

Carnot Efficient Energy

June 2022

Rolf Helbling / Andres Gujan, Juli 4, 2022

The net asset value fell by 12% in CHF and 10% in EUR in June. The price declines are evenly distributed across the portfolio. Only Lem showed a positive performance. We have reduced the construction exposure with the reduction of Geberit and Bravida. We also reduced Stadler Rail. On the other hand, we have added to Verbio, which is benefiting from higher energy prices. We see positive signals for the upcoming half-year results. The wave of selling is not an anticipation of a disappointing H1 results, it reflects the expectation of an economic downturn with declining profits is expected for the coming year.

Subsidisation is Followed by Rationing

A month ago, the cheapening of fuel made the rounds, only a short time later there are now warnings of possible gas rationing. After Russia reduced gas supplies to Europe, the German government declared stage 2 (of 3) of the gas emergency plan. Switzerland has only limited storage capacities, which is why the Swiss Federal Council has also pointed to a possible shortage in the coming winter. A gas shortage would be particularly devastating for certain industrial companies.

Short-term: Great Dependence on Gas Supplies

A production stoppage in the production of basic chemicals or metals could trigger shutdowns in other industries such as pharmaceuticals, food or automobiles. The costs for the European economy would be immense. How can this worst case be averted? The simplest solution has been under negotiation for months, i. e. the diversification of gas suppliers (e. g. Qatar). However, the capacities of the European LNG landing terminals fall short of what is required.

As for the industry sector, the largest consumer of gas, some producers have an immediately available alternative handy: process energy from oil or LPG. Our portfolio companies Ems and Geberit can fall back on this back-up to prevent production outages. For households, the second most important consumer group with a share of 30%, we do not see any direct substitute. A more or less 'voluntary' renunciation is in the offing, which is why lower room temperatures and shorter showers are already being called for.

It is becoming increasingly clear: gas consumption must be cut to ensure security of supply.

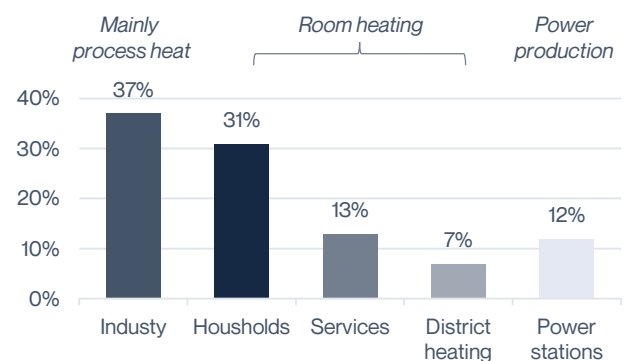
Medium-term: Necessary Reduction of Gas Consumption

Technologically, most natural gas can be easily replaced with non-fossil alternatives:

- Most gas (>50%) is burned for comfortable **room temperatures**. The heat pump will become the standard solution here, supplemented by district heating.
- The production of **process heat** (approx. 20%) will gradually be converted to electric.
- **Electricity production** with gas (approx. 20%) will - as far as possible - be converted to renewable sources with storage.
- Where gas or methane is irreplaceable (approx. 10%), synthetic production and biogas will be used.

So, there is a lot of work waiting for our portfolio companies, for the plant suppliers as well as for the engineering and installation companies.

Gas Consumption in Germany, 2021



Source: [BDEW.de](https://www.bdew.de), Carnot

Did you know?

About 40% of all households in the EU are connected to the gas grid. The gas bill per household used to be around EUR 700, which corresponded to 2.5% of the average income. With higher gas prices, this share will rise sharply.

Source: [EUACER](https://www.euacer.com)

Carnot Efficient Energy Fund (CHF)

Factsheet June 2022

Fund Description

Carnot Efficient Energy is an impact equity fund that invests in European companies with energy-efficient products and technologies. In addition to the financial return, the investments generate a measurable positive impact on the environment and society. The fund follows a quality approach and invests in established, profitable and solidly financed companies. Special attention is paid to management quality and return on capital employed (ROCE). The fund invests in listed equities and equity-like securities and may use derivatives for hedging purposes.

Carnot Capital AG is a pioneer in impact investing. The firm was founded in 2007 by portfolio managers Rolf Helbling and Andres Gujan and is supervised by the Swiss FINMA.

SFDR
Article 9
Fund

General Information

Umbrella Fund	Multiflex SICAV
Domicile	Luxembourg
Legal Form	UCITS, SICAV
Public Distribution	AT, CH, DE, LI, SE
Investment Manager	Carnot Capital AG, Bäch SZ
Portfolio Manager	Andres Gujan, Rolf Helbling
Custody / Administration	State Street Bank
Launch	November 15, 2007
Subscription / Redemption	daily / daily
Currencies	CHF, EUR
Performance Fee	10% from a 5% hurdle (HWM)

CO ₂ Intensity Fund	59.5 tCO ₂ per EUR mn revenue
CO ₂ Intensity MSCI World Index	180.8 tCO ₂ per EUR mn revenue

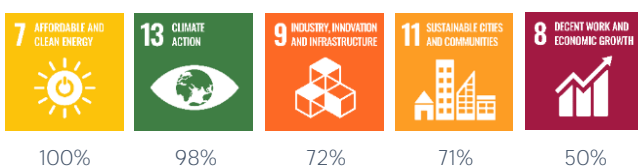
Key Data

Volatility	22.0% (daily data, 3 years)
Beta	0.9 (vs. Stoxx 600 TR)
Information Ratio	0.11 (vs. Stoxx 600 TR)
Perf. since Launch	25.7% (CHF)
Fund Size	89.8 CHF mn

Largest Positions

Name	Country	Sector	ROCE	Weight
EMS	CH	Transport	40%	5.2%
Meier Tobler	CH	Building Technology	>50%	4.9%
Schneider El.	FR	Industry	48%	4.8%
Melexis	BE	Transport	43%	4.7%
Somfy	FR	Building Technology	>50%	4.4%

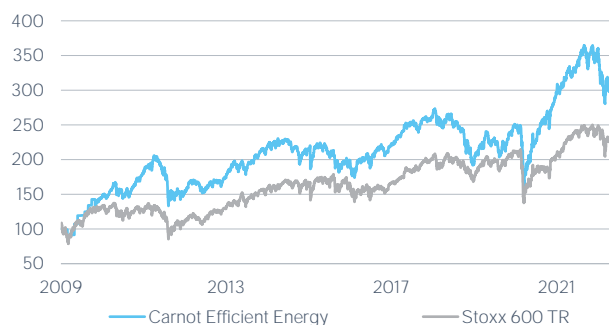
Portfolio Contribution to the SDGs



Net Asset Value (NAV) as of June 30, 2022

Share Class B (Retail)	CHF 1,230.43
Share Class C (Retail)	CHF 1,663.17
Share Class D (Institutional)	CHF 1,257.43

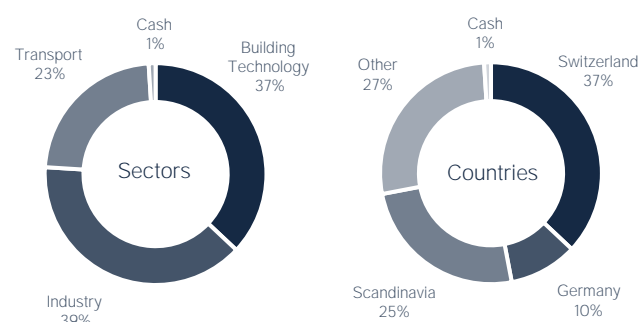
Indexed Performance since January 1, 2009 (CHF)



Performance in % (CHF)

	Fund	Stoxx 600 TR
1 month	-12.1%	-10.6%
3 months	-17.7%	-11.5%
YTD	-28.3%	-18.1%
2021	21.7%	19.8%
2020	18.8%	-2.3%
2019	25.5%	22.3%
2018	-24.3%	-14.2%
2017	18.6%	20.6%
5 years	1.8%	11.2%
10 years	62.7%	75.8%
since Launch	25.7%	2.6%

Portfolio Structure



Fund Classes

Name	ISIN	Minimum	Management Fee
B CHF	LU0330109744	-	1.2%
B EUR	LU0330113779	-	1.2%
C CHF	LU0330110163	-	1.2%
C EUR	LU0330114827	-	1.2%
D CHF	LU0330108852	1 mn	0.9%
D EUR	LU0330111302	1 mn	0.9%