# 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | -4.82% | 14.25% | 0.29% | | | | | | | | | | **9.06%** |
| **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 | **159.7%** |
| Return p.a. | **33.2%** |
| Volatility | **22.8%** |
| Upside volatility | **26.8%** |
| Downside volatility | **18.7%** |
| Sharpe | **1.45** |

## Risk Figures

| | |
|---|---|
| VaR (1-day, 95%) | **4.60%** |
| Net exposure | **79%** |
| Gross exposure | **198%** |
| Longest single stock | **8.90%** |
| Shortest single stock | **-1.85%** |
| Max drawdown | **-19.1%** |

## Correlation Figures

| Correlation | S&P500 | MSCI World |
|---|---|---|
| Since inception | **0.28** | **0.31** |
| Last 12 months | **0.10** | **0.08** |

*Data as of 31 March 2022, Proxy P for SEK A share class. SEK A NAV 259.73. The fund is denominated in EUR. Please note that the various share classes are unhedged from a currency perspective.*

*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.*

# COMMENT BY THE PORTFOLIO MANAGER

## *Markets in general*

After a weak and turbulent start to the year markets recovered somewhat in March. The war in Ukraine is by all measures a human catastrophe but as recent developments have been in favour of Ukraine, the price of oil has been declining from previous record high levels. High energy prices are negative for global economic growth from two perspectives. Firstly, it has a squeeze out effect on consumption when households are forced to pay a higher energy bill. Secondly, it pushes up interest rates and the cost of debt, which also has a negative effect on consumption due to inflation. Central banks, the US Federal Reserve in particular, addressed the sustained high inflation at their recent meetings by signalling a much more hawkish policy going forward. Markets did not react much to the news for the simple reason that it has been known for quite some time and interest rates have been moving upwards accordingly. Going forward, rates and inflation are not the primary issue. There is a downside risk to growth estimates for the remainder of the year, which are likely to also weigh on earnings assumptions. From that perspective, the general trend in equity markets is expected to be both volatile and negative.

Global equity markets (exemplified by the MSCI World NTR *SEK*) gained 1.7% in March resulting in negative -1.5% YTD return.

## *Proxy performance*

In March, the Proxy Renewable Long Short Energy fund (SEK A shares) generated a monthly net return of **0.29%**, bringing the fund to **9.06%** YTD.

The renewable energy and clean tech sectors continued their strong development in March. The impact from the war on energy prices and the view of energy from a geopolitical and security perspective is having a positive effect on renewable energy sources and the clean energy transition. Investments in clean energy solutions become even more attractive when prices on fossil energy is rising and supply of natural gas, coal and oil is insecure. Fluctuations of energy prices are also very much correlated to the underlying commodity, therefore having an impact on inflation, interest rates and growth. A non-fossil energy system would to a large extent avoid that. On the other hand, weather effects and seasonality would be a much more important factor if we do not have reliable energy storage solutions in place. This is a problem which is being addressed by corporates and politicians. Conversely, the market has to deal with short term challenges and risks whilst simultaneously looking at the long-term possibilities. The wind power sector has been struggling this year despite the promising outlook. At the end of the day markets follow earnings and they are depressed because of high commodity prices and weak pricing power among the turbine producers. Other subsectors such as solar PV power and hydrogen infrastructure have developed far better on the back of improving sales and less of drag from cost inflation. The best performing sectors have been battery production and its related raw materials and electric vehicle (EV) producers. They are witnessing strong growth as consumers avoid combustion engine cars due to high fuel prices.

The growth book had a very strong development in the first two months of the year but gave back some of the alpha in March. Wind related investments and Chinese exposure underperformed while investments in battery, materials and solar PV outperformed. Concurrently, the hedging strategies did not generate any positive return this month due to the strength of the market. Even if we are optimistic about the mid and long-term outlook for the sector, we see large downside risks in the broader markets and for that reason we feel comfortable holding on to downside tail risk protection. The relative book had a strong development in the first two months of the year but flattened in March.

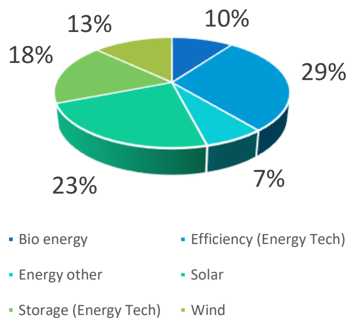
## *Transition in energy markets*

The oil crisis in the 70s had a long-lasting fundamental impact on energy consumption. Back then President Nixon asked citizens to turn down the thermostats in their homes and reduce speed limits to 55 miles per hour to cut demand for oil. As a result, cars with large engines like the V8, which were very common at the time, basically disappeared from the market. Consumer behaviour changed. The current climate crisis in combination with the Ukrainian war will probably lead to something similar. According to the International Energy Agency (IEA), a lowering of the temperature of 1 degree Celsius across Europe could reduce demand for Russian gas by 7% on an annual basis. Speeding up the replacement of gas boilers with electric heat pumps could also further eliminate 1% of demand.

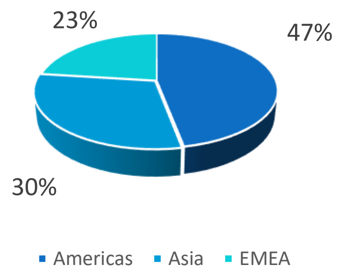
Because of the war, the EU launched the initiative *RePowerEU* in early March with the ambition to cut Russian gas dependency by 80%. It is important to point out that the dependence of Russian gas is highly diverse between the EU countries and therefore the sacrifice to abandon Russian imports is also uneven. Germany is the biggest importer in the EU and as such, have the hardest time replacing Russian gas. Germany aims to reduce Russian gas imports by two thirds, by replacing it with prolonged use of nuclear power, ramping up coal fired power production, importing LNG from the Middle East and the US, and building out renewable energy and storage solutions. The latter being the most important factor in the long run but remain a challenge short-term. The plan includes a doubling of renewable capacity to 900GW by 2030. Of this, wind accounts for 480GW and solar PV 420GW. The build out of renewables will include green hydrogen from the *Fit for 55 plan* and will drive up the 5.6mt capacity to close to 20mt. This is the real game changer of the European energy system. This plan acknowledges the need to simplify and shorten permitting plans which have proven to cause a serious bottleneck. Goldman Sachs recently published a report* showing that Primary Energy CapEx declined by 35% over the last decade. Primary Energy involves all energy sources, fossil, and non-fossil, including infrastructure and networks. Considering renewable energy sources have been growing steadily during this period, fossil related CapEx has been on a steady decline. That is about to change when the world is shying away from Russian energy dependency and the banks now expect CapEx to grow by ~60% until 2025. Even if they anticipate large investments in LNG and other fossil sources, it is expected that CapEx intensity of low carbon energy development will be ~2X that of hydrocarbons. To us that sounds very promising, although we recognise short-term challenges with high commodity prices and other bottlenecks.

*Carbonomics Security of Supply and the Return of Energy Capex (gs.com)

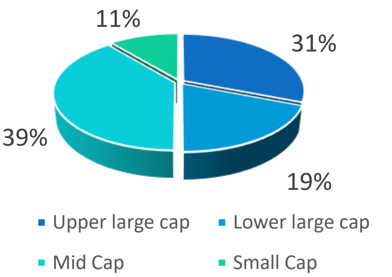
## SECTOR EXPOSURE




## GEOGRAPHIC EXPOSURE

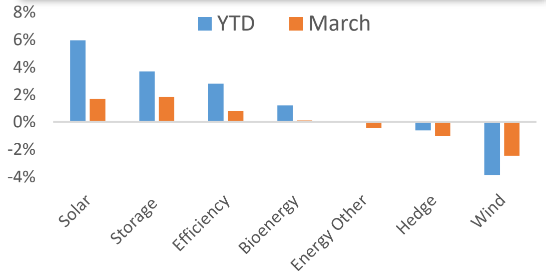



## MARKET CAPITALISATION




*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<br>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<br>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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Proxy Renewable Long Short Energy

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Emerging Manager & Smaller Fund - Equity Strategies
Proxy Renewable Long/Short Energy

# 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 | 166.79 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -6.34% | 12.77% | 2.53% | | | | | | | | | | 8.29% |
| 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 | 122.89 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -7.72% | 12.94% | 1.53% | | | | | | | | | | 5.82% |
| 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 | 113.30 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -6.39% | 12.73% | 2.49% | | | | | | | | | | 8.15% |
| 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 | 107.84 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -6.83% | 12.94% | 3.46% | | | | | | | | | | 8.86% |
| 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 | 106.73 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -5.71% | 11.30% | 1.83% | | | | | | | | | | 6.87% |
| 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 | 104.54 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -4.87% | 14.20% | 0.25% | | | | | | | | | | 8.92% |
| 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% |

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# NAV & HISTORIC RETURNS

| USD S | NAV | 92.38 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -7.68% | 13.00% | 1.57% | | | | | | | | | | **5.95%** |
| 2021 | | | | | | | -4.67% | 0.26% | -3.02% | 15.46% | -7.51% | -11.91% | **-12.81%** |

| EUR S | NAV | 88.64 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
| 2022 | -6.34% | 12.77% | 2.53% | | | | | | | | | | **8.30%** |
| 2021 | | | | | | | | | | | -6.13% | -12.80% | **-18.15%** |

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