ABOUT THE FUND

Proxy Renewable Long / Short Energy is an actively managed AIF fund that invests globally in public equities related to the Energy Transition Theme. The fund utilizes both long and short positions and invests in the renewable energy and energy tech sector.
The investment strategy is based on a combination of top down thematic and bottom up fundamental value-oriented approach.

RETURN HISTORY

SEK A SHARE CLASS, NET OF FEES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	2.37%	7.45%											**9.99%**
2019	14.31%	5.35%	-0.73%	6.93%	-3.62%	5.79%	2.41%	1.82%	-0.03%	-2.07%	1.97%	7.50%	**45.86%**
2018												-7.40%	**-7.40%**

Performance Figures

Return since inception	**48.57%**
Return p.a.	**37.26%**
Volatility*	**15.35%**
Sharpe	**2.43**
Max drawdown	**-7.40%**

Risk Figures

VaR (1-day, 95%)	**1.75%**
Net exposure	**82%**
Gross exposure	**128%**
Longest single stock	**7.75%**
Shortest single stock	**-3.52%**

*Data as of 28 February 2020, Proxy P for SEK A share class *Based on estimated daily figures.*

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

Stock markets experienced turbulent times in February. The breakout of the coronavirus had been old news for the market and heavily discussed since the beginning of the year, but the general impression was that the virus was more or less contained to China and the Wuhan region in particular. At the end of February that view was overturned. Reports showed that the virus had spread to more than 50 countries where Korea, Japan, Iran and Italy were the most severely hit. Equity markets (exemplified by the MSCI World NTR SEK) dropped by 14% in the last week of February resulting in a monthly return of -9% and -7% YTD. Meanwhile, the renewable energy sector index was down by about 1% in February.

Past performance is no guarantee for future returns. Investments involve varying degrees of risk and there can be no assurance that an investment will be profitable.

Proxy performance

The Proxy Renewable Long / Short Energy fund had a strong development in February and generated a monthly return of **7.45%,** bringing the fund to **10% YTD**. The long-term goal of the fund is to generate outperformance from the Energy Transition Theme and the expected upward trajectory created by volume growth of the sector. Long- and short-term analysis of top-down and bottom-up parameters are layered into a diversified portfolio of long and short positions of renewable energy and energy technology related stocks with varying net exposure. We are fundamental and discretionary as managers but utilize a structured and systematic approach in our investment process.

The month of February developed into a schoolbook example of how we aim to deliver risk adjusted returns over time. 3.5% of monthly returns came from discretionary stock picking, successfully identifying the most attractive companies in the field of Energy Transition. We expect to see a continued long-term Energy Transition growth trend for individual portfolio holdings, although we also have a firm view on short term valuations and outlook. Consequently, in February we reduced exposure to some individual portfolio holdings on the back of deterioration in the risk-return outlook, which prompted us to become more defensive. We entered the month with ~90% net exposure, gradually decreasing it to bottom out at 50% after adding downside protection via put options. Such downside protection contributed with 3.7% in February and is typically put in place when our risk/reward model indicates elevated levels of risk. We do not try to predict the outcome of the ongoing coronavirus scare. However, possible effects on the growth trajectory are naturally considered in portfolio and risk management reviews.

Transition in energy markets

McKinsey, the global consultancy firm have spent two years researching the effects of climate risk. The conclusions were published in a major report recently. They have been analyzing over 100 countries from the perspective of how climate change impact livability and workability, food systems, physical assets, infrastructure systems and natural capital. The results show that nobody is immune against climate change. Their findings also show that climate impact will likely be hazardous, non-linear and increase in frequency. As a result, global socioeconomic impact is expected to be substantial.

The **European Commission President**, Ursula von der Leyen delivered a warning to high carbon emitting nations that Europe could impose a carbon border tax unless these countries implement a carbon pricing system of their own. Von der Leyen said she would prefer the world to operate under one global carbon pricing system which would help nations decarbonize. The climate meeting in Madrid last year was a big disappointment on this matter and consequently, countries are establishing their own measures.

BlackRock, the world's largest fund manager with roughly $7,400bn under management, announced it will put sustainability at the heart of its investment decisions. Larry Fink, the CEO, wrote in his annual letter that climate emergency is altering how investors view the long-term prospects of companies. Fink's letter comes just days after the firm joined Climate Action 100+, an influential pressure group of large asset managers which is calling for the biggest polluters to reduce their emissions to respond to the climate crisis. This is important news because Blackrock's decision will make it virtually impossible for any other major asset manager not to comply with ESG and integrate sustainable investment criteria into their investment process. We are convinced that this will have huge impact on individual public companies, forcing them to operate in a more sustainable manner.

Bloomberg NEF, Bloomberg's primary research service covering clean energy, announced that investments in global renewable energy capacity amounted to $282bn last year, up only 1% from 2018. This was in fact a good result as data for H1'19 showed a significant decline on a yearly basis. The trade war between the US and China as well as slowing global growth were said to have a negative impact but investments recovered strongly in the second half of 2019. Notably onshore wind in the US and offshore wind in China and Europa had major positive impact. On a regional basis China, the world´s biggest market, slipped back but the US, the second largest market reported new record levels for investments in renewables.

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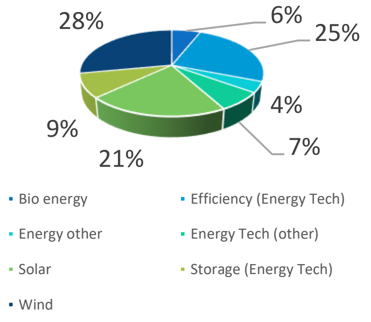
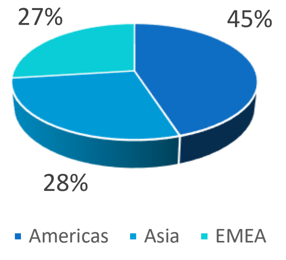
Proxy P

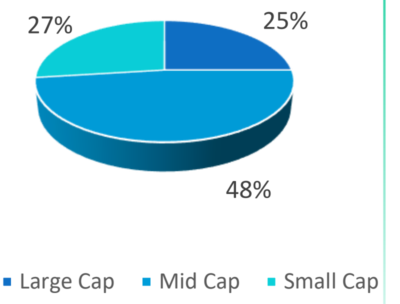
SECTOR EXPOSURE



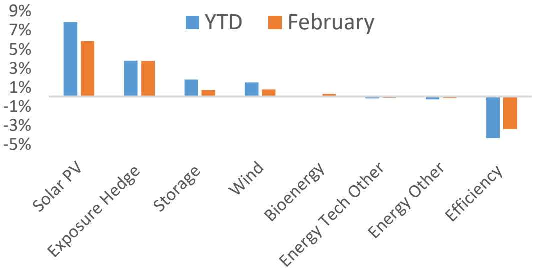
GEOGRAPHIC EXPOSURE



MARKET CAPITALISATION



SECTOR CONTRIBUTION



SHARE CLASSES – PRICES

SHARE CLASSES	*ISIN*	*PRICE*
SEK A	LU1925475474	148.57

OTHER INFORMATON

Fund Facts

Portfolio Manager	Jonas Dahlqvist
Inception	14 December 2018
Liquidity	Monthly
Management Fee	0.75% p.a
Performance Fee	20%
Hurdle Rate	5% p.a.
Lock in	None

Fund Facts

Depository	SEB S.A
Administrator	European Fund Administration S.A
Auditor	Deloitte Audit
Fund Jurisdiction	Luxembourg
Fund Company	Proxy P SICAV-SIF
Investment Manager	Proxy P Management AB

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