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%	-4.56%	13.77%								**18.42%**
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	**182.0%**
Return p.a.	**34.5%**
Volatility	**23.4%**
Upside volatility	**27.8%**
Downside volatility	**18.6%**
Sharpe	**1.48**

Risk Figures

VaR (1-day, 95%)	**4.28%**
Net exposure	**94%**
Gross exposure	**168%**
Longest single stock	**8.42%**
Shortest single stock	**-1.93%**
Max drawdown	**-19.1%**

Correlation Figures

Correlation	S&P500	MSCI World
Since inception	**0.28**	**0.30**
Last 12 months	**0.07**	**0.06**

Data as of 31 May 2022, Proxy P for SEK A share class. SEK A NAV 282.02. 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

Markets had a rough start in May. However, after falling for seven weeks in a row, markets started to gain some momentum again in mid-May and ended the month on a positive note. The war in the Ukraine is unfortunately still a reality with very little scope for a resolution any time soon. The Western world is continuing their economic pressure on Russia but has not had any major effect on commodity and energy prices lately. On the contrary, leading economic indicators are getting softer and painting a weaker economic outlook. A slowdown might be perceived as negative, but from a market perspective it could prove to be positive as prices on goods and services would stop increasing when demand is fading. Essentially, this could mean that inflation would come down from historically high levels. Lower inflation would in turn translate into lower interest rates over time which is supportive for equity risk premia and equities. The strong USD trend and the interest rate of the US 10 years treasury bond peaked in early May and started to revert. Markets are telling us that they are less concerned about inflation and hawkish policies by central banks. Ultimately equity markets recovered.

Global equity markets (exemplified by the MSCI World NTR *SEK*) lost 0.7% in May resulting in -6.2% YTD return.

Proxy performance

In May, the Proxy Renewable Long Short Energy fund (SEK A share class) generated a monthly net return of **13.77%,** bringing the fund to **18.42%** YTD.

Renewable energy and clean tech sectors performed weakly in the first half of May but recovered strongly in the second half, just like broader markets. The primary reason for the rebound was linked to inflation expectations. The US Federal Reserve managed to give the market a contained hawkish message despite raising the Federal funds rate by 50bps from 0.25% to 0.75%. They convinced the market that they are comfortable managing the high inflation. As a result, long rates, which are very sensitive to inflation outlook, declined and in turn long duration sectors such as ours performed strongly.

We believe that the risk of a soft global recession next year is high. Although, we also believe that it would be highly beneficiary for the clean tech sector for two main reasons. Firstly, for financial reasons and secondly, corporate fundamentals. A global recession would deteriorate general demand and eventually push down inflation and rates. Long duration growth sectors such as ours have been punished by rising rates for almost 18 months and the opposite effect would be supportive. Recession and lack of economic growth are not big concerns since Energy Transition forces are very different. Take RePowerEU and dependency on Russian energy as an example. We believe, on the contrary, that the sector will prove to be quite defensive in its nature. A recession would also have a positive impact on corporate fundamentals. Today high commodity prices on steel, copper, lithium, polysilicon etc are a burden for profit margins. Freight rates and capacity are other examples as are lack of components and supply chain bottlenecks holding back growth for many companies we cover. Lack of finding and attracting labour in general, and skilled labour in particular is another constraint. Many of these issues would ease if economic growth would be stalling. There are potential negative effects as well. A recession would push down prices on fossil fuels, making the alternative i.e., clean fuels less attractive. Large corporates in the Western world are very serious today in their decarbonisation plans. A recession could potentially make them less focused on the issue, cutting back on CapEx spending and other investments. However, on aggregate, we are optimistic on the sector and expect a moderate slowdown.

We are satisfied with the fund’s performance in May. The relative book had another positive month, still demonstrating low volatility and uncorrelated alpha to the rest of the fund. Year to date it has contributed by ~7.2% to overall fund performance. Moreover, the growth book outperformed the sector yet again.

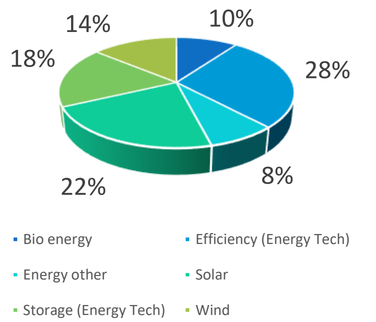
In particular, our investments in electric vehicles and battery production did well, also the solar sector and our Asian investments had strong positive contribution. We had smaller tactical hedges on in May, but they had little effect on the overall result. We remain optimistic on our sector but acknowledge external risk factors which unexpectedly can pose a threat. As such, we will continue to apply tactical hedge protection to the growth book when we find it necessary.

Transition in energy markets

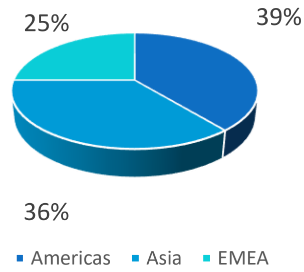
Germany and other European countries are investigating possibilities in making the permitting process for renewable energy projects more efficient and less bureaucratic. Currently, it is a huge bottleneck holding back growth in Renewable Energy Sources (RES) capacity. In May, the EU addressed another large issue developing green hydrogen. Green hydrogen has not yet reached enough size in terms of production capacity and usage. Consequently, economies of scale have not yet kicked in like in the case of wind or solar PV power equipment or battery production. Even though corporates realise that hydrogen is a future game changer in terms of decarbonising their operations, it is hard for them to take the first step as long as it is financially unattractive. As a part of the RePowerEU scheme, the European Commission announced that they will propose subsidies for green hydrogen known as Carbon contracts for difference, with the purpose of bridging the excess cost of hydrogen today. The purpose with the initiative is not only clean energy transition but also to help industries that today are dependent on Russian natural gas to switch to hydrogen-based operations. The EU is targeting 10 million tons of green hydrogen to be produced in the EU by 2030, with a further 10 million imported. The combined 20 million tons would require 600GW of new wind and solar power and 200GW of electrolysers. The initiative is not applicable if hydrogen is produced using renewable sources which is already supporting the grid with power today. As a sidenote the US company Plug Power received an electrolyser order from H2 Energy Europe. The electrolyser will be used for a 1GW offshore wind to hydrogen project in Denmark. The 1GW electrolyser technology will be able to produce 100,000 tons of green hydrogen per year, supplying the fuel needed for the equivalent of 15,000 heavy trucks per day. The electrolyser is the largest of its kind. The updated RePowerEU plan is also supportive of European solar PV expansion. The new 2025 target could mean 320GW installed compared to 140GW today, making it in total 460GW. An annual increase of 45-80GW which could be compared with 26GW installed in 2021. Such an expansion will also be supported by mandatory solar PV on new commercial building developments.

A large part of the financing will come from revenues from emission trading rights. This is a challenge. On May 12th the Commission published the total number of allowances in circulation. The release gives an idea of the level of supply in the carbon market. The report showed 1,449 million tons of CO2 of allowance in circulation in 2021 which was down by 8% compared to 2020. From September 2022 to August 2023 the level of supply will be reduced by 347 million tons of CO2, corresponding to 24% reduction. This is ambitious but very much aligned with the FitFor55 package announced last summer. This is probably one of the reasons why carbon prices have been so strong lately. However, if the commission have an ambition to float more rights in order to collect more funds, as a part of financing RePowerEU, it will probably be negative for carbon pricing in a mid-term perspective. From an energy transition perspective, it would be negative even if the funding goes to the right projects. We do not have all the details yet but follow the development closely. From a broader perspective, cutting back on Russian oil, natural gas and coal and moving faster towards a clean energy transition does not mean the opposite relationship.

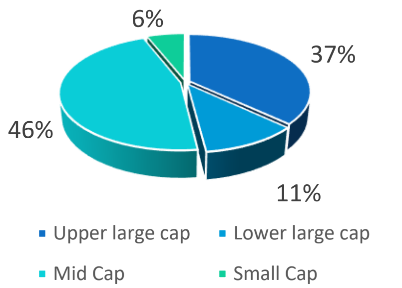
SECTOR EXPOSURE



GEOGRAPHIC EXPOSURE

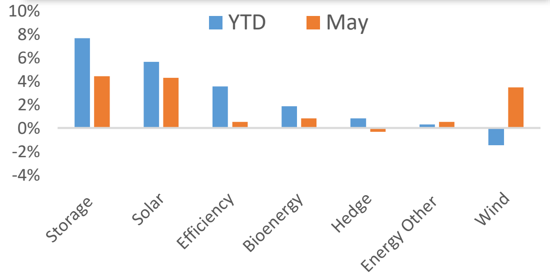


MARKET CAPITALISATION



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

Proxy P Management AB
Norrlandsgatan 16, 111 43 Stockholm, Sweden
www.proxypm.se
info@proxypm.se

HFM EuroHedge AWARDS 2020 Winner 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	179.18										
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-6.34%	12.77%	2.53%	-4.21%	12.16%								**16.34%**
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	126.99											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-7.72%	12.94%	1.53%	-9.22%	13.83%								**9.35%**
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	121.61											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-6.39%	12.73%	2.49%	-4.25%	12.09%								**16.08%**
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	116.43											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-6.83%	12.94%	3.46%	-4.79%	13.40%								**17.53%**
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	114.89											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-5.71%	11.30%	1.83%	-4.24%	12.42%								**15.04%**
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	113.42											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-4.87%	14.20%	0.25%	-4.60%	13.73%								**18.17%**
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%**

NAV & HISTORIC RETURNS

USD S	**NAV**	**95.55**											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2022	-7.68%	13.00%	1.57%	-9.18%	13.89%								**9.59%**
2021							-4.67%	0.26%	-3.02%	15.46%	-7.51%	-11.91%	**-12.81%**

EUR S	**NAV**	**95.22**											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2022	-6.34%	12.77%	2.53%	-4.22%	12.16%								**16.33%**
2021											-6.13%	-12.80%	**-18.15%**

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