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%	-7.01%	4.63%									**7.03%**
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	**44.56%**
Return p.a.	**29.71%**
Volatility	**19.28%**
Sharpe	**1.54**
Max drawdown	**-7.40%**

Risk Figures

VaR (1-day, 95%)	**4.86%**
Net exposure	**91%**
Gross exposure	**147%**
Longest single stock	**8.62%**
Shortest single stock	**-1.27%**

Data as of 30 April 2020, Proxy P for SEK A share class

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

After the dramatic market downturn in February and March, stock markets recovered in April. COVID-19 remained top headline news and the number of infected started to level out taking pressure off national health care systems. For the economy, softer restrictions and eased lock downs is helpful and in combination with massive financial stimulus, both monetary and fiscal, would facilitate an economic recovery later this year. Global equity markets (exemplified by the MSCI World NTR SEK) gained 9.6% in April resulting in -8.7% YTD return. Meanwhile, the renewable energy sector index delivered positive returns of 12.8% over the month resulting in -2.0% YTD.

Proxy performance

In April, the Proxy Renewable Long Short Energy fund generated a monthly return of 4.63%, bringing the fund to 7.03% YTD.

As discussed in our March letter, we added substantially to our net exposure in the severe selloff during March 13-20th. In hindsight this proved to be the right thing to do and we are currently maintaining those positions despite the uncertain outlook as we remain bullish on the long-term growth trajectory for the sector.

During the month of April, performance was derived primarily from the solar sector followed by storage and efficiency. The exposure hedge dampened performance, we are however comfortable with the return skew and downside protection of the current portfolio.

Compared to the pre-Corona levels in February, our sector universe is 26% away from its peak. Back then we were estimating ~12% earnings growth in 2020 compared to 2019. Since the Corona outbreak, earnings have been revised down across the board with a reduction of roughly 15%. From a valuation point of view the market trades at approximately the same multiples as pre-Corona. In February we expected 15-20% upside from a 12-months perspective. That target was considering a rather strong outlook from a growth perspective and limited downside from a risk perspective. This analysis has since changed for the worse. Interest rates are significantly lower and from a rate adjusted perspective, i.e. equity risk premium, the market looks more attractive. Our conclusion is that if the Corona virus fades away in a manner that allows for softer restrictions, which in turn paves way for an economic recovery in the 2nd half of 2020 there is still significant upside in the market from a valuation point of view.

Our investment universe is not heterogenous. On the contrary, we see two different stories. On the one hand we have companies, mostly utilities and power producers, with a very defensive character and small to no negative earnings revisions. These companies have been outperforming the market in the post-Corona environment and are currently trading with a rich relative premium. Growth is low but is not dependent on whether the economy recovers. The other story is around growth-oriented companies, which have taken a big hit due to the economic outlook and trade at a deep relative discount on valuations. From our perspective we stay true to our investment process which means we are targeting quality growth companies in each sub-sector globally. We think that this market turmoil, caused by the pandemic, offers a great entry point for us and our investors from a mid- to long-term perspective.

Transition in energy markets

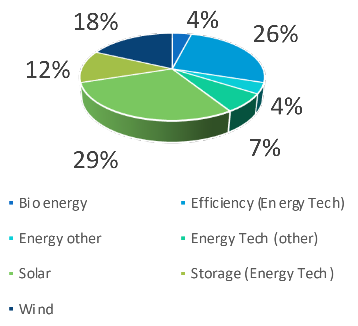
According to the International Energy Agency (IEA), renewable energy sources could represent as much as 40% of the primary energy mix this year. A remarkable number from a historical point of view. This is obviously not thanks to renewables but rather the result of a collapse in demand for oil when global transportation halted due to COVID-19. As a direct consequence, global greenhouse gases and carbon emissions declined accordingly. Bloomberg New Energy Finance (BNEF) argues that emissions might be down as much as 20% during the months of lock down. In many polluted cities around the world the pandemic is a tragedy, but for the first time in years you were able to see clear blue skies. A pandemic creating a recession was not the intended solution for fighting emissions. However, it gives us an insight that we have the power to manage and control future emissions. In a "post COVID-19" world emissions will rebound, but to what extent?

Transition in energy markets

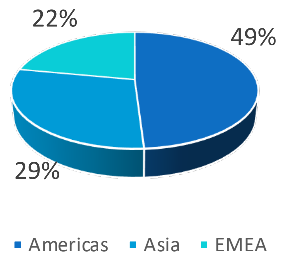
This is the time to ensure that clean energy, transport and smart infrastructure are prioritized in terms of longer-term stimulus. BNEF suggest that no government bailout should benefit industries or business models that are not viable in a low-carbon world, such as low-cost airlines, coal-fired power generation or uneconomic operations in shale oil and gas, oil sands and deep offshore oil. Instead of bailing out traditional car manufacturers, send a wall of demand for EVs their way. Online shopping companies are increasingly successful these days. They should for example be required to invest in an accelerated switch to electric delivery vehicles. Another way to stimulate investments in clean energy would be to support closure of aging fossil fuel plants, but only on the condition that they are replaced by renewable energy and storage combinations.

We do not know when and if the Corona virus will leave us, but we do know that the pandemic has created new forms of behavior that probably will last. Many of these changes correlate very well with the ongoing energy transition. Business travels will probably not be the same again when we now have realized that many meetings are not essential or required to take place face to face. On the contrary, they are less effective, time consuming and expensive. Employers and employees have discovered that working flexible hours, virtually and from home can be quite efficient. Staying at home or not commuting during rush hours will have a significant long-term impact on public transportation and the need for office space. Permanent changes in human behavior and smart forward-looking decisions by business and government leaders will have a substantial impact in the years to come. It is our conviction that the Energy Transition towards a low-carbon economy will speed up in this decade thanks to COVID-19 not in spite COVID-19.

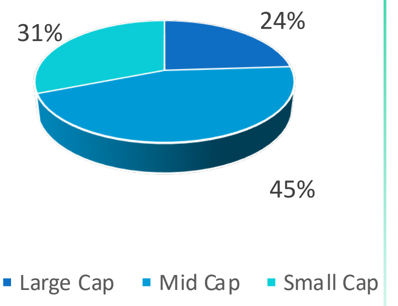
SECTOR EXPOSURE



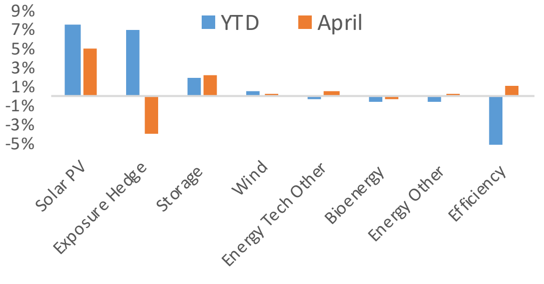
GEOGRAPHIC EXPOSURE



MARKET CAPITALISATION



SECTOR CONTRIBUTION



SHARE CLASSES – PRICES

SHARE CLASSES	*ISIN*	*PRICE*
SEK A	LU1925475474	144.56

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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