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. Investment decisions are made on a discretionary basis but supported quantitively.

RETURN HISTORY

SEK A SHARE CLASS, NET OF FEES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	11.63%	-2.76%											**8.55%**
2020	2.37%	7.45%	-7.01%	4.63%	2.76%	5.70%	8.28%	4.74%	4.32%	8.08%	12.06%	9.79%	**82.88%**
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	**168.14%**
Return p.a.	**55.02%**
Volatility	**19.03%**
Sharpe	**2.89**
Max drawdown	**-7.40%**

Risk Figures

VaR (1-day, 95%)	**2.93%**
Net exposure	**48%**
Gross exposure	**180%**
Longest single stock	**7.04%**
Shortest single stock	**-1.58%**

Data as of 28 February 2021, Proxy P for SEK A share class. SEK A NAV 268.14

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

Global equity markets were strong in February. Markets were supported by vaccine roll out, financial and monetary stimulus, Q4 2020 results beat predictions and expectations of a strong economy and earnings recovery in 2021. The optimism has however also started to influence rates, in particular US rates such as the 10-year treasury bond. This is effectively the result of two factors. Firstly, the market is optimistic about the economic outlook and sells safety in for example long treasury bonds. Secondly, a strong economy is pushing up long term inflation expectations. We witnessed some style or factor rotation from typical “growth stocks and sectors” into more typical value related stocks and associated sectors due to higher rates.

Global equity markets (exemplified by the MSCI World NTR *SEK*) gained 3.5% in February resulting in 4.3% YTD return.

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. Market capitalisation and geographical exposure are represented by net figures. Sector exposure is represented by gross figures.

Proxy performance

In February, the Proxy Renewable Long Short Energy fund (SEK A share class) generated a monthly net return of **-2.8%,** bringing the fund to **8.6%** YTD.

Energy Transition related sectors had a very favourable development last year. Both in absolute terms and relative to global markets in general. In February, the sector faced some head winds both from an absolute and relative point of view. For us there is nothing new in the fundamental picture. On the contrary, it is stronger than ever. We have a “Global Green Deal” in place, which in combination with ESG friendly capital which will likely spur massive investments in renewable power production capacity, electrification of transports and energy saving technologies. The selloff in our sector was primarily the result of recent strong performance and excessive valuations based on short term multiples. The relative underperformance was a result of rising rates which made growth related sectors, such as ours, to underperform.

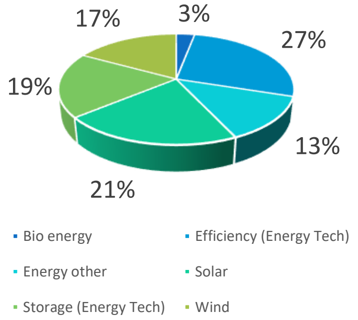
Early this year we decided to trim some positions and reduce overall market risk in the portfolio. We did so selectively in positions which had outperformed the sector, had excessive valuations based on short term multiples and had high market beta. We reduced net equity exposure from approximately 100% to 80%. On top of this we added strategic hedges, which started to pay off in February. From a short-term perspective, we remain cautious given the risk that rates can go higher, and growth-related sectors might suffer further as a result. At the same time, we acknowledge the investment opportunities this market environment is offering from a long-term perspective. Our strategy is built on successfully navigating these findings in combination with our investment strategy which is fundamentally focused on finding the best thematic ideas globally related to our investment universe.

Transition in energy markets

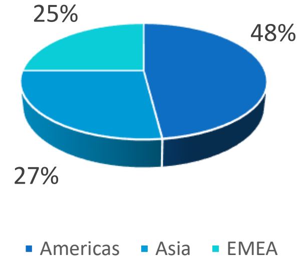
Carbon emission rights have been increasing lately. In the EU they reached almost EUR 40 in February. Some experts argue that this is only the beginning. According to the very ambitious climate plan by President Biden, the US will introduce the concept of SCC (Social Cost of Carbon), which potentially could push up carbon emission prices to USD 100+. The SCC is the sum of all climate damages caused by an additional ton of CO2 emitted. In case this would become reality, it has the potential to become the unifying force behind everything from power plant regulation to efficiency standards for cars and household appliance. The biggest argument for USD 100+ price for emission rights is the path to net zero. Environmental experts do not disagree that we are on the path of Global Energy Transition, but in order to reach the net zero target by 2050 the rate of change is too slow. The purpose of the Global green deal is not to bridge weak and expensive technology. The deal aims to speed up the roll out of efficient and affordable technology. Even with such generous programs it might not be sufficient. From that perspective, prices of emission rights above USD 100 would be a game changer. Therefore, Biden in his very first day of office, signed an executive order that calls for a start of the SCC process.

In parallel, markets are directing funds towards the future energy system. Last year governments and companies raised nearly USD 750bn in sustainable debt financing, beating the previous record set a year earlier by more than USD 160bn. The bulk of financing still relates to green bonds, approximately USD 300bn, but other sources of financing that was nonexistent just a couple of years ago now grow very fast. This trend is set to continue in 2021, especially when taking into consideration that last year was a year of recession. It is also worth mentioning that global fossil capex averaged USD 1tr per year since 2015. But last year it dipped to USD 689bn. Banks are estimated to finance about 70% of this, where approximately 20% is re-financing of debt. 30% is considered project-financing of different types. Since banks are getting more restrictive on financing fossil related projects, both from a risk and ESG perspective, they have an incentive to redirect such losses towards the non-fossil industry. The overall conclusion is that capital markets are getting a very important driver for future growth in the renewable space and as such a very important tailwind for Energy Transition in the years to come.

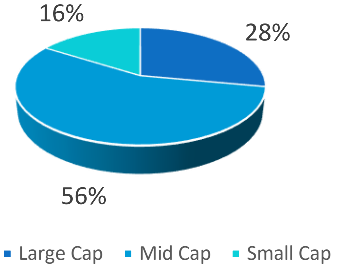
SECTOR EXPOSURE



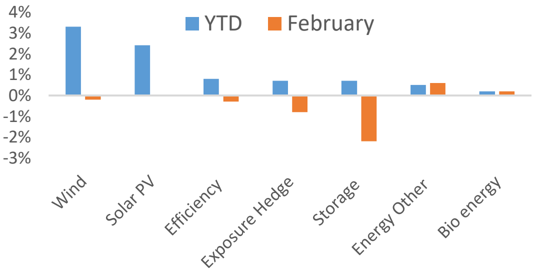
GEOGRAPHIC EXPOSURE



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

Contact

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

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NAV & HISTORIC RETURNS

EUR A	NAV	174.92										
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.98%	-3.30%											7.32%
2020							9.34%	4.92%	2.84%	9.15%	13.57%	11.44%	62.99%

A shares are closed for new investments.

USD B	NAV	140.53											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.32%	-3.43%											6.53%
2020											15.78%	13.93%	31.91%

EUR B	NAV	119.47											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.94%	-3.35%											7.22%
2020												11.42%	11.42%

GBP B	NAV	116.44											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	9.92%	-4.85%											4.59%
2020												11.33%	11.33%

CHF B	NAV	120.94											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.88%	-2.01%											8.65%
2020												11.31%	11.31%

SEK B	NAV	108.49											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	11.60%	-2.79%											8.49%

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