

Everything starts with energy,
including opportunity

Energy is the axis around which the global economy turns. It is the very engine of life itself. Technology driven disruption is creating a boom in electricity generation, energy storage and the electrification of industries.

LEARN MORE

T8 Energy Vision

APIR: ETL4286AU
ASX: T8EV (coming soon)

riiaa Responsible Investment Association Australasia
Responsible Investment Leader 2023

31 January 2024

Commentary (all movements in this commentary are expressed in US dollar terms, unless otherwise stated)

T8 Energy Vision finished January -13.4% (in Australian dollars or -16.1% in US dollars), as world equity markets ran out of steam after three consecutive months of positive returns. The Clean Energy Index gave back its strong return from December, falling by -15.7% as small cap companies (-3.9%) underperformed large caps (+2.3%). In 2023, small cap companies lagged large caps (due to their sensitivity to interest rates) by 15.7% and this trend continued during January as expectations for interest rate cuts were tempered. The underperformance of small cap companies and the impact of higher interest rates on electric utilities (and their supply chains) have been the key headwinds for the Clean Energy Index over the last 2-3 years. Within clean energy, solar stocks were by far the worst performing segment in January, giving back their strong returns from December and falling by 20.6%. In context, during the whole of 2023, solar stocks fell by 26.9%, their worst annual return since 2016 driven by interest rate sensitivity and temporary indigestion in the European and Californian markets which you will recall we have written about previously. Electric vehicles and wind were the next weakest segments falling 7.8% and 7.0% respectively. We have published more detailed commentary on our [website](#).

Outlook

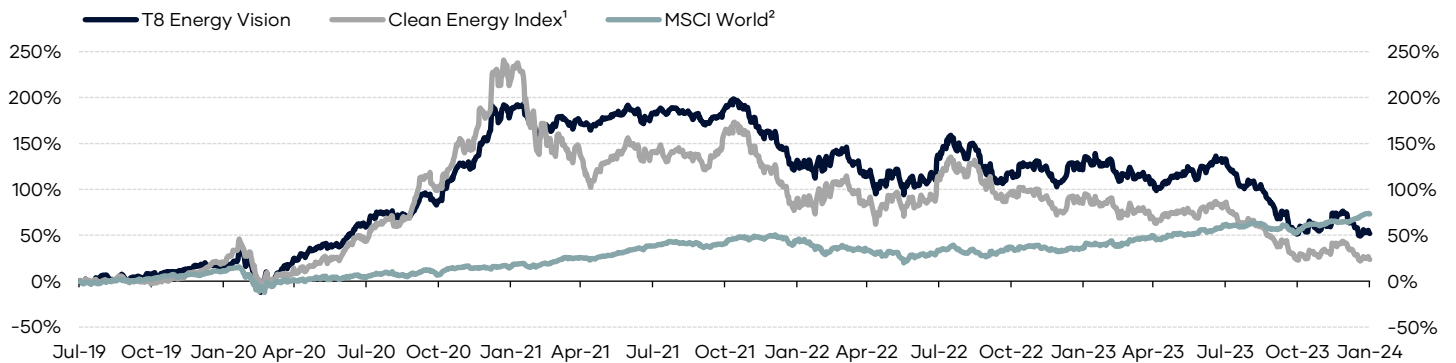
There is no doubt that the last two years have been brutal for clean energy stocks. However, the energy transition will remain a priority for governments, corporates and consumers. We strongly believe that the present headwinds represent temporary factors which relate to the present macroeconomic environment. We covered this in more detail in September's [fact sheet](#) (under the sub-heading 'What is driving clean energy lower?') and this commentary remains appropriate. We look forward to publishing a detailed update on these issues during February. While appetite for equities and broader risk appetite is low, this will not persist indefinitely. Our philosophy is that it is impossible to accurately forecast the timing of when markets will rebound but that it is inevitable and often occurs without a decisive signal (or one that can only be clearly seen in hindsight). This is why we remain invested notwithstanding low market risk appetite.

We remain confident in our portfolio of the highest quality, most fundamentally attractive clean energy stocks (companies with industry leadership positions, strong fundamentals, strong balance sheets and sustainable competitive advantage) and don't anticipate making significant changes. There is no change to our view that each exposure represents a compelling value proposition.

Research insight

During the month we published a research report looking at the 'energy transition' and what is actually happening. The report shares insights from our research and explains how the transition is impacting electricity markets (one of the world's most important energy markets) and identifies the key opportunities. The full report is on our [website](#).

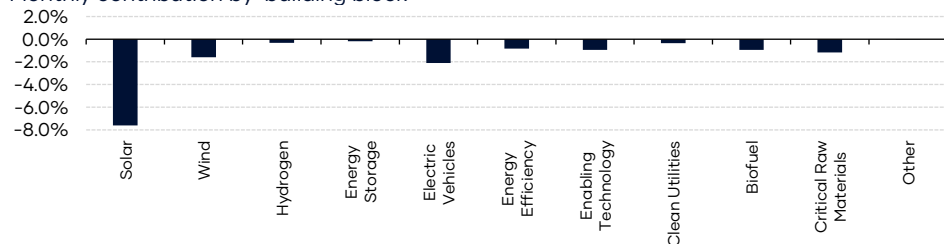
Performance (A\$, since inception)



T8's clean energy 'building blocks'

<p>Solar</p> <p>Solar power is only 3-4% of global electricity generation and is likely to be 5x larger by 2030</p>	<p>Wind</p> <p>Wind power is only 6% of global electricity generation and is likely to be 3x larger by 2030</p>	<p>Hydrogen</p> <p>Hydrogen is a zero GHG emission form of energy storage and an energy source for GHG emissions intensive industries</p>	<p>Energy Storage</p> <p>Energy storage allows renewable electricity to compete with GHG emissions intensive electricity generation</p>	<p>Electric Vehicles</p> <p>Electric vehicles result in up to 70% lower lifecycle GHG emissions compared to conventional vehicles</p>
<p>Energy Efficiency</p> <p>Energy efficient technologies stand to materially reduce energy wastage</p>	<p>Enabling Technology</p> <p>Microchips, data management and wireless communications are required to enable the adoption of clean energy</p>	<p>Clean Utilities</p> <p>Clean utilities produce a majority of zero GHG emission electricity</p>	<p>Biofuel</p> <p>Biofuels are a sustainable alternative to GHG emissions intensive transport fuels and petrochemicals</p>	<p>Critical Raw Materials</p> <p>Critical raw materials are required to manufacture solar panels, wind turbines, batteries and electric vehicles</p>

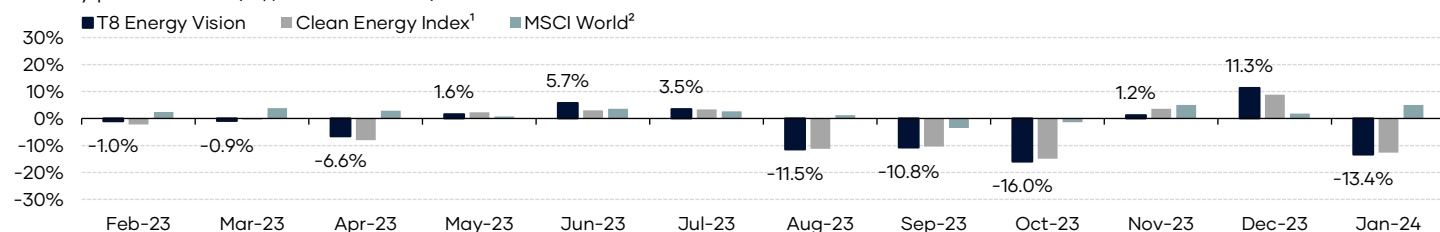
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
AMD US	Enabling Technology	+34
VOW GY	Electric Vehicles	+25
ORSTED DC	Wind	+10
Bottom-3		
RUN US	Solar	-134
SEDG US	Solar	-129
ENPH US	Solar	-126

Monthly performance (A\$, last 12 months)



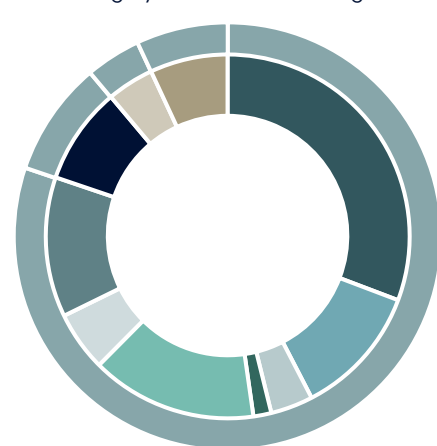
Monthly performance (A\$, since inception)

	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%	-16.2%	1.2%	11.3%	-16.1%	-19.6%	24.7%
2024	-13.4%												-13.4%	-12.4%	5.0%

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	-13.4%	-12.4%	5.0%	Volatility	29%	27%	9%
3 months	-2.5%	-1.4%	12.2%	Sharpe Ratio	-1.2	-1.3	3.1
6 months	-35.3%	-33.2%	8.1%	Equity Correlation	0.4	0.4	1.0
12 months	-34.1%	-34.9%	26.5%	Equity Beta	1.2	1.2	1.0
Year to Date	-13.4%	-12.4%	5.0%	Up-capture	-35%	-46%	100%
Since Inception	50.7%	23.8%	73.1%	Down-capture	549%	518%	100%
Annualised	9.5%	4.9%	13.0%	Up/Down Ratio	-0.1	-0.1	1.0

Positioning by sector and 'building block'



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

Top holdings (by contribution to risk)

Company	'Building block'	Risk weight
RUN US	Solar	10.6%
ENPH US	Solar	8.1%
TPIC US	Wind	7.1%
PLUG US	Hydrogen	5.8%
SEDG US	Solar	5.4%
STEM US	Energy Efficiency	4.8%
SHLS US	Solar	4.5%
AA US	Critical Raw Materials	3.9%
MAXN US	Solar	3.7%
NEE US	Clean Utilities	3.3%

Portfolio characteristics

	Portfolio	Benchmarks	
		Clean Energy Index ¹	MSCI World ²
Revenue growth rate (Forecast 3-year CAGR)	20%	14%	2%
1-year P/E (Median forecast)	18	21	20
3-year P/E (Median forecast)	12	14	17
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.9	1.9	1.4
Market cap (Median)	US\$3B	US\$2B	US\$46B
Number of holdings	36	157	1,479

ESG dashboard (last 12 months)

Company meetings (one-on-one)
FSLR US, WRTIV 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, LI CN, DRX LN, ERO CN, 1585 HK, VOW GY, LIGHT NA
Shareholder meetings (ballots cast)
6723 JP, NESTE FH, CLSK US, QCOM US, WRTIV FH, ORSTED DC, 2333 HK, 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 (x2), 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, INVZ US, VBK GY
ESG assessments (new or updated)
FSLR US, WRTIV FH, NUE US, CHPT US, SEDG US, ITM LN, PAAS US
Direct company engagement
FCX US, 6594 JP

About T8 Energy Vision

Fund 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.

Investment thesis

- Clean energy is the biggest investment opportunity since the tech boom started in the 1990s.
- The mass-adoption of renewable energy, electric vehicles and energy storage is underway. Each industry, respectively, is on track to be a minimum of 3-4x, 5-6x and 10-20x larger by 2030.
- T8 Energy Vision's investment focus is identifying the winners in the clean energy boom. We construct a portfolio of best ideas across 10 critical 'building blocks'.

About T8

- Triple Eight Capital (T8) is dedicated to responsible investment. We believe that positive environmental and social benefits can be achieved without sacrificing investment returns. T8's responsible investment policy is available on our [website](#).
- Our process combines fully-independent research of fundamental, ESG (environmental, social and governance) and macroeconomic factors. Our Advisory Board oversees our research process and investment decisions and provides deep industry insights.

Fund details

APIR	ETL4286AU
Distributions	Annual
Trustee	EQT
Custodian	JPMorgan
Administrator	Apex
Auditor	EY
Management Fees	1.25%
Benchmark	MSCI World Index ²

Executive team



Roscoe Widdup
Portfolio management



Dimitri Tsangalis PhD
Portfolio management



Tonya Payne
Research



Timothy McIntyre
Research



Georgia Widdup
Co-Managing Director



Andrew Kellaway
Research intern

Industry technical analysts



Alex Zadnik
Engineering



Stuart Brown
Energy

Advisory Board



Andrew Michelmore AO
Metallurgy



Leigh Clifford AC
Engineering



Mark Harland
Consumer behaviour



Mark Preston
Energy technology



Erin Grover
Sustainability technology



Jim Askew
T8 Gold

Distribution

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

Affiliations

Signatory of:



Principles for Responsible Investment



Responsible Investment Association Australasia



Investors Against Slavery and Trafficking Asia Pacific



Investor Group on Climate Change



¹The Clean Energy Index comprises equal weightings to the S&P Global Clean Energy Net Total Return Index and Wilderhill Clean Energy Net Total Return Index ²MSCI World Net Total Return Index ³The Bloomberg Generic Composite rate (BGN) is used for all reporting related foreign exchange currency translation

Important notice

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You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. A Target Market Determination describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed. The Product Disclosure Statement and Target Market Determination for T8 Energy Vision is available at <https://t8cap.com/how-to-invest/>.

Risk warning: T8 Energy Vision will not necessarily be invested in all of the areas mentioned in this material at any given time. New technologies not listed in this material may emerge which may benefit from the changing dynamics of energy markets. It is therefore not possible to exhaustively list all areas in which T8 Energy Vision may invest. By investing in companies involved in manufacturing or resource extraction, T8 Energy Vision will not by its nature be a low carbon emissions portfolio relative to the broader listed global equity market and may have investments in companies that currently have material exposure to fossil fuels (e.g. an electric utility which produces the majority of its electricity from sources with no greenhouse gas emissions may operate or have exposure to gas-fired electricity generation assets within its portfolio).

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