

## ABOUT THE FUND

Proxy Renewable Long / Short Energy is a thematic ESG fund focusing on the Energy Transition theme. It is an actively managed AIF fund that invests globally in public equities. 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 quantitatively.

## RETURN HISTORY

### SEK A SHARE CLASS, NET OF FEES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2021</b>	11.63%	-2.76%	0.57%	-6.11%	-6.50%	9.01%	-4.08%	0.66%	-1.79%	14.53%			<b>13.44%</b>
<b>2020</b>	2.37%	7.45%	-7.01%	4.63%	2.76%	5.70%	8.28%	4.74%	4.32%	8.08%	12.06%	9.79%	<b>82.88%</b>
<b>2019</b>	14.31%	5.35%	-0.73%	6.93%	-3.62%	5.79%	2.41%	1.82%	-0.03%	-2.07%	1.97%	7.50%	<b>45.86%</b>
<b>2018</b>												-7.40%	<b>-7.40%</b>

### Performance Figures

Return since inception	<b>180.21%</b>
Return p.a.	<b>42.37%</b>
Volatility	<b>20.84%</b>
Upside volatility	<b>25.99%</b>
Downside volatility	<b>15.80%</b>
Sharpe	<b>2.03</b>

### Risk Figures

VaR (1-day, 95%)	<b>2.46%</b>
Net exposure	<b>91%</b>
Gross exposure	<b>158%</b>
Longest single stock	<b>8.15%</b>
Shortest single stock	<b>-2.15%</b>
Max drawdown	<b>-14.15%</b>

Data as of 31 October 2021, Proxy P for SEK A share class. SEK A NAV 280.21

## COMMENT BY THE PORTFOLIO MANAGER

### Markets in general

Global equity markets improved in October, recovering a major part of what was lost in September. There has been a worry that supply chain, transportation issues and the Delta C19 virus have been a drag on growth and revenues. Furthermore, that high raw material prices have negatively affected margins, which in the end would result in disappointing earnings. Despite this, third quarter results have proven to be much stronger than expected and have been an important driver of the strong market. A more flattish development of long rates also made the market less concerned about a hawkish Federal Reserve who had made it clear back in September that they are now willing to start tapering QE. Macro indicators have come down from previous peaks but are still at a level that indicates a strong global economy going forward.

Global equity markets (exemplified by the MSCI World NTR SEK) gained 3.6% in October resulting in 24.9% 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*

October 2021 was the best performing month since the fund's inception in December 2018. The Proxy Renewable Long Short Energy fund (SEK A share class) generated a monthly net return of **14.53%**, bringing the fund to **13.44%** YTD.

Solar and storage sub-sectors made strong recoveries after having underperformed year to date. The majority of fund returns over the month came from the solar sub-sector followed by storage and efficiency. Wind, bio energy and energy other were all flat in October.

The general weak market sentiment in September reverted in October and our sectors were no exception. It turned out, from a historical perspective, to be one of the strongest months in absolute terms. Sub-sectors and stocks with long duration growth characteristics in combination with weak development since the peak in February did very well. Growth outperformed value, cyclicals outperformed defensives and small and mid-cap sized stocks outperformed large and mega caps. From a relative point of view, it all started in September when we observed that sellers were not as aggressive as we had seen earlier this year. Given the overall weak market sentiment at the time it was hard to conclude anything certain. In October it was easier to say that the market had probably taken its first steps towards a serious rotation back into longer duration growth stocks in sectors such as solar PV, electric vehicles and the value chain of batteries and hydrogen. There are fundamental reasons for this. Firstly, they have been laggards for a long time. More importantly, third quarter results have been optimistic and there have been several high-profile projects announced. Additionally, the COP26 climate conference is approaching and as we have discussed previously, corporate results have the potential to be very strong next year with the market appearing willing to embrace that. We are also approaching the end of the year, meaning more investors are tending to focus on 2022. We remain very optimistic about next year because of pickup in volumes, projects and less price pressure which will drive revenues. Political support and remaining high power prices are also important factors from this perspective. Mean reverting metal and material prices could potentially generate some margin recovery, and all together drive earnings growth.

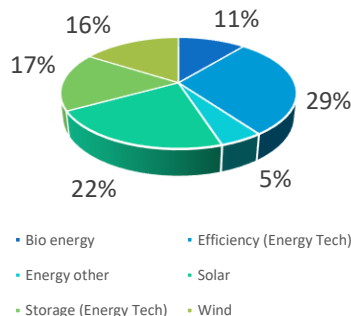
In September we added selectively to some of our high conviction names across sub-sectors, which performed very well in October. The hedging positions we added in early September also developed very well in the September downturn. Subsequently, we closed the hedges when we witnessed some market strength in early October. Having no hedges / downside protection in October played out very well for us and made it possible to take full advantage of the strong development in the sector. We acknowledge the fact that strong absolute and relative performance in a short period of time has the tendency to mean revert when you least expect it, and we must manage that risk accordingly. That said, we are long term optimistic about the sector and believe that the recent two-month rotation could be translated into the market starting to believe in the same fundamentals as we do.

## *Transition in energy markets*

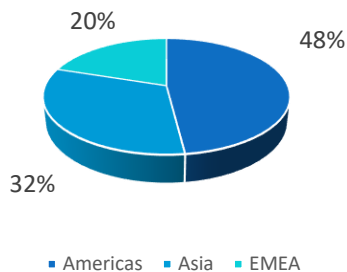
Everybody is discussing the forthcoming COP26 meeting in November. There is a broad understanding that we must intensify our decarbonising efforts and reach Net Zero emissions sooner rather than later. Having said this, the road there is unclear and political initiatives are crucial. Instead of speculating what the outcome of COP26 will be and how markets will respond, we will leave this subject until the next monthly report.

At the UN Biodiversity Conference held in October President Xi Jinping announced that China has started building a massive renewable project comprising of 100GW of wind and solar power in the desert. The project size is hard to grasp, but for context it is bigger than all installed solar and wind capacity in India. Another positive surprise was Russia, India and Turkey who teamed up with the rest of the world by either stating Net Zero goals or by considering pathways to decarbonise their countries. There are few details yet on the road map, but it is a start. While this is positive, there are still many countries left without Net Zero targets. The oil and gas rich Gulf states have been slow stating their emission targets, but in October several leaders announced their willingness to be part of the future fossil free energy system. Saudi Arabia announced that they will open one of the largest natural gas fields in the world, the Aramco-controlled USD110bn Jafurah field, supplying blue hydrogen with the first delivery set for 2024. The hydrogen market is tiny today, but is expected to be a crucial part of a fossil free energy system in the future, estimated to be worth USD700bn annually in 2050. Currently there are discussions whether green or blue hydrogen is preferable. Realistically we will need both if we want hydrogen to be an essential part of energy storage and decarbonising power intensive industries. This will require massive quantities of both affordable green and blue hydrogen. Saudi Aramco is one of the real low-cost producers of oil and natural gas and would be one of the best positioned producers to supply the market with large and cheap quantities of blue hydrogen in the future. This news is very promising for a sub-sector that until quite recently has only been supported by high hopes and ambitious plans.

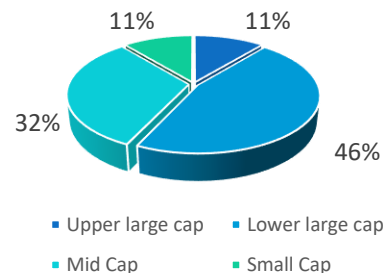
SECTOR EXPOSURE



GEOGRAPHIC EXPOSURE

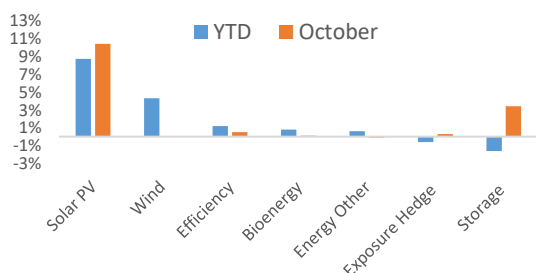


MARKET CAPITALISATION



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 INFORMATION

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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## NAV &amp; HISTORIC RETURNS

EUR A	NAV	186.56											
	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%	-1.23%	16.14%			14.46%
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	143.81											
	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%	-3.07%	16.34%			9.03%
2020											15.78%	13.93%	31.91%

EUR B	NAV	127.08											
	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%	-1.27%	16.16%			14.05%
2020												11.42%	11.42%

GBP B	NAV	121.05											
	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%	-1.06%	14.28%			8.73%
2020												11.33%	11.33%

CHF B	NAV	124.63											
	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%	-1.29%	14.49%			11.97%
2020												11.31%	11.31%

SEK B	NAV	113.10											
	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%	-1.83%	14.54%			13.10%

USD S	NAV	107.02											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021							-4.67%	0.26%	-3.02%	15.46%			7.02%



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