

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

riaa Responsible Investment Association Australia
 Responsible Investment Leader 2023

31 August 2024

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

T8 Energy Vision finished August down 3.3% (in Australian dollars, or down 0.1% in US dollars) following a sudden increase in uncertainty stemming from weaker than expected US labour market data, which increased concerns that the economy was at greater risk of a recession. This was compounded by a spike in volatility following the abrupt unwinding of the Japanese Yen carry trade. The negative sentiment for smaller companies was notwithstanding increasing market expectations for interest rate cuts in the near term, which we expect would be a very positive catalyst for clean energy (based on the sector's high sensitivity to interest rates). T8 Energy Vision outperformed its benchmark (and US small caps) driven by its concentration within higher quality companies. Please refer to the detailed commentary on our [website](#).

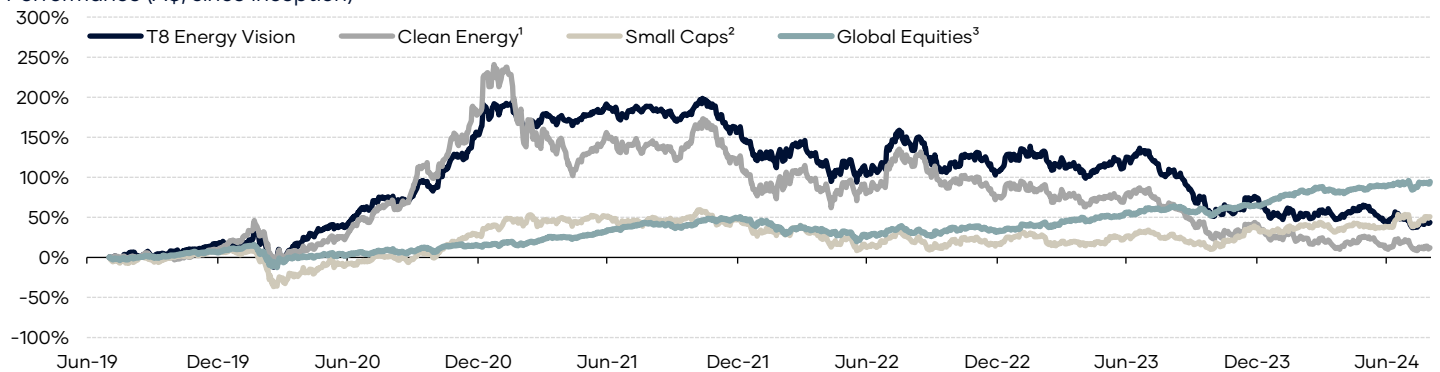
Research insight

Last month, we published a [research report](#) on the potential implications for clean energy of a second Trump presidency. There are excellent arguments to believe it would not have the negative implications for clean energy that some of his rhetoric would suggest. A great example is that installed solar capacity in the US more than doubled while he was last in office. We would also anticipate some unexpected positives that markets do not appear to have considered. The election remains a source of uncertainty to monitor and our report remains relevant.

Outlook

While risk appetite in asset markets has been lower than normal (except for mega-cap technology stocks) against the backdrop of rising interest rates, this environment will not persist indefinitely. We anticipate that the end of the global interest rate cycle 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 consisting of the 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 and its insights remain relevant. We also 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 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.

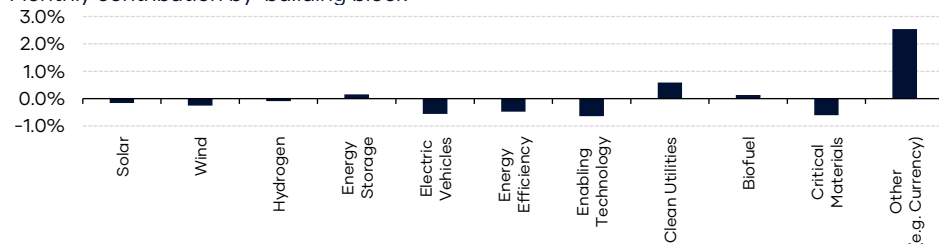
Performance (A\$, since inception)



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 Materials</p> <p>Critical raw materials are required to manufacture solar panels, wind turbines, batteries and electric vehicles</p>

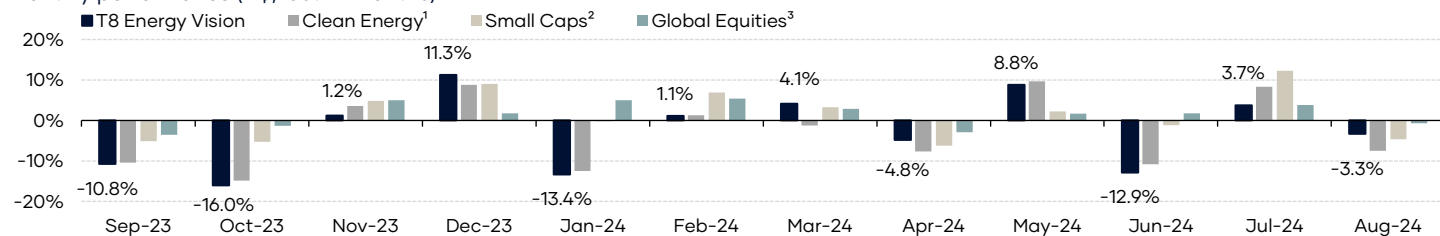
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
RUN US	Solar	+54
NEE US	Clean Utilities	+46
ENPH US	Solar	+26
Bottom-3		
STEM US	Energy Efficiency	-57
WOLF US	Enabling Technology	-54
PAAS US	Critical Materials	-40

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	Small Caps ²	Global Equities ³
2019								7.3%	-5.1%	4.6%	4.2%	5.7%	17.3%	9.5%	4.2%	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%	12.6%	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%	22.9%	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%	-13.3%	-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%	18.2%	24.7%
2024	-13.4%	1.1%	4.1%	-4.8%	8.8%	-12.9%	3.7%	-3.3%	4.1%	-4.8%	8.8%	-12.9%	-17.4%	-20.7%	11.8%	17.9%

Performance and risk metrics (A\$)

Returns	Portfolio	Clean Energy ¹	Small Caps ²	Global Equities ³	Risk metrics (12 months)	Portfolio	Clean Energy ¹	Small Caps ²	Global Equities ³
1 month	-3.3%	-7.5%	-4.6%	-0.7%	Volatility	25%	26%	17%	9%
3 months	-12.6%	-10.6%	5.9%	4.9%	Sharpe Ratio	-1.2	-1.2	0.9	2.2
6 months	-5.7%	-10.6%	4.8%	6.5%	Equity Correlation ⁴	0.7	0.7	1.0	0.5
12 months	-30.3%	-31.9%	14.8%	19.9%	Equity Beta ⁴	1.0	1.1	1.0	0.3
Year to Date	-17.4%	-20.7%	11.8%	17.9%	Up-capture ⁴	78%	82%	100%	36%
Since Inception	43.7%	12.1%	65.4%	94.4%	Down-capture ⁴	123%	131%	100%	23%
Annualised	7.4%	2.3%	10.4%	14.0%	Up/Down Ratio ⁴	0.6	0.6	1.0	1.6

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



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

Top holdings (by contribution to risk)

Company	'Building block'	Risk weight
RUN US	Solar	9.2%
ENPH US	Solar	9.1%
FLNC US	Energy Storage	5.5%
FSLR US	Solar	5.4%
HASI US	Solar	4.8%
AMPS US	Solar	4.7%
NXT US	Solar	4.1%
SEDG US	Solar	4.1%
AA US	Critical Materials	3.9%
PAAS US	Critical Materials	3.9%

Portfolio characteristics

	Portfolio	Clean Energy ¹	Small Caps ²	Global Equities ³
Revenue growth rate (Forecast 3-year CAGR)	16%	11%	6%	2%
1-year P/E (Median forecast)	17	19	35	20
3-year P/E (Median forecast)	12	13	23	17
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.9	2.4	4.0	1.2
Market cap (Median)	US\$5B	US\$2B	US\$2B	US\$53B
Number of holdings	34	146	2,000	1,410

ESG dashboard (last 12 months)

Company meetings (one-on-one)
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, 968 HK, HASI US, VZLA CN, AA US, STEM US, 006400 KS, AMRC US, NXT US, MBTN SW, AMPS US, VBK GY, AA US, NGEX CN, SEDG US, SLR SM, 6594 JP, NEE US, GM US, JOBY US, CARR US

Shareholder meetings (ballots cast)
WOLF US, INVZ US, ORSTED DC, IFX GY, MBTN SW, NEL NO, 1211 HK, NDX1 GY, SHLS US, ALB US, DAR US, LIGHT NA, AMD US, AA US, VOW GY, ENPH US, ARRY US, NEE US, 968 HK, STEM US, ECV GY, TPIC US, 1211 HK, 916 HK, SEDG US, PLUG US, HASI US, MP US, MBTN SW (x2), TSLA US, 6594 JP, RUN US, 916 HK, SLR SM, GFS US, NXT US, 916 HK

ESG assessments (new or updated)
HBM CN, 6594 JP, LI CN, ERO CN, 1585 HK, VOW GY, LIGHT NA, ITRI US, FGH AU, 9104 JP, DQ US, NIU US, HASI US, VZLA CN, AA US, AMRC US, NXT US, MBTN SW, AMPS US, VBK GY, NGEX CN, SLR SM, JOBY 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 ¹

Executive team



Roscoe Widdup
Portfolio management



Christopher Hayes
Portfolio management



Tonya Payne
Research



Timothy McIntyre
Research



Selva Freigedo
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 and infrastructure



Mark Harland
Consumer behaviour



Mark Preston
Energy technology



Erin Grover
Sustainability technology



Jim Askew
Critical minerals

Distribution

Adam Wright – Financial advisers
Andrew Aitken – Financial advisers
Anna Sayer – Institutional and family office
Leighton Thomas – International
Noel Corley – Financial advisers
Rob Tandy – Philanthropic foundations

Operations

Martine Fraser
Maddison Stewart-Rice

Affiliations

Signatory of:



¹The Clean Energy Index comprises equal weightings to the SPGTCLNT Index and ECOTR Index ²RU20INTR Index ³NDDUWI Index ⁴Relative to Small Caps

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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).