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 is directional, utilises both long and short positions and invests in renewable energy and energy technology sectors.
The investment strategy is based on a combination of top down thematic and bottom-up fundamental growth-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%	2.76%	5.70%	8.28%	4.74%	4.32%	8.08%			**48.64%**
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	**100.77%**
Return p.a.	**43.86%**
Volatility	**17.60%**
Sharpe	**2.49**
Max drawdown	**-7.40%**

Risk Figures

VaR (1-day, 95%)	**2.11%**
Net exposure	**60%**
Gross exposure	**191%**
Longest single stock	**7.06%**
Shortest single stock	**-1.73%**

Data as of 31 October 2020, Proxy P for SEK A share class

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

After some initial recovery at the beginning of the month, markets experienced further pressure in October. Corona virus was yet again the main source of distraction. Daily Covid-19 cases continued to ramp up in several countries and made markets concerned about new restrictions. This increased the focus on financial and monetary stimulus pledges. Given that the US is in the runup of the presidential election, the White house and the Congress seemed to have difficulties reaching agreements which in turn caused even more turmoil.

Global equity markets (exemplified by the MSCI World NTR *SEK*) lost 3.8% in October, resulting in –6.5% YTD return.

Proxy performance

In October, the Proxy Renewable Long Short Energy fund generated a monthly net return of **8.1%**, bringing the fund to **48.6%** YTD.

Energy Transition related sectors had a more favourable development than global markets in general in October. Our US related investments were supported by the “Biden effect”. The presidential candidate Joe Biden has pledged to support energy transition in the US with a stimulus package of about 2,000 billion dollars which would be of a similar magnitude as the Green Deal in Europe. On top of that, companies reporting 3rd quarter results were in general better than expected and indicated healthy growth. In a recessionary year like 2020 it is likely that financial performance of our investments will be strong and resilient and it is obvious that Energy Transition is happening, not despite the slowdown, but probably as a result of the slow down and having a disruptive effect on the legacy fossil industry.

We apply a dynamic strategic hedging strategy to the fund. In late September when the market was strong and valuations rich, we added hedging positions. When the market continued upwards in early October, we continued to hedge the portfolio on the back of short-term tail risk elements such as the Biden effect. This could prove to be temporary or a potential deteriorating macro environment on the back of the Covid-19 development. Although we remain optimistic about the mid to long term outlook and the growth trajectory of our sector, we recognize these risk factors and need to navigate accordingly. When the market was declining at the end of the month these hedges were paying off and supported the portfolio.

Transition in energy markets

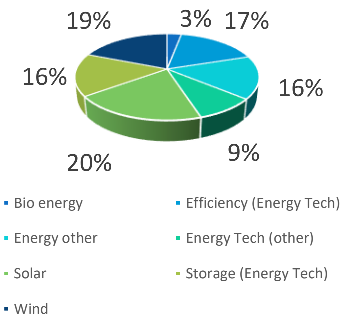
In October, the IEA (International Energy Agency) published the Agency´s annual World Energy Outlook Report. According to the report the global response to Covid-19 can ”reshape the future of energy” for years to come. Renewables will take ”starring roles” and Solar PV will take ”center stage” due to supportive government policies and declining costs. ”I see solar becoming the new king of the world´s electricity markets” said Fatih Birol, the executive director of the IEA. The agency also expects that coal demand will not return to pre-corona levels and is expected to account for only 20% of energy consumption by 2040. They also highlight the fact that if the world would turn current and expected capital expenditures in fossil fuel into renewable energy systems it would probably not be more than 25% more expensive. And this is without a significant price tag on emissions. Mr Birol said further ”We are very determined – I am personally very determined – to make the IEA the agency for the global clean-energy transition”.

The reason we address these comments is not because they are new, unique, or that we expect them to be correct predictions. But the fact that such comments come from the IEA, the world’s largest energy sector agency. The IEA have deep roots in the fossil soil and still confirm that Energy Transition is taking place and believe it will intensify. As such, it will be hard for others to argue a different route from here on.

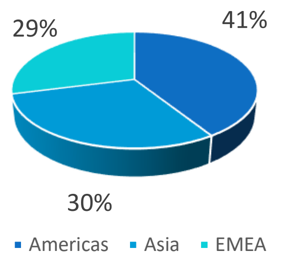
China currently accounts for almost half of the global coal demand, but the era is quickly coming to an end. Already in 2015, China pledged to peak its emissions by 2030. However, during the month of October, president Xi Jinping declared that China plans to achieve carbon neutrality before 2060. It is a tough target, but the country has good reasons for it. China is a large importer of fossil fuels. In the last decade the country has rapidly ramped up its production of solar panels and batteries which now account for two thirds of world production and 45% of all wind turbines. Europe and perhaps also the US, depending on who will be the next president, are intensifying Energy Transition through national green deals.

China installed 26 gigawatts of wind power in 2019. Their 2060 target would imply that the nation would add 50 gigawatts per year until 2025 and roughly 60 gigawatts per year beyond 2025. In comparison, the 2060 target would be nearly triple the size of the current coal fleet. China also plans to phase out combustion vehicles by targeting that all new vehicles sold by 2035 should be eco-friendly. In 2035 half of the cars sold should be electric, plug-in hybrid or fuel-cell powered. The other half should be hybrids. These plans are ambitious, and the details of the road map is still uncertain. But when it comes to China and their ability to carry out such plans, we feel optimistic in the long-term perspective.

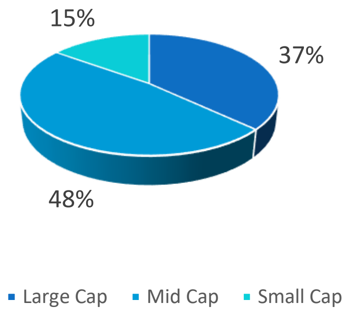
SECTOR EXPOSURE



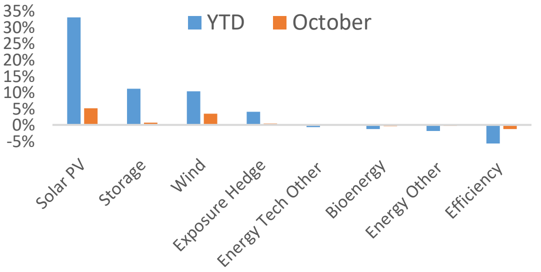
GEOGRAPHIC EXPOSURE



MARKET CAPITALISATION



SECTOR CONTRIBUTION



SHARE CLASSES

Share class	ISIN	Share class	ISIN
EUR B	LU1925475391	EUR S	LU2226981897
USD B	LU2226981624	USD S	LU2226982192
GBP B	LU2247536597	GBP S	LU2247536753
CHF B	LU2247536324	CHF S	LU2247536670
SEK B	LU2247906600	SEK S	LU2226981970

Minimum investment: B shares EUR125,000 and S shares EUR5m (USD, GBP, CHF, SEK equivalent)

OTHER INFORMATON

Fund Facts

Portfolio Manager	Jonas Dahlqvist
Inception	14 December 2018
Liquidity	Monthly
Management Fee	**B shares:** 1.25% p.a **S shares:** 0.75% p.a
Performance Fee	20%
Hurdle Rate	5% p.a
Lock in	None

Fund Facts

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

Contact

Proxy P Management AB	Norrlandsgatan 16, 111 43 Stockholm, Sweden
www.proxypm.se	info@proxypm.se

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.

HISTORIC RETURNS & NAV

EUR A	NAV	128.77											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020							9.34%	4.92%	2.84%	9.15%			28.77%

A shares are closed for new investments

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