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%	9.01%	-4.08%	0.66%					**0.86%**
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	**149.14%**
Return p.a.	**39.37%**
Volatility	**20.09%**
Sharpe	**1.96**
Max drawdown	**-14.15%**

Risk Figures

VaR (1-day, 95%)	**2.51%**
Net exposure	**67%**
Gross exposure	**204%**
Longest single stock	**8.75%**
Shortest single stock	**-2.46%**

Data as of 31 August 2021, Proxy P for SEK A share class. SEK A NAV 249.14

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

Global equity markets maintained the positive trend in August, once again supported by strong corporate results from the second quarter and despite the challenges with rising commodity prices and supply chain issues. The market is also supported by the TINA effect (ThereIsNoAlternative) from low rates and does not take into account the fact that central banks around the world are planning to withdraw monetary financial stimulus in the not-too-distant future. The market does not seem to display concern about the fast spread of the Delta mutation of C-19 even when health care systems around the world are sending worrisome signals. We are clearly in a bull market where negative news is being rejected, which is a troublesome signal in itself. Macro data remains strong although it has probably peaked and will have difficulties reaching expectations. This means that we are clearly rolling over from a post pandemic extreme stimulus supported economy to a more normal one.

Global equity markets (exemplified by the MSCI World NTR *SEK*) gained 2.9% in August resulting in 23.8% YTD return.

Proxy performance

In August, the Proxy Renewable Long Short Energy fund (SEK A share class) generated a monthly net return of **0.66%**, bringing the fund to **0.86%** YTD.

Wind and storage followed by solar PV were the main drivers of positive performance for the fund in August, partially offset by efficiency which contributed negatively. Bio energy, energy other and the exposure hedge were mainly flat over the month.

Even if the general market sentiment is bullish, the appetite for longer duration growth stocks remains muted. This includes stocks in sub-sectors such as solar PV, Electric Vehicles (EV), battery technologies, hydrogen, fuel cells and so on. We have witnessed a rotation out of these sectors for more than six months. The fundamental arguments have been both strong and valid. After a previous two-year rally valuations were, both in absolute and relative terms, stretched. Positioning and sentiment back then were too euphoric. Interest rates started to climb again which was unfavourable for growth related company valuations. Additionally, we have more sector specific reasons. These include margin pressure within wind power as a result of rising commodity prices and difficulties passing them on to customers and supply chain, e.g., difficulty sourcing semi-conductors for solar PV, EV and battery producers etc. However, the most important reason for the muted appetite for longer duration growth stocks is that the pledges from politicians, starting with the European Green Deal back in 2019, have not yet evolved into subsidy backed projects. This cocktail of reasons justifies the rotation out of our sectors. From a higher level we recognise that it has largely been a risk off market with a strong USD and falling rates. A few large companies represent a major part of the market upturn, while small to mid-cap sized companies with more uncertain and longer duration earning profiles (e.g., bulk of earnings a few years out) have been lagging in the general market.

Looking forward, we are determined that we will see a rotation back into our sectors. There are many fundamental reasons for this. The most important being valuations, policy supported projects picking up, and steadily improving fundamentals for the Energy Transition Theme in general such as further cost reductions and improved technologies. This will also mean a reversion of commodity prices and a normalisation of supply chain dynamics which will play an important role from a mid-term perspective. Interest rates are probably the only factor that is not supportive, as rates are likely to climb in the next couple of years. This is less of a concern because of the impact of lower multiples resulting from higher rates, meaning it does not ruin the attractiveness of the companies in our universe when considering the strong fundamental upside in terms of volumes, capacity, revenues or earnings.

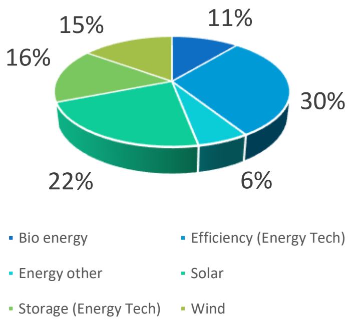
Our concern remains with markets in general. Given the strong development, extended valuations, risk of excessive earnings expectations next year and the risk of a policy shift from the Federal Reserve and other central banks, there is an obvious risk that general markets can turn bearish when you least expect it. We believe that in such an environment our sub-sectors can outperform to some extent, but that does not mean they will perform from an absolute perspective. We are not market timers and acknowledge the fact that anything can happen short-term. Having said this, we manage potential downside risk through tail risk hedge exposure. On a positive note, we are still excited about the US infrastructure bill, and more importantly the next climate meeting COP26 in Glasgow in November, which will be the most important one since Paris in 2015. We think it has the potential to deliver a framework for phasing out coal power from a long-term perspective and to initiate some global tools and agreements on how financing could be facilitated for countries and regions that are more constrained today. We believe that next year has the potential to illustrate how political initiatives can affect corporate activity in our sectors.

Transition in energy markets

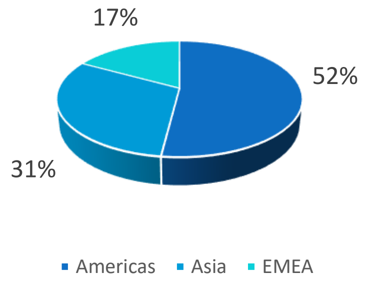
The UN climate meeting, COP 26, which will take place in Glasgow in November is approaching fast. Alok Sharma, the COP president, has been flying around the world over the past year in order to be able to break a deal at the summit. Sharma has said that COP26 must "consign coal to history". Whether he can achieve this or not is essentially about two countries, the world's two biggest emitters: China and the US. China needs to present more ambitious pollution cuts that include promises to stop building more coal power plants, while the US needs to deliver on its decade-old promise to help poor countries transition to green energy and adapt to climate change. The next few weeks will be critical. US Presidential Climate Envoy John Kerry will visit China and Japan in a final diplomatic push. China's coal use continues to climb; its provincial governments greenlit 24 new coal power projects in the first half of this year according to research published by Greenpeace last week. President Joe Biden has promised more but such promises are contained in an infrastructure bill that is slowly making its way through Congress. The success of the 2015 Paris agreement was born out of a deal struck between then President Barack Obama and Xi a year earlier. Once the world's two biggest emitters had reached an understanding, it was easier for other countries to fall in line. With tensions rife between the two superpowers such a deal will be much harder to come by this time around.

Most people are aware of the massive cost reduction in Renewable Energy capacity. There are many reasons for this but one of the most important and generally known by the public is the classical theory of "economies of scale". By just producing more, you cut unit cost. This has been the case within solar PV where the industry has spent decades slashing their costs. The average cost of a solar panel dropped by 90% from 2010 to 2020. Now the industry is focusing on making panels even more powerful. We have seen this in wind power before, going from 2MW to 12MW turbines with a capacity ratio going from 20% to 60%. Technological development has made something unthinkable 20 years ago very real today. Producers in the solar industry are stepping up work on building better components and more sophisticated design to generate more electricity from the same-sized solar farm. This is essential to advance the shift away from fossil fuels. While grid-sized solar farms are now typically cheaper than the most advanced coal and gas-fired plants, additional savings will be required to combine solar PV plants with storage technologies that are needed for around the clock clean power. Boosting electricity generation per panel means that operators can deliver the same amount of power from a smaller-sized operation. That is important since the cost of land, construction, installation etc has not declined to the same extent. Higher-powered systems are already here. In the past decade, panels produced a maximum of about 400 watts of electricity. In early 2020 companies began selling 500-watts panels and this summer Risen Energy introduced a 700-watt model. What is new? Perovskite (Perovskite - Wikipedia) is a mineral thinner and more transparent than polysilicon, and when applied to the panels boosts efficiency or when integrated with glass to make building windows also generate power. Widely used polysilicon has been made more efficient with ultra-refined negative doping. Bi-facial panels are another example of technological improvement as they make use of the light that reflects off the ground. For most of the 2010s the standard wafer was a 156mm square of polysilicon, now companies are making them bigger in order to boost efficiency. The similarity with wind is striking - it always begins with something we thought could not be done a few years ago, and when it does happen it is often too expensive and has a lot of obstacles. Who would have thought 20 years ago that it would take 10-20 onshore turbines today to produce the equal amount of power as an offshore turbine?

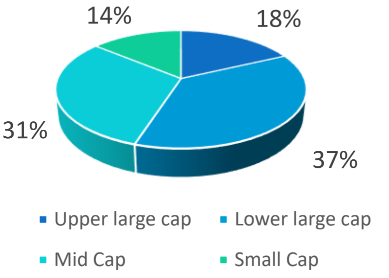
SECTOR EXPOSURE



GEOGRAPHIC EXPOSURE

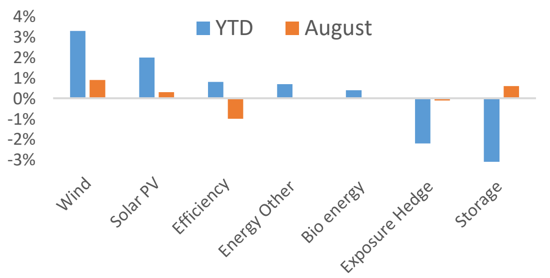


MARKET CAPITALISATION



Upper Large Cap is defined as >USD20bn market cap and Lower Large Cap USD10-20bn.

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

HFM EUROPEAN PERFORMANCE AWARDS 2021 WINNER ESG Fund Proxy Renewable Long Short Energy

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

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.

NAV & HISTORIC RETURNS

EUR A	NAV	162.64										
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2021	10.98%	-3.30%	0.19%	-5.52%	-6.12%	8.96%	-4.65%	0.71%					**-0.21%**
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	127.54											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2021	10.32%	-3.43%	-2.44%	-3.25%	-4.70%	5.64%	-4.70%	0.22%					**-3.31%**
2020											15.78%	13.93%	**31.91%**

EUR B	NAV	110.81											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2021	10.94%	-3.35%	0.16%	-5.56%	-6.17%	8.91%	-4.69%	0.67%					**-0.55%**
2020												11.42%	**11.42%**

GBP B	NAV	107.05											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2021	9.92%	-4.85%	-1.41%	-3.60%	-7.17%	8.70%	-5.31%	1.24%					**-3.84%**
2020												11.33%	**11.33%**

CHF B	NAV	110.28											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2021	10.88%	-2.01%	0.72%	-6.26%	-6.03%	8.58%	-6.57%	1.30%					**-0.93%**
2020												11.31%	**11.31%**

SEK B	NAV	100.58											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2021	11.60%	-2.79%	0.53%	-6.15%	-6.52%	8.96%	-4.12%	0.62%					**0.58%**

USD S	NAV	95.58											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2021							-4.67%	0.26%					**-4.42%**

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