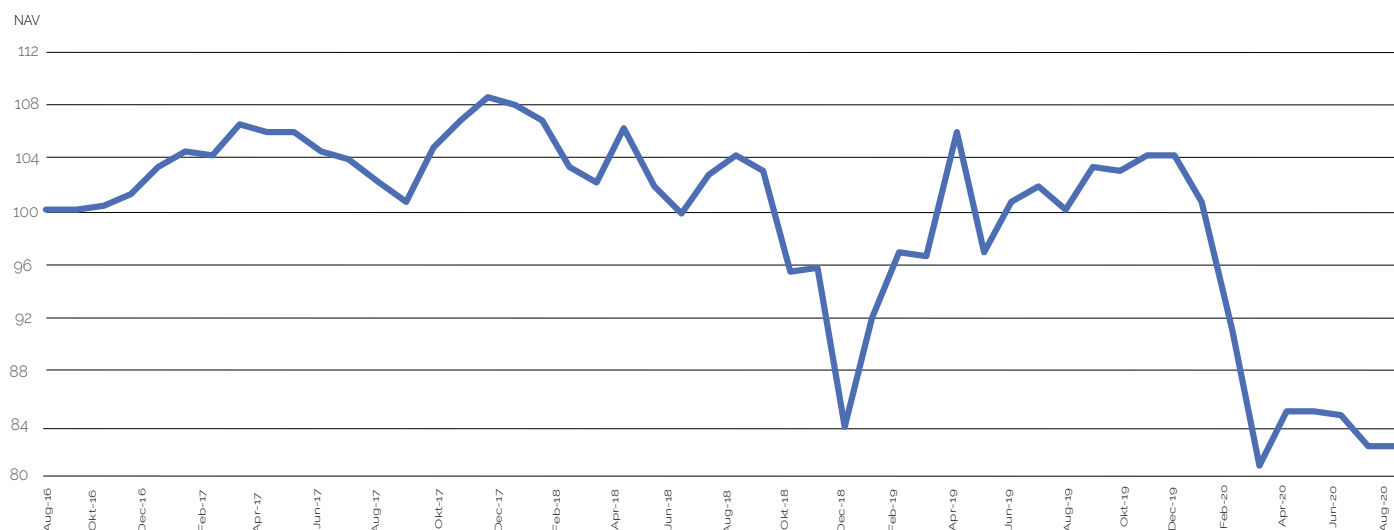
NOTICE PERIOD

3 business days (12.00 CET)

HURDLE RATE

Euribor 90D (high-water mark)

FUND PERFORMANCE - RC1 (SEK)



SEPTEMBER 2020

SHARE CLASS	NAV	MONTHLY RETURN	YEAR TO DATE	SINCE INCEPTION ¹
RC1 (SEK)	81.57	-1.57%	-21.64%	-18.43%
RCg (SEK)	85.78	-1.53%	-20.96%	-14.22%
IC1 (EUR)	73.06	-3.35%	-21.35%	-26.94%
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	0.50 %	20 %	LU1346219667	RGLOPC1 LX	68373122	32744428

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

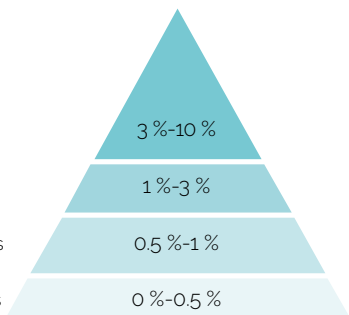
MINIMUM INVESTMENT	MGT. FEE	PERF. FEE	ISIN NO.	BLOOMBERG TICKER	LIPPER REUTERS	TELEKURS	
RC1 (SEK)	500	0.50 %	20 %	LU1346219402	RGLOPR1 LX	68373110	32744421
RCg (SEK)	2 500 000	0.00 %	20 %	LU1339365303	RGLOPRg LX	68373115	32744420

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).

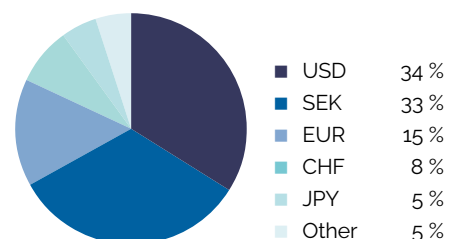
Note: 1) Please find launch date information on page 5.

PORTFOLIO CONSTRUCTION²

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	6
Core holdings	1%-3%	25
Fractional positions	0.5%-1%	0
Candidate holdings	0%-0.5%	0



CURRENCY EXPOSURE³



RISK (RC1 SEK)

Value at risk ⁴	1.52%
Standard Deviation ⁵	15.27%
Sharpe Ratio ⁵	-0.30

EXPOSURE⁶

Long	83%
Short	-3%
Gross	86%
Net	79%

AUM⁷

Fund:
EUR 6m
USD 7m
Firm total: EUR 799m

LARGEST LONG POSITIONS

1. Nestlé SA
2. Qualcomm Inc
3. Telefon AB LM Ericsson
4. Volkswagen AG
5. Schneider Electric

Notes: 2) Number of long equity positions (excluding any ETFs). 3) As a percentage of the market value of the long and short positions (excluding cash positions). 4) For holdings at month end (95% conf. int. 250 days history). 5) Standard Deviation and Sharpe Ratio are annualised. 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	84.36	84.05	81.53	82.87	81.57				

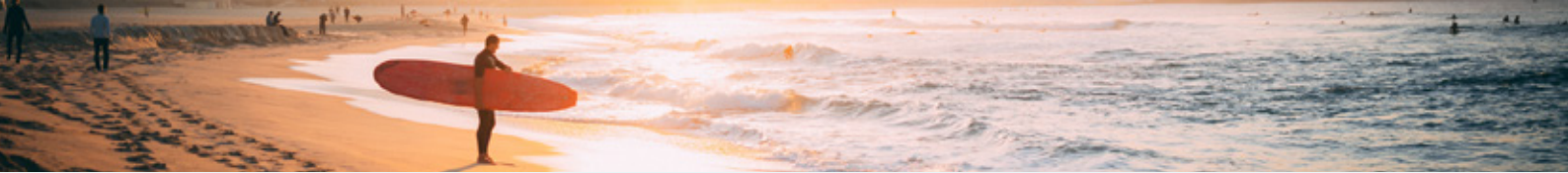
RC1 (SEK) PERFORMANCE %, NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2016									0.10	1.12	2.06	1.02	4.36
2017	-0.09	2.18	-0.45	-0.21	-1.36	-0.40	-1.78	-1.68	4.37	1.99	1.52	-0.48	3.49
2018	-0.94	-3.51	-1.16	4.17	-4.31	-1.93	3.00	1.23	-1.46	-7.30	0.44	-12.87	-23.02
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	0.13	-0.37	-3.00	1.64	-1.57				-21.64

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	88.41	88.18	85.63	87.11	85.78				

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	0.23	-0.26	-2.89	1.73	-1.53				-20.96

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	75.65	75.48	74.18	75.59	73.06				

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	2.33	-0.22	-1.72	1.90	-3.35				-21.35



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 800m. 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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