

T8 Energy Vision

30 September 2023



Overview

- Global growth equities fund dedicated to clean energy – the solutions to 'net zero' emissions
- Responsible investment focus with in-house ESG due diligence, engagement, and reporting
- Institutional-grade process and risk management with experienced research team
- Target returns of greater than 20%pa over a 3-5-year timeframe

Fund details

APIR	ETL4286AU
Strategy	Global growth equities
Distributions	Annual
Structure	Registered unit trust
Trustee	EQT
Custodian	JPMorgan
Administrator	Apex
Auditor	EY
Liquidity	Monthly (daily in 4Q)
Management Fees	1.25%/15%
Hurdle	MSCI World Index

Portfolio management



Roscoe Widdup

- Fundamental and ESG research, portfolio construction and direct company engagement
- Previously worked at Goldman Sachs and Rio Tinto



Dimitri Tsangalis PhD

- Fundamental and macroeconomic research, portfolio construction and risk management
- Previously worked at JPMorgan based in Europe and Asia

Commentary

T8 Energy Vision finished September down 10.9% (-11.2% in US dollars) in line with the Clean Energy Index -11.1% (in US dollars). Solar was the largest detractor to performance (-320bps) followed by clean utilities (-115bps). We have published more detail on our [website](#).

What is driving clean energy lower?

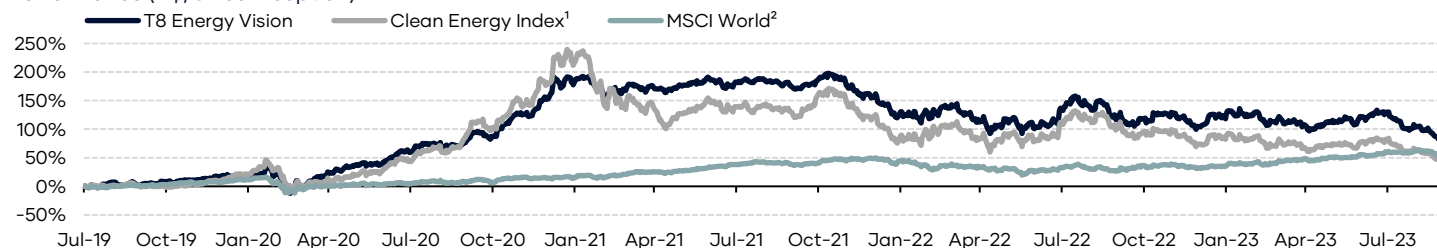
The utilities sector, which features heavily in the clean energy universe and is typically considered a safe haven (associated with its low volatility and long duration nature of its asset base), retreated by another 5.8% during the month due to its high sensitivity to rising bond yields. The utilities sector has been the biggest casualty in the bond route and is the worst performing equity market sector on a year-to-date basis (-16.5%). Solar stocks (which are the largest allocation in T8 Energy Vision) finished a third consecutive month in negative territory (-9.0%) while companies focused on the wind sector fell by 14.5%. Both industries are part of the supply chain of (and in some cases are an alternative to) electric utilities. We believe this relationship to utilities and inferred sensitivity to rising bond yields combined with the characteristics of earlier stage companies (especially higher volatility) led to these stocks becoming a leveraged way to short the bond market. In our view, shorting has been a key driver of the recent negative performance. Short interest in solar stocks peaked at an incredible 22% of shares outstanding or 14 days to cover (relative to a 5-year average of 2.3 days) compared to the Russell 1000 Growth Index at which peaked at 1.5 days to cover (5-year average of 1.4 days) demonstrating the extraordinary pressure the sector has felt from shorting.

The energy transition remains a priority for governments, corporates and consumers. We strongly believe that the present headwinds represent temporary factors and are related to the present macroeconomic environment. Clean energy's performance relative to conventional energy companies (oil and gas producers +11.2% year-to-date) emphasises this notwithstanding the obvious structural headwinds for oil and gas in contrast with the obvious structural tailwinds for clean energy. We are using the weakness to increase exposure to the highest quality names (companies with industry leadership positions, strong fundamentals, strong balance sheets and sustainable competitive advantage) which have experienced the most severe headwinds.

Research insight

During the month we reported on electric vehicle adoption in the United States passing a significant tipping-point in 10 states. The full article is on our [website](#).

Performance (A\$, since inception)



Investment thesis

- We believe that clean energy is the biggest investment opportunity since the beginning of the tech boom in the 1990s.
- The mass-adoption of clean energy is underway. Installed renewables (solar and wind) capacity, annual sales of electric vehicles and installed battery capacity are on track to be a minimum of 3-4x, 5-6x and 15x larger by 2030, respectively.
- T8 Energy Vision's investment focus is identifying the winners in the clean energy boom. We construct a portfolio which is diversified across 10 critical building blocks which we strongly believe will generate superior returns through different market cycles.

T8's clean energy 'building blocks'

Solar



Solar power is only 3-4% of global electricity generation and is likely to be 5x larger by 2030

Wind



Wind power is only 6% of global electricity generation and is likely to be 3x larger by 2030

Hydrogen



Hydrogen is a zero GHG emission form of energy storage and an energy source for GHG emissions intensive industries

Energy Storage



Energy storage allows renewable electricity to compete with GHG emissions intensive electricity generation

Electric Vehicles



Electric vehicles result in up to 70% lower lifecycle GHG emissions compared to conventional vehicles

Energy Efficiency



Energy efficient technologies stand to materially reduce energy wastage

Enabling Technology



Microchips, data management and wireless communications are required to enable the adoption of clean energy

Clean Utilities



Clean utilities produce a majority of zero GHG emission electricity

Biofuel



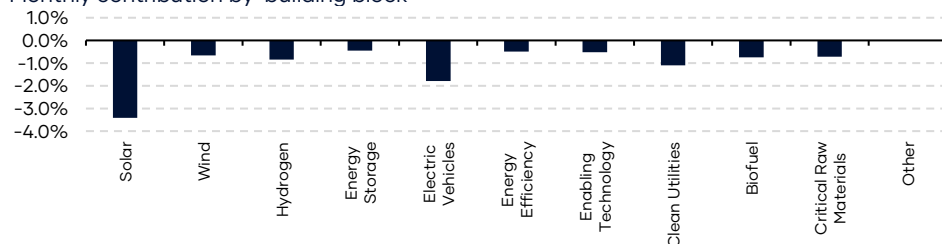
Biofuels are a sustainable alternative to GHG emissions intensive transport fuels and petrochemicals

Critical Raw Materials



Critical raw materials are required to manufacture solar panels, wind turbines, batteries and electric vehicles

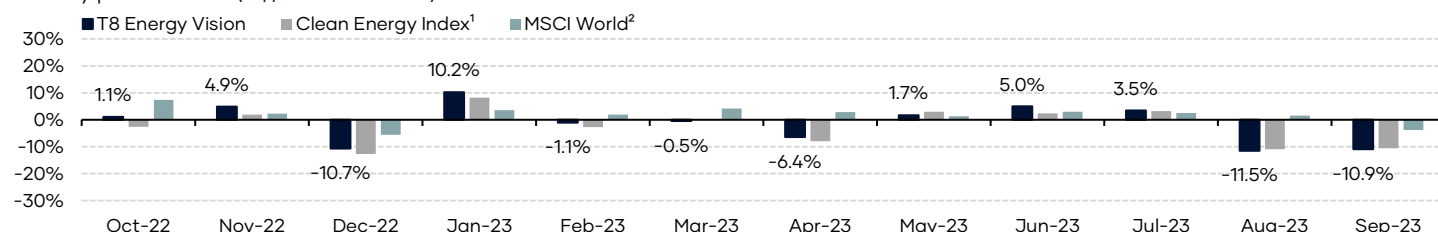
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
916 HK	Clean Utilities	+24
GFS US	Enabling Technology	+14
NDX1 GY	Wind	+8
Bottom-3		
CHPT US	Electric Vehicles	-75
TPIC US	Wind	-74
RUN US	Solar	-70

Monthly performance (A\$, last 12 months)



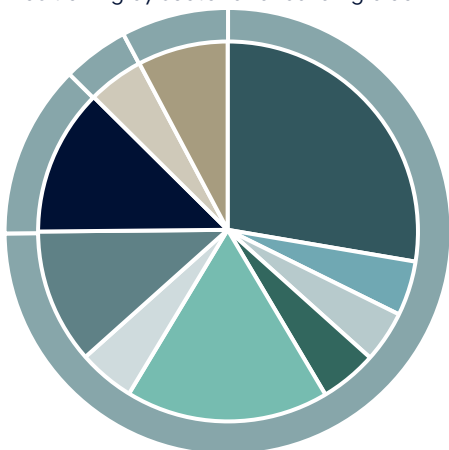
Monthly performance (A\$, since inception)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Clean Energy Index ¹	MSCI World ²
2019								7.3%	-5.1%	4.6%	4.2%	5.7%	17.3%	9.5%	6.5%
2020	-2.7%	2.4%	-14.0%	24.1%	9.9%	3.4%	12.6%	8.5%	1.6%	5.4%	21.7%	11.9%	115.5%	154.7%	7.3%
2021	9.7%	-3.4%	3.0%	-1.8%	1.6%	4.7%	-2.1%	1.4%	-3.9%	3.4%	-0.2%	-10.1%	1.0%	-21.2%	29.5%
2022	-9.5%	1.6%	2.5%	-11.3%	1.0%	-6.1%	17.8%	1.1%	-9.8%	1.1%	4.9%	-10.7%	-19.3%	-20.9%	-11.3%
2023	10.2%	-1.1%	-0.5%	-6.4%	1.7%	5.0%	3.5%	-11.5%	-10.9%				-11.5%	-16.2%	18.3%

Performance and risk metrics

Returns (A\$)	Benchmarks			Risk metrics (12 months)	Benchmarks		
	T8 Energy Vision	Clean Energy Index ¹	MSCI World ²		T8 Energy Vision	Clean Energy Index ¹	MSCI World ²
1 month	-10.9%	-10.7%	-3.8%	Volatility	25%	23%	12%
3 months	-18.4%	-17.8%	0.1%	Sharpe Ratio	-0.7	-1.2	1.9
6 months	-18.4%	-20.2%	7.6%	Equity Correlation	0.6	0.6	1.0
12 months	-16.2%	-27.2%	23.0%	Equity Beta	1.3	1.1	1.0
Year to Date	-11.5%	-16.2%	18.3%	Up-capture	109%	82%	100%
Since Inception	81.3%	45.4%	55.2%	Down-capture	232%	248%	100%
Annualised	15.3%	9.4%	11.1%	Up/Down Ratio	0.5	0.3	1.0

Positioning by sector and 'building block'



Sector	'Building block'
Technology	Solar
	Wind
	Hydrogen
	Energy Storage
	Electric Vehicles
	Energy Efficiency
	Enabling Technology
Utilities	Clean Utilities
Energy	Biofuel
Materials	Critical Raw Materials

Top holdings (by contribution to risk)

Company	'Building block'	Risk weight
RUN US	Solar	6.6%
ENPH US	Solar	5.3%
PLUG US	Hydrogen	4.9%
SEDG US	Solar	4.7%
STEM US	Energy Efficiency	4.7%
ARRY US	Solar	4.3%
MAXN US	Solar	4.0%
INVZ US	Electric Vehicles	3.8%
NDX1 GY	Wind	3.6%
SHLS US	Solar	3.4%

Portfolio characteristics

	Portfolio	Benchmarks	
		Clean Energy Index ¹	MSCI World ²
Revenue growth rate (3-year est. CAGR)	20%	21%	2%
1-year est. P/E (Median)	16	18	18
3-year est. P/E (Median)	12	13	15
1-year est. leverage ratio (Net Debt/EBITDA)	0.8	2.3	1.2
Market cap (Median)	US\$3B	US\$2B	US\$40B
Number of holdings	37	168	1,511

ESG dashboard (year-to-date)

Company meetings (one-on-one)
FSLR US, WRT1V FH, NUE US, CHPT US, SEDG US, FCX US, FIL CN, LUN CN, QCOM US, MDI CN, SVM CN, JRV AU, TSLA US, BE US, 6594 JP, PAAS US
Shareholder meetings (ballots cast)
6723 JP, NESTE FH, CLSK US, QCOM US, WRT1V FH, ORSTD DC, 2333 HK (x2), PAAS US, GOEV US, MU US, ASML NA, NEL NO, MBTN SW, ALB US, ENEL IM, SHLS US, AA US, DAR US, FSLR US, TSLA US, ENPH US, NEE US, ARRY US, TPIC US, ECV GY, 968 HK, NDX1 GY (x2), RUN US, SEDG US, FCX US, 916 HK (x3), PLUG US, RIVN US, 6594 JP, GNRC US, CHPT US, GFI US, VBK GY
ESG assessments (new or updated)
FSLR US, WRT1V FH, NUE US, CHPT US, SEDG US, ITM LN, PAAS US
Direct company engagement
FCX US, ITM LN, 6594 JP

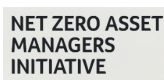
About T8

Triple Eight Capital (T8) specialises in managing unique investment products. We are dedicated to responsible investment and believe that positive environmental and social benefits can be achieved without sacrificing investment returns. T8's responsible investment policy is available [here](#).

Our process combines fully-independent research of fundamental, ESG (environmental, social and governance) and macro factors. Our Advisory Board oversees our research process and investment decisions and provides deep industry insights.

Affiliations and recognition

Signatory of:



Investment management



Roscoe Widdup
Portfolio management



Dimitri Tsangalis PhD
Portfolio management



Tonya Payne
Research



Timothy McIntyre
Research



Georgia Widdup
Reporting



Andrew Kellaway
Research intern

Industry technical analysts



Alex Zadnik
Engineering



Stuart Brown
Energy

Advisory Board



Andrew Michelmores AO
Metallurgy



Leigh Clifford AC
Engineering



Mark Harland
Consumer behaviour



Mark Preston
Energy technology



Erin Grover
Sustainability technology



Jim Askew
T8 Gold

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Andrew Aitken – Daruka Capital
Noel Corley – Daruka Capital
David Cook – Daruka Capital
Adam Wright – Investor relations and distribution
Rob Tandy – Foundations
Leighton Thomas – International

Operations

Martine Fraser – Accounting
Maddison Stewart-Rice – Accounting

Footnotes

¹The Clean Energy Index comprises equal weightings to the S&P Global Clean Energy and Wilderhill Clean Energy Net Total Return Indices ²MSCI World Net Total Return Index ³FX rate source is Bloomberg BGN taking input from market contributors to reflect a fair market consensus bid/ask rate

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