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%	0.57%										**9.18%**
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	**169.68%**
Return p.a.	**52.99%**
Volatility	**18.80%**
Sharpe	**2.93**
Max drawdown	**-7.40%**

Risk Figures

VaR (1-day, 95%)	**4.78%**
Net exposure	**86%**
Gross exposure	**143%**
Longest single stock	**7.22%**
Shortest single stock	**-1.65%**

Data as of 31 March 2021, Proxy P for SEK A share class. SEK A NAV 269.68

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

Global markets continued its positive trend in March, once again supported by the vaccine roll out, financial and monetary stimulus, strong Q2 results and most importantly, expectations of a strong global economy this year. This optimistic narrative has influenced long dated interest rates. In particular, US rates such as the 10-year treasury bond continued climbing in March and reached 1.77%. A level we have not seen since pre Covid-19 early last year. As a consequence, we witnessed further style or factor rotation from "growth stocks and sectors" into more value related stocks and sectors.

Global equity markets (exemplified by the MSCI World NTR *SEK*) gained 6.9% in March resulting in 11.5% 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 March, the Proxy Renewable Long Short Energy fund (SEK class) generated a monthly net return of **0.57%,** bringing the fund to **9.18%** YTD.

Energy Transition related sectors had a favourable development last year. Both in absolute terms and relative to global markets in general. The sector peaked in January and faced some head winds In February which continued in March. The correction from top to trough was about 30% where some sub-sectors including Solar PV, Hydrogen, Fuel cells and Electric Vehicles (EV) corrected even more. Fundamentally, the outlook is better than ever for all these technologies. From our perspective, the correction was solely based on mean reversion of past strong performance and normalization of valuation multiples. A healthy and normal correction in the context of the long-term trend.

Early this year we decided to trim some of our investments and decrease overall market risk in the portfolio. We reduced positions selectively which had outperformed the sector, had excessive valuations based on short term multiples and had a high market beta. Furthermore, we reduced net equity exposure of the fund and added strategic hedges. This paid off in February and March. During March we took advantage of the correction and started to add selectively in stocks that had been punished severely in the correction, but where we feel great comfort in their short- and long-term fundamentals. On top of that we closed some of our hedging positions. In aggregate, we increased net exposure which makes the portfolio once again exposed to a strong sector performance which we expect in the mid-term perspective. We believe the sector is more attractively valued after the correction and will face additional tail wind from strong corporate results, policy supported projects, rising carbon prices and COP26 in Glasgow in November. Combined, these factors are likely to support revenues and earnings revisions in 2022, which will be a driver of stock prices this year.

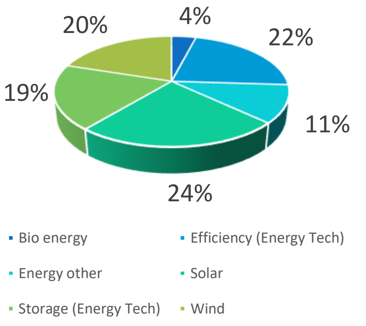
Transition in energy markets

In March, the Biden administration announced their “Build Back Better” policy plan of USD 2,000 bn, equivalent to roughly 1% of GDP per year for the next eight years. Part of the plan is to target green infrastructure and reach carbon neutrality by supporting investments in renewable energy production, EV´s and energy efficiency technologies. Exactly how it will play out is too early to say but it is fair to assume that it will be a game changer for the sector. The US Energy department has a goal of lowering cost of Solar PV by 60% in the next decade in order to reach a carbon free grid by 2035. This might sound as a threat for the solar sector, but we believe it to be the contrary. The volumes, or installed capacity, that must be made in order to reach the goal of carbon neutrality compensates for the cost pressure by a wide margin. The growth rate in volumes is expected to be significant in the next decade compared to the previous one. We appreciate the effort and believe it is a precondition for reaching these ambitious targets. When we thematically look at “volumes times price” and get the “value in USD” we get very excited about the US Solar sector. Grid solar PV is not the only area where we are likely to experience similar developments. The same will apply for EVs, Hydrogen, Offshore wind power, Smart grids and so on.

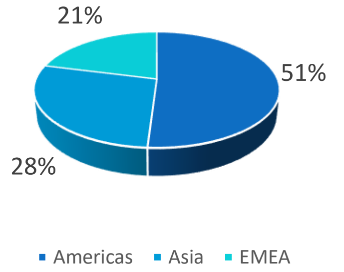
30 years ago, wind and solar power generated 0.1% of US electricity. 18 years later, in 2008, it generated 1% and after an additional 12 years, in 2020, wind and solar produced 10.5%. We cannot be sure what the build out of further renewable energy sources will look like, but it is unlikely that the next 10% will take as long. Another interesting point is that electricity demand in the US has not been growing in the last decade. That means that the growth of solar and wind power as well as natural gas generated power, have come entirely at the expense of coal-fired power. But it is not likely that this trend will persist. Electrification of transports will not only have a crowding out effect on oil, but it will also increase demand for electricity. Heavy industries such as steel, glass, cement, and chemicals will decarbonize in a way that requires new technologies such as hydrogen, which in the end requires electricity. BNEF (Bloomberg New Energy Finance) expects 30% increase of electricity demand in the US in 2050. The crowding out factor of coal and increase in total demand for electricity will obviously be important drivers for renewable energy in the next decade. But it is not uncomplicated.

Solar power had a favorable decade in the state of California, growing its share of the power mix from 1.6% in 2011 to 26.4% last year. Growing 15 folds in 10 years making it the second largest source of power after natural gas. A decade ago, solar plants were producing power when demand was the highest during mid-day and could sell the electricity when prices were favorable. But the massive build out of power supply also increased competition with falling prices as a result. Now the solar sector has completely different fundamentals which is causing challenges. There is only one way to address the problem, with energy storage technologies. Electric vehicle charging, residential and grid batteries as well as electrolyzing hydrogen will play a vital role for the fossil free energy system in the future. Therefore, California is a pioneer and good example.

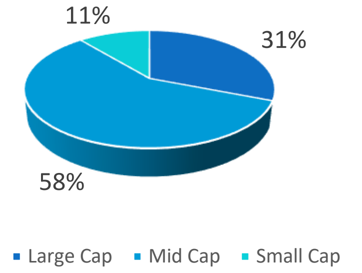
SECTOR EXPOSURE



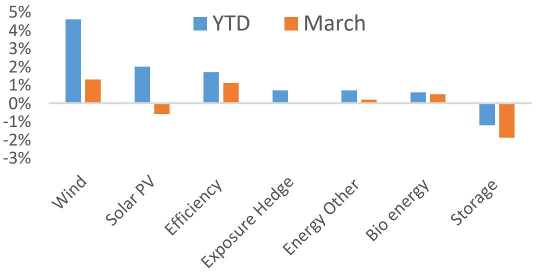
GEOGRAPHIC EXPOSURE



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

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EuroHedge AWARDS 2020 Winner — Emerging Manager & Smaller Fund - Equity Strategies — Proxy Renewable Long/Short Energy

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NAV & HISTORIC RETURNS

EUR A	NAV	175.25											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.98%	-3.30%	0.19%										7.52%
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	137.10											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.32%	-3.43%	-2.44%										3.93%
2020											15.78%	13.93%	31.91%

EUR B	NAV	119.66											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.94%	-3.35%	0.16%										7.40%
2020												11.42%	11.42%

GBP B	NAV	114.80											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	9.92%	-4.85%	-1.41%										3.12%
2020												11.33%	11.33%

CHF B	NAV	121.81											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.88%	-2.01%	0.72%										9.43%
2020												11.31%	11.31%

SEK B	NAV	109.07											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	11.60%	-2.79%	0.53%										9.07%

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