

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.

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T8 Energy Vision

APIR: ETL4286AU
 Stock Exchange Ticker: T8EV
 Fund Rating: 'Favourable' (SQM Research)

riaa Responsible Investment Association Australasia

Responsible Investment Leader 2023

30 April 2024

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

T8 Energy Vision finished April down 4.8% (in Australian dollars, or down 4.6% in US dollars), outperforming its benchmark, the Clean Energy Index (-8.5%) and relative to global equities (-3.7%). The key detractor to performance at building block level was Solar (-460 basis points). All other building blocks netted to a negligible impact on performance. The outperformance relative to the benchmark (the Clean Energy Index) was driven by T8 Energy Vision's building block allocation, stock selection and greater concentration. Market risk appetite fell markedly during April following higher than expected inflation readings which further pushed out expectations for rate cuts. Notwithstanding this shift in expectations, we believe the key point is that we are much nearer the end of the hiking cycle than the beginning (supported by inflation's level in absolute terms and the fact that its trajectory continues to trend lower overall). Further, we reflect that the expectations in relation to the timing of interest rate cuts have been pushed out based on an assumption that the data will be linear and predictable, when in fact it won't be. We have published more detailed commentary on our [website](#).

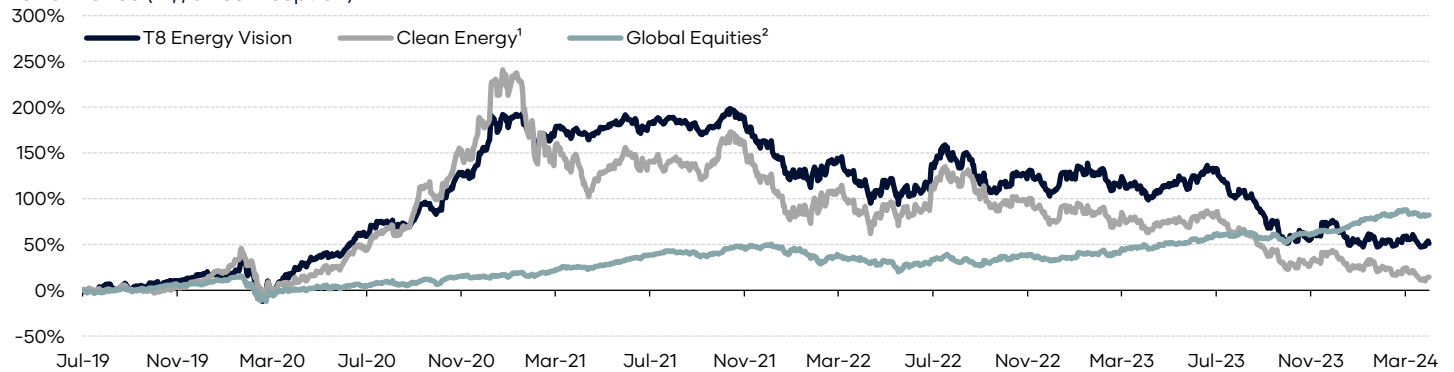
Research insight

Earlier in the month, we published a research report highlighting the fact that since the end of 2021 (immediately prior to the interest rate hiking cycle), the earnings of clean energy companies at index level has actually increased by 10%, exceeding the growth experienced by global equities. This characteristic, combined with the negative sentiment-driven drawdown the sector has experienced has resulted in clean energy trading on very attractive valuation multiples (in absolute terms, and especially in the context of its forecast earnings growth rate) which is a deep discount to its 5-year average multiple prior to the interest rate hiking cycle. The full report is on our [website](#).











Outlook

While risk appetite in asset markets has been lower than normal against the backdrop of rising interest rates, this environment will not persist indefinitely. The end of the interest cycle in the United States (whenever it happens) will be a catalyst for increased risk appetite, especially for small caps (clean energy is a segment within global small caps) and interest rate sensitive sectors such as electric utilities and renewable energy. 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 competitive advantage) and don't anticipate making significant changes. Earlier this year, we published a research report examining the latest industry fundamentals and the case for investing in clean energy. The report is available on our [website](#) and its insights remain relevant.

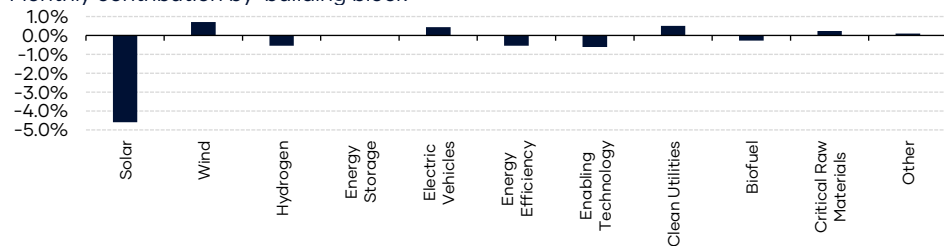
Performance (A\$, since inception)



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> |

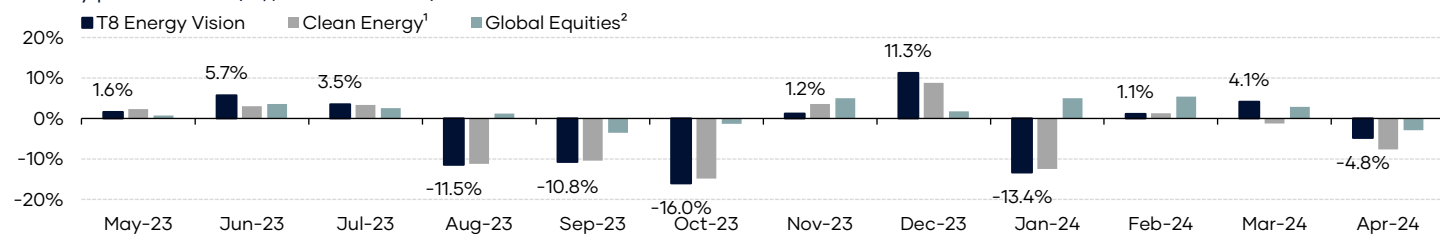
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

| Company | 'Building block' | Contribution |
|-----------------|-------------------|--------------|
| Top-3 | | |
| 6594 JP | Electric Vehicles | +59 |
| NEE US | Clean Utilities | +51 |
| NDX1 GY | Wind | +48 |
| Bottom-3 | | |
| RUN US | Solar | -91 |
| SHLS US | Solar | -72 |
| SEDG US | Solar | -71 |

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 ¹ | Global Equities 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% | 1.6% | 5.7% | 3.5% | -11.5% | -10.8% | -16.0% | 1.2% | 11.3% | -16.1% | -19.6% | 24.7% |
| 2024 | -13.4% | 1.1% | 4.1% | -4.8% | | | | | | | | | -13.2% | -19.1% | 10.5% |

Performance and risk metrics (A\$)

| Returns | Benchmarks | | | Risk metrics (12 months) | Benchmarks | | |
|-----------------|------------------|---------------------------|------------------------------|--------------------------|------------------|---------------------------|------------------------------|
| | T8 Energy Vision | Clean Energy ¹ | Global Equities ² | | T8 Energy Vision | Clean Energy ¹ | Global Equities ² |
| 1 month | -4.8% | -7.6% | -2.9% | Volatility | 30% | 27% | 10% |
| 3 months | 0.2% | -7.7% | 5.2% | Sharpe Ratio | -0.9 | -1.2 | 2.1 |
| 6 months | -2.2% | -8.9% | 18.1% | Equity Correlation | 0.4 | 0.5 | 1.0 |
| 12 months | -27.9% | -32.8% | 21.7% | Equity Beta | 1.1 | 1.2 | 1.0 |
| Year to Date | -13.2% | -19.1% | 10.5% | Up-capture | 13% | -9% | 100% |
| Since Inception | 51.1% | 14.4% | 82.1% | Down-capture | 404% | 421% | 100% |
| Annualised | 9.1% | 2.9% | 13.5% | Up/Down Ratio | 0.0 | 0.0 | 1.0 |

Positioning by sector and 'building block' (by net asset value)



| 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 |
|---------|------------------------|-------------|
| ENPH US | Solar | 11.4% |
| RUN US | Solar | 8.6% |
| SEDG US | Solar | 7.4% |
| NDX1 GY | Wind | 5.2% |
| NEE US | Clean Utilities | 5.0% |
| AA US | Critical Raw Materials | 4.3% |
| TPIC US | Wind | 3.7% |
| MP US | Critical Raw Materials | 3.5% |
| ARRY US | Solar | 3.5% |
| WOLF US | Enabling Technology | 3.4% |

Portfolio characteristics

| | Portfolio | Clean Energy ¹ | Global Equities ² |
|---|-----------|---------------------------|------------------------------|
| Revenue growth rate (Forecast 3-year CAGR) | 20% | 11% | 2% |
| 1-year P/E (Median forecast) | 21 | 22 | 19 |
| 3-year P/E (Median forecast) | 13 | 14 | 16 |
| 1-year leverage ratio (Forecast Net Debt/EBITDA) | 0.9 | 2.0 | 1.3 |
| Market cap (Median) | US\$3B | US\$2B | US\$49B |
| Number of holdings | 36 | 150 | 1,464 |

ESG dashboard (last 12 months)

| Company meetings (one-on-one) |
|---|
| QCOM US, MDI CN, SVM CN, JRV AU, TSLA US, BE US, HBM CN, 6594 JP, PAAS US, LI CN, DRX LN, ERO CN, 1585 HK, VOW GY, LIGHT NA, JRV AU, ITRI US, FGH AU, 9104 JP, VOW GY, NIU US |
| Shareholder meetings (ballots cast) |
| TSLA US, ENPH US, NEE US, ARRY US, TPIC US, ECV GY, 968 HK (x2), RUN US, SEDG US, FCX US, QS US, STEM US, 916 HK (x3), 2333 HK (x2), AQN CN, PLUG US, RIVN US, 6594 JP, GNRC US, CHPT US, GFS US, VBK GY (x2), WOLF US, INVZ US, ORSTED DC, IFX GY, MBTN SW, NEL NO, 1211 HK, NDX1 GY |
| ESG assessments (new or updated) |
| LUN CN, FIL CN, RIVN US, SVM US, TSLA US, MDI CN, BE US, DRX LN, HBM CN, 6594 JP, LI CN, ERO CN, 1585 HK, VOW GY, LIGHT NA, ITRI US, FGH AU, 9104 JP, DQ US, NIU US |
| Direct company engagement |
| FCX US, 6594 JP, BE US |

About T8 Energy Vision

Fund overview

- Global growth equities fund focused on 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, 4-5x 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 |
| Exchange ticker | T8EV |
| Distributions | Annual |
| Trustee | EQT |
| Custodian | JPMorgan |
| Administrator | Apex |
| Auditor | EY |
| Management Fees | 1.25% |
| Benchmark | Clean Energy Index ² |

Executive team



Roscoe Widdup
Portfolio management



Christopher Hayes
Portfolio management



Tonya Payne
Research



Timothy McIntyre
Research



Georgia Widdup
Co-Managing Director

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 and critical minerals

Distribution

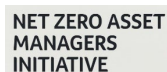
Andrew Aitken – Daruka Capital
Noel Corley – Daruka Capital
David Cook – Daruka Capital
Adam Wright – Investor relations and distribution
Rob Tandy – Foundations
Leighton Thomas – International

Operations

Martine Fraser – Accounting
Maddison Stewart-Rice – Accounting

Affiliations

Signatory of:



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 ²NDUWI Index

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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).