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%	12.06%		**66.57%**
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	**124.99%**
Return p.a.	**50.00%**
Volatility	**18.32%**
Sharpe	**2.73**
Max drawdown	**-7.40%**

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

Risk Figures

VaR (1-day, 95%)	**2.97%**
Net exposure	**99%**
Gross exposure	**169%**
Longest single stock	**7.53%**
Shortest single stock	**-1.66%**

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

Global markets witnessed a stellar month in November after the US presidential election was completed and positive news concerning progress of the Covid-19 vaccine was published. Even if the polls had been pointing to a Biden win, markets were uncertain about the actual outcome. This swiftly turned into a post-election relief rally. Biden and the democrats have an agenda of hiking taxes, but at the same time run an expansionary budget. With a senate controlled by the republicans it will be hard for them to hike taxes, but it will still be possible to run a budget deficit in order to stimulate the economy. From a market perspective, this is probably the best outcome.

There are 11 Covid-19 vaccines in Phase-3 studies. Three of them, Moderna, Pfizer and Astra Zeneca, published their results in November. The results were encouraging and aim to bring out vaccines to certain risk groups early next year. Such a development would likely take the burden off national health care systems, which in turn would make it possible to gradually remove restrictions.

Less restrictions combined with expansionary fiscal and monetary policy would be a favourable environment for the global economy next year. Markets were already reacting positively in November to such potential developments.

Global equity markets (exemplified by the MSCI World NTR *SEK*) gained 8.9% in November resulting in 1.8% YTD return.

Proxy performance

In November, the Proxy Renewable Long Short Energy fund generated a monthly net return of **12.1%**, bringing the fund to **66.6%** YTD.

Energy Transition related sectors had a more favourable development than global markets in general over the month. A perceived "Global Green Deal" with Biden, China-2060 and the EU-Green Deal, working together in combination with alarmistic climate reports, sending out a clear message that we have to adapt more and faster in terms of decarbonisation, rationalised the outperformance.

We would like to add that Energy Transition is also supported by low interest rates, readily accessible capital and likely, a strong economy going forward. The third quarter results were showing, just like the second quarter a strong resilience to the slow growing economy. The prevailing narrative was "If the sector can deliver growth in such an environment, what can it deliver in a strong economic environment with public and regulatory support?" We acknowledge some excess levels of valuation in certain sub-sectors. However, at the time we believe in a strong multi-year trend going forward and understand if the market, as long as it is supported by a strong sentiment, chooses to value certain sectors on earnings further out in the future. This would, to some extent justify higher multiples. From that perspective, we see similarities with the concept of digitalisation.

Wind and solar PV sector performance were driven by a strong outlook characterized by competitiveness, a Global Green Deal, a shift in the power mix lead by utilities moving away from fossil assets and an increase in CPP (Corporate Power Purchase) agreements as a consequence of lowering carbon footprint. Hydrogen and fuel cell sector performance were driven by the expectation that next year will be the first year when we see the launch of several mega projects, heavily supported by subsidies. Battery and EV sectors outperformed on the back of an expected pick up in EV sales next year. This pick up is rationalized by a strong economy, the private vehicle replacement cycle, affordability of EV´s, hybrids, and public incentive programs. The efficiency technology sector did well due to ramp up of green debt financing, which is pushing real estate companies to invest in energy efficiency technologies in their properties. If these scenarios materialize, which we believe they will, the revenue and earnings outlook for the companies in our universe will be satisfactory.

We did not do any significant adjustments to our investments during the month. On the contrary, we feel comfortable with the exposure given this outlook.

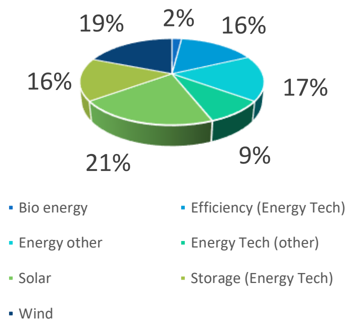
We apply a dynamic hedging strategy to the fund. Entering November, we had some strategic hedges in play. We recognized potential tail risk events on the back of an uncertain outcome of the US election, a ramp up in number of infected and mortality of Covid-19 and uncertainties regarding vaccine development. All these risks were real but fortunately they did not materialize. As a result, the hedges had a negative contribution to performance in November. Going forward we have an optimistic view of our sectors but acknowledge the fact that short term valuations and sentiments are to some extent excessive. On top of that, there are uncertainties regarding size and timing of the next US fiscal stimulus package, which will be the first real test for President Biden. We also recognize the risk of how fast countries can roll out the Covid-19 vaccine. This in turn will determine how fast restrictions can be removed and the recovery rate of the economy. We recognize these risk factors and navigate them accordingly.

Transition in energy markets

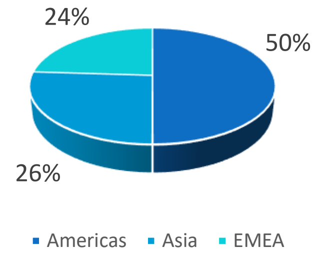
The general opinion about fossil fuels, such as coal and oil are that they are efficient sources of energy. We depend on them but must replace them with renewable energy sources because of their negative impact on the environment and climate. It is true that we currently depend on fossil fuels, but it is far from true that they are efficient. Burning fossil fuel is on the contrary highly inefficient. The average efficiency of coal power plants globally is about 33% according to the World Coal Association. Only a third of the energy stored in a piece of coal is converted to electricity. A modern combustion engine car has an efficiency of about 20%, transforming a fifth of gasoline's energy into motion. Another way to think about it is in terms of primary, final, and useful energy. Primary is the unrefined source of energy, such as crude oil or coal. Final energy is what is available in terms of electricity or gasoline. Useful energy is the share that is converted to move a car or light up a room. According to BNEF (Bloomberg New Energy Finance), fossil fuels make up approximately 80% of global primary energy demand while they are responsible for only 60% of useful energy. Subsequently, 20% of primary demand is met by non-fossil energy sources and those are responsible for 40% of the world's useful energy. Generating electricity from wind and Solar PV are highly efficient and motors inside electric vehicles convert more than 80% of stored energy in batteries into motion. As the world consumes more energy from renewables, it manages similar economic output while consuming less primary energy.

At the end of November, the European Commission presented their strategy for offshore wind within the framework of the European Green Deal. The plan is to double offshore wind capacity in Europe by 5 times by 2030, moving from 12 GW today to 60 GW by 2030. And then double it yet again by 5 times by 2050, from 60 to 300 GW. That is 25 times planned expansion in 30 years with an expected investment value of more than 800 billion Euros. Such investments make sense from an efficiency and environmental/climate point of view. But it also makes sense because we need the power. Especially if we quit investing in fossil fuels (they also require investments if we want to continue extracting energy from them) at the same time as the European Industry and Transportation sectors are transforming their energy demand from fossil to renewable. From our perspective, it sounds both rational and promising which makes us believe that there is a thematic investment opportunity within the offshore wind power sector in Europe.

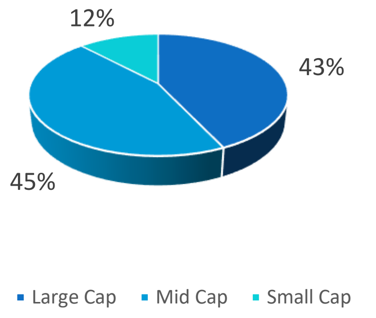
SECTOR EXPOSURE



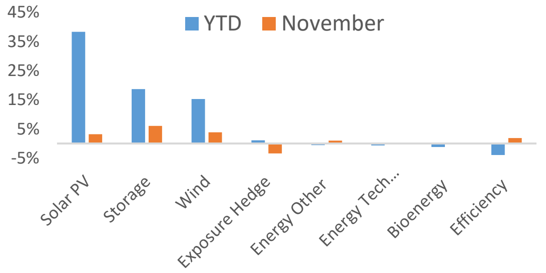
GEOGRAPHIC EXPOSURE



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% with 5% hurdle rate
Lock in	None
Bloomberg ticker	PRRLSEA LX Equity

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

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www.proxypm.se	info@proxypm.se

NAV & HISTORIC RETURNS

EUR A	**NAV**	**146.26**										
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2020							9.34%	4.92%	2.84%	9.15%	13.57%		**46.25%**

A shares are closed for new investments.

USD B	**NAV**	**115.78**											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2020											15.78%		**15.78%**

The fund is denominated in EUR. Please note that the various share classes are unhedged from a currency perspective.

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.

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