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 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%	-1.79%	14.53%	-3.30%	-12.11%	**-3.59%**
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	**138%**
Return p.a.	**32.50%**
Volatility	**22.31%**
Upside volatility	**26%**
Downside volatility	**19%**
Sharpe	**1.46**

Risk Figures

VaR (1-day, 95%)	**2.97%**
Net exposure	**97%**
Gross exposure	**182%**
Longest single stock	**9.22%**
Shortest single stock	**-2.79%**
Max drawdown	**-15.01%**

Data as of 31 December 2021, Proxy P for SEK A share class. SEK A NAV 238.15

COMMENT BY THE PORTFOLIO MANAGER

Markets in general

After some consolidation in November, global equity markets had a strong and quite typical recovery in December, closing the year with an impressive 34.0% return. Early in the month, markets were concerned about never ending high inflation data which finally forced the Federal Reserve to abandon their wording regarding high inflation as transitory in their December meeting. Moreover, the FED increased their pace of tapering QE from current USD15bn a month to USD30bn. Effectively it means they will end the current QE program in April and by doing so paving the way for potential rate hikes next year. The FED are indicating that three rate hikes could take place next year if found necessary. Although this was also a hawkish announcement, so far, the market did not react by increasing rates. On the contrary, the yield curve, i.e., the spread between long and short rates has been falling, indicating a deteriorating economic outlook. Considering we are coming out of quite a unique period of abnormal stimulative fiscal and monetary policy; this development is not surprising and perhaps should just be viewed as a form of normalisation of the economic environment. From that perspective the continued strong market make sense.

Global equity markets (exemplified by the MSCI World NTR SEK) gained 4.5% in December resulting in 34.0% YTD return.

Proxy performance

In December, the Proxy Renewable Long Short Energy fund (SEK A share class) generated a monthly net return of -**12.11%**, bringing the fund to **-3.59%** YTD.

The sector has been an underperformer this year, both in absolute and relative terms. The weak sector sentiment and rotation out from more long-term growth biased sectors slowly started to revert in September, further accelerated in October and somewhat reverted in November. Given our optimistic stance from a fundamental point of view, and the regained interest in the sector, we were quite optimistic at the beginning of December. Instead, December turned out to be a very weak and disappointing month, both from an absolute and relative perspective.

The Federal Reserve took a new stance on inflation and delivered a more hawkish message on future monetary policy. This resulted in an inverted yield curve, indicating a weaker economy in the mid to long-term perspective. Companies and sectors where valuation is based primarily on long-term earnings, and to a lesser degree on current earnings, i.e., long duration stocks, were punished. Meanwhile, defensive sectors with high current earnings and less corelation to economic fluctuations outperformed. The most attractive part of Clean Energy Transition (CET) related companies is that many of them are expected to generate strong earnings growth in the years to come. That makes the sector more compelling than most from an investment perspective. The flipside is when markets expect deteriorating economic conditions, which in turn make markets hesitant to believe in long-term earnings and higher rates, making future earnings less valuable.

Fundamental and sector specific reasons also added to the weak performance during December. California regulators proposed lowering subsidies and adding new fees for home solar users, adversely affecting a solar industry that was benefiting from a successful program supporting customers in going green. California has been a pioneering state regarding expanding solar PV power capacity, representing roughly 40% of the installed US capacity. The state of California is not turning it's policy against solar power, however given solar PV's large share of power production, intermittency issues and the fact that homeowners have the possibility to sell generated power to the grid when not used, they are forced to build out energy storage possibilities, such as batteries. The market reacted negatively to the news, although most solar equipment providers are already offering integrated storage solutions today. The economics of such an integrated system is less attractive when it comes with the possibility to sell power to the grid, which explains why new terms are being implemented. Furthermore, the market has been optimistic about the BuildBackBetter program from the Biden administration. This program would be a catalyst for renewable sources in states that do not offer as good incentives and conditions as California does. When the democratic senator Joe Manchin refused to support the program, (after previously being supportive) the market interpreted it as negative for the sector. Short term, all the above-mentioned factors make the market cautious about the sector and uncertain about future growth. As a result, the solar sector for example lost on average 25% in just a few weeks. Mid to long term, we are convinced that this will not have much of an effect. The transition from fossil fuels to clean energy is not primarily driven by subsidies and tax credits, rather it is driven by strong economics, superior technology, and corporate and public awareness that the world must decarbonise. Policies and regulations cannot stop this development, but they can speed up and facilitate the process. That is why they are still important.

We are not market timers and have no intention to forecast sudden shifts in market sentiment. We stick to our investment strategy which is based on identifying companies with a strong growth profile, as a result of favourable CET exposure, in combination with an attractive valuation. From time to time, we realise that this group of companies can be overappreciated by the market which is measured through valuation and sentiment indicators. In those situations, we apply hedges to reduce potential tail risk events. Currently, we are comfortable with long term valuations and the fundamental growth outlook and believe that positioning from an investors' point of view is quite stretched to the downside. Accordingly, we did not see reason to hedge the portfolio in December.

Fundamentally, we remain optimistic on corporate results in 2022 driven by pick up in volume and capacity growth, less drag on prices because of technology improvements, less upbeat cost inflation, scale, and operational leverage effects. Of these factors, volume growth will probably be the most important driver and we see strong signals from companies in our universe that there is a lot going on in terms of demand. Order backlog growth is gaining momentum. Currently, the market does not pay attention to these important drivers, but we are convinced that it will be the case in the near future.

Transition in energy markets

In the light of the weak sector performance this year, the partial failure at COP26 to clarify how to achieve Net Zero by 2050, an ongoing energy crisis and the market's lack of confidence in political pledges, we remain very optimistic about the sector. A person with deep understanding of CET is the Chief Editor of Bloomberg New Energy Finance, Nathaniel Bullard, who highlighted what he believed to be the 10 most illustrative highlights of the year in a few articles lately*. We would like to mention three of them.

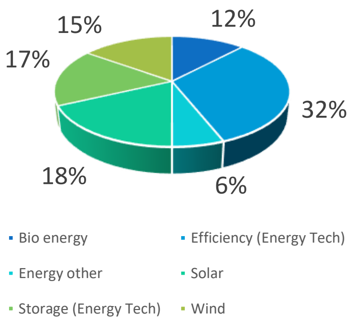
Sustainable debt financing, such as green bonds and loans, hardly existed back in 2015 during the last climate meeting in Paris. Four years later, in 2019 they reached USD500bn in annual issuance. In September this year it reached USD1,100bn. It took less than two years to more than double the yearly issuance. Capital markets and corporates play a vital role in the CET process, probably an even more important role than politicians.

On a comparative note, in 1965 **nuclear power** capacity took off and grew for almost four decades into the early 20th century where it flattened out. At the same time, renewables, excluding hydro, started to grow in capacity and this year they will exceed nuclear power generation. It took renewables 20 years of growth to reach what nuclear power accomplished in 40 years. In 2021, renewables (excluding hydro) were the only source of power with net positive growth in the world.

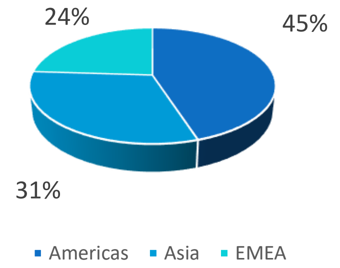
In 2010, 395 **electric vehicles (EV)** were sold. In the 3rd quarter of this year, 1,7 million vehicles were sold, of which more than half were in Asia. Globally every 10th sold vehicle is electric this year. In China, 20% of new sold cars are electric. This is more than double compared to 2020 despite poor affordability, a limited range of choices, charging capacity and an infrastructure that is not good enough. When we study the line of new EV models reaching the market in the next year or two, we ask ourselves if combustion engine cars will be merchandised at all in just a few years' time?

**Year in Review Charts: Electric Cars, Sustainable Debt, Climate Tech, Renewables - Bloomberg*

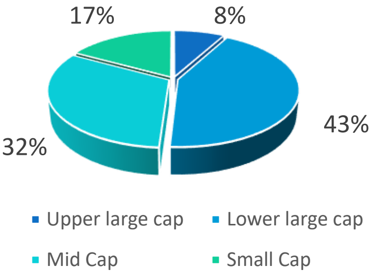
SECTOR EXPOSURE



GEOGRAPHIC EXPOSURE

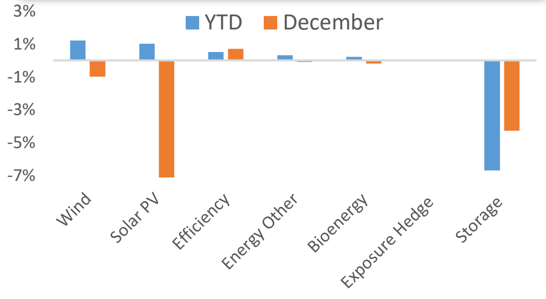


MARKET CAPITALISATION



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

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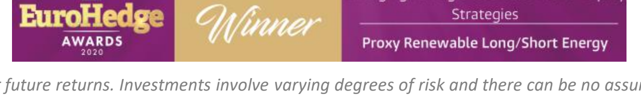

Past performance is no guarantee for future returns. Investments involve varying degrees of risk and there can be no assurance that an investment will be profitable. Market capitalisation and geographical exposure are represented by net figures. Sector exposure is represented by gross figures.

NAV & HISTORIC RETURNS

The fund is denominated in EUR. Please note that the various share classes are unhedged from a currency perspective.

EUR A	NAV	154.02										
	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%	-5.32%	-12.81%	**-5.50%**
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	116.13											
	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%	-8.30%	-11.95%	**-11.96%**
2020											15.78%	13.93%	**31.91%**

EUR B	NAV	104.76											
	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%	-5.41%	-12.85%	**-5.98%**
2020												11.42%	**11.42%**

GBP B	NAV	99.06											
	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%	-4.85%	-14.00%	**-11.02%**
2020												11.33%	**11.33%**

CHF B	NAV	99.87											
	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%	-7.57%	-13.30%	**-10.28%**
2020												11.31%	**11.31%**

SEK B	NAV	95.98											
	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%	-3.40%	-12.15%	**-4.02%**

USD S	NAV	87.19											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021							-4.67%	0.26%	-3.02%	15.46%	-7.51%	-11.91%	**-12.81%**

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NAV & HISTORIC RETURNS

EUR S	NAV	81.85										
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021											-6.13%	-12.80%	**-18.15%**

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The representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève. The Prospectus, the Articles of Association and annual financial statements can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Shares distributed in and from Switzerland.

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