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%	-6.11%	-6.50%								**-4.17%**
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	**136.72%**
Return p.a.	**41.15%**
Volatility	**20.18%**
Sharpe	**2.04**
Max drawdown	**-14.15%**

Risk Figures

VaR (1-day, 95%)	**4.32%**
Net exposure	**84%**
Gross exposure	**158%**
Longest single stock	**8.23%**
Shortest single stock	**-2.06%**

Data as of 31 May 2021, Proxy P for SEK A share class. SEK A NAV 236.72

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

May turned out to be a rather turbulent month for global equity markets. Leading macro indicators such as PMIs, corporate results, commodities, stimulus, and low rates are all supporting the narrative of a strong post C19 recovery and solid demand. However, since supply is constrained as a function of short inventories, bottlenecks and lack of components and raw materials, inflation expectations are rising fast and have reached its highest levels in a decade. This in combination is making the market worried about earlier and more aggressive tapering and rate hikes being brought forward. Since the market is trading on high levels, both in terms of price and valuation, it is sensitive to a less expansionary central bank policy.

Global equity markets (exemplified by the MSCI World NTR *SEK*) lost 0.6% in May resulting in 12.5% 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 May, the Proxy Renewable Long Short Energy fund (SEK class) generated a monthly net return of **-6.50%,** bringing the fund to **-4.17%** YTD.

Rising inflation expectations continue to weigh on our sector, longer duration stocks and sub-sectors. Storage technologies, such as hydrogen and battery related stocks were weak last month. Storage was the sub sector which detracted the most from performance followed by wind and efficiency. Energy other contributed positively over the month.

We believe the long-term hydrogen story is still compelling and remain intact. Nevertheless, it requires policy support to bridge the high-cost gap, as for Solar PV and onshore wind back in the day. So far very little has happened on the policy front and therefore, project pipelines are not gaining momentum which in turn is holding back company orderbooks. When the market sentiment is more focused on short duration earnings, companies in for example the hydrogen sector are getting punished. Especially when they cannot demonstrate orderbook momentum. Valuations are stretched on short-term multiples since earnings are small. We prefer to look at it the other way around. The companies we find the most interesting in the sector from a growth perspective have a market capitalization of USD 10bn or less. They are still relatively small companies. If hydrogen will become a significant part of the future global energy system, capacity build out will be large. Even with further cost reductions, revenues will grow substantially in the long-term perspective and earnings should follow. The tricky part of investing is not the long-term story, it is rather to identify which companies will demonstrate profitable growth because of competitiveness and executing capacity. A lot of companies, probably the vast majority, will somewhat fail. Our investment process is targeting growth in every aspect. For now, the growth metrics are not satisfying but already next year we expect they will pick up on the back of policy supported projects going live. We are convinced that focusing on companies being part of this value chain will be a profitable decision in the end.

We fear inflation data will remain high for the rest of the year. However, we believe inflation expectations, which are the highest in more than a decade, might moderate going forward. This would eventually make the market more excited about longer duration stocks and sectors. Given our sector's underperformance this year it is no longer such a crowded trade, and we find long-term valuations much more attractive compared to earlier this year. We are also excited about potential triggers ahead of us. For example, the next climate meeting, COP26 in Glasgow in November which we believe will be the most important one since Paris in 2015. Politicians have been trying to outshine each other with promises how to fight emissions. We believe this meeting can provide a turning point in terms of action. We are pleased that emission prices in Europe are now trading above EUR 50 and the launch of an extensive ETS (Emissions Trading System) in China this summer. We think all the policy support and global green deals will translate into real projects next year which in turn will drive orderbooks, revenues and finally earnings revisions for many companies in our investment universe.

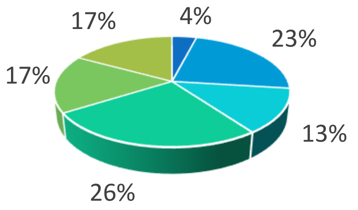
Transition in energy markets

BNEF (Bloomberg New Energy Finance) has previously stated that if the planet should succeed on the Paris agreement and decarbonise emissions to reach Net Zero by 2050, it will require investments of roughly USD 60tr in the power sector and USD 30tr in the hydrogen and transport sector. USD 90tr investments in 30 years equals USD3tr a year, or 3,000bn a year. A large chunk of this, almost two thirds, is already being invested to maintain the current energy system. So primarily a rotation and redirection of current investments is required, especially those to fossil fuels. However, for the climate targets to be realised, additional investments are necessary compared to today.

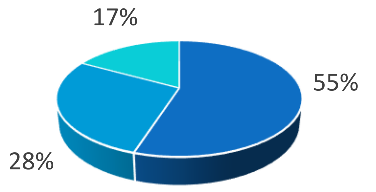
Last month, the IEA (International Energy Agency) published a report on what they describe as a roadmap to Net Zero by 2050. This is interesting, not because they are more correct than any other agency or have specific prediction skills. Rather because they are a highly political organisation with deep roots in the oil and gas industry. In the past, the IEA has been highly influential on governments and energy policies of entire countries. They acknowledge the fact that the world cannot miss any more opportunities to accelerate efforts to reach Net Zero. They believe it is highly difficult to reach this target by 2050, but it is not impossible. Climate pledges by governments to date, even if fully achieved, are well short of what is required to bring global energy-related carbon dioxide emissions to Net Zero by 2050. The IEA are not favouring any certain technology. To reach the target, their pathway requires immediate and scalable deployment of all available clean and efficient energy technologies. That includes annual additions of solar PV to reach 630 gigawatts by 2030, and wind power to reach 390 gigawatts. Together, this is four times the record level set in 2020. Most of global reductions in CO2 emissions between now and 2030 in the IEA's Net Zero pathway come from technologies already available on the market today. However, in 2050 almost half the reduction is expected to come from technologies currently in a demonstration or prototype phase. This calls for major innovation progress this decade. The IEA believe that no further investments are needed in new fossil fuel supply projects including new coal plants. Sales of new internal combustion engine passenger cars are expected to be halted by 2035. By 2050, global energy demand is expected to be 8% smaller than today, serving an economy twice as big and a population with 2 bn more people. Almost 90% of electricity generation is expected to come from renewable sources.

You could argue on details, but for us this report is a call to action. Until now there is deep hesitation in the market regarding targets and promises. We acknowledge the fact that policy incentives are crucial to see a ramp up in number of projects, installed capacity and volumes which is essential for growing backlogs of orders, revenues and finally earnings. In turn, stock markets will follow earnings at the end of the day. If the market suspects any flaws in the chain of events, it will hesitate to share the IEA's optimism. The IEA was just another cry for action and incentives are expected to reach out to projects already next year in combination with rising emission prices on the back of new record emissions data this year.

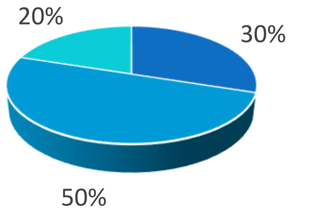
SECTOR EXPOSURE



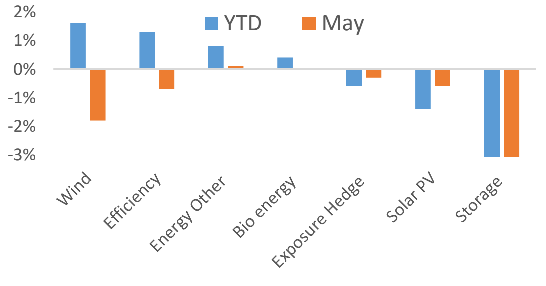
GEOGRAPHIC EXPOSURE



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

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	155.44											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.98%	-3.30%	0.19%	-5.52%	-6.12%								**-4.63%**
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	126.41											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.32%	-3.43%	-2.44%	-3.25%	-4.70%								**-4.17%**
2020											15.78%	13.93%	**31.91%**

EUR B	NAV	106.04											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.94%	-3.35%	0.16%	-5.56%	-6.17%								**-4.83%**
2020												11.42%	**11.42%**

GBP B	NAV	102.73											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	9.92%	-4.85%	-1.41%	-3.60%	-7.17%								**-7.72%**
2020												11.33%	**11.33%**

CHF B	NAV	107.31											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.88%	-2.01%	0.72%	-6.26%	-6.03%								**-3.59%**
2020												11.31%	**11.31%**

SEK B	NAV	95.69											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	11.60%	-2.79%	0.53%	-6.15%	-6.52%								**-4.31%**

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