

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 September 2024

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

T8 Energy Vision finished September up 3.4% (in Australian dollars, or up 5.5% in US dollars), outperforming its benchmark (the Clean Energy Index), as well as small caps and global equities. The key factor in global markets during September (and a positive catalyst) was the beginning of the global easing cycle, following the US Federal Reserve cutting interest rates for the first time since March 2020. T8 Energy Vision's outperformance was driven by its sensitivity to interest rates and concentration within high quality companies with attractive fundamental valuations. Please refer to the additional commentary on our [website](#).

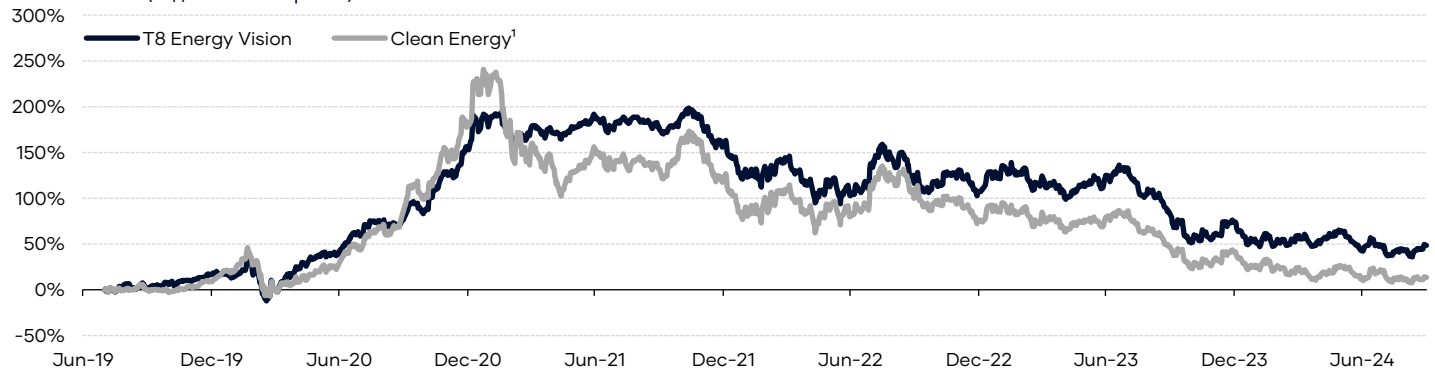
Research insight

We published an [insight](#) on the interest rate cut and the implications for the clean energy sector. We observe that clean energy's key cyclical macroeconomic driver has shifted from headwind to tailwind, which is the key condition precedent for the sector's recovery. You will recall that earlier this year we published an [insight](#) highlighting case studies on deep cyclical sectors (and their inevitable recovery from cyclical downturns), which is highly relevant at this time. We believe the US presidential election remains the key area of uncertainty for the sector and this stands to be resolved by 6 November this year. We have published our [reflections](#) in relation to this issue and they remain relevant.











Outlook

While risk appetite in asset markets has been lower than normal (except for mega-cap technology stocks) alongside rising interest rates, this headwind has now reversed. We anticipate that the end of the global interest rate cycle will be a sustained 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 have remained 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.

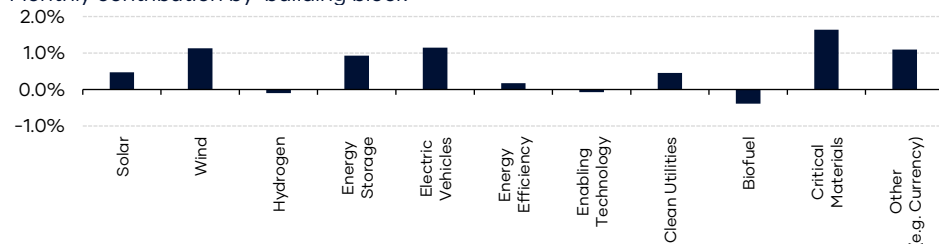
Performance (A\$, since inception)



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>

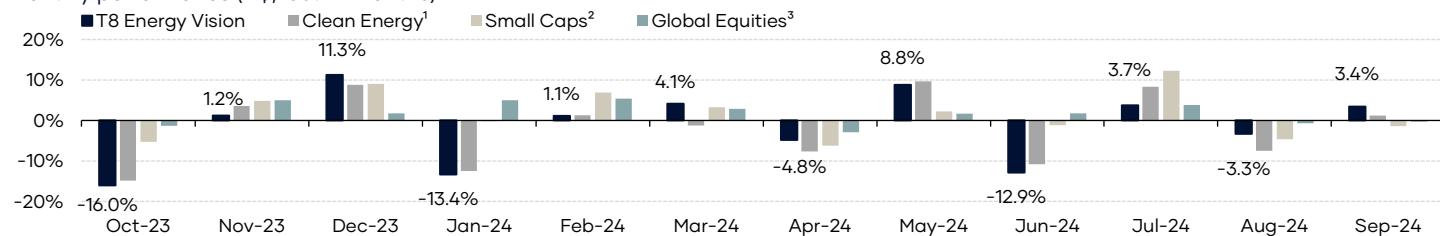
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
MP US	Critical Materials	+80
AA US	Critical Materials	+77
1211 HK	Electric Vehicles	+71
Bottom-3		
GFS US	Enabling Technology	-56
RUN US	Solar	-41
DAR US	Biofuel	-38

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%	3.4%	-4.8%	8.8%	-12.9%	-14.6%	-19.8%	10.3%	17.6%

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	3.4%	1.2%	-1.4%	-0.3%	Volatility	26%	27%	17%	9%
3 months	3.7%	1.5%	5.6%	2.8%	Sharpe Ratio	-0.8	-0.9	1.1	2.6
6 months	-6.4%	-8.3%	0.1%	3.3%	Equity Correlation ⁴	0.7	0.7	1.0	0.5
12 months	-19.3%	-23.1%	19.4%	24.0%	Equity Beta ⁴	1.0	1.1	1.0	0.3
Year to Date	-14.6%	-19.8%	10.3%	17.6%	Up-capture ⁴	77%	81%	100%	37%
Since Inception	48.6%	13.5%	63.1%	93.8%	Down-capture ⁴	111%	121%	100%	21%
Annualised	8.0%	2.5%	9.9%	13.7%	Up/Down Ratio ⁴	0.7	0.7	1.0	1.7

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
ENPH US	Solar	6.8%
RUN US	Solar	6.5%
AA US	Critical Materials	6.2%
FLNC US	Energy Storage	5.8%
FSLR US	Solar	5.6%
PAAS US	Critical Materials	5.3%
MP US	Critical Materials	4.3%
AMPS US	Solar	4.2%
HASI US	Solar	4.1%
NXT US	Solar	3.8%

Portfolio characteristics

	Portfolio	Clean Energy ¹	Small Caps ²	Global Equities ³
Revenue growth rate (Forecast 3-year CAGR)	15%	11%	4%	3%
1-year P/E (Median forecast)	18	22	38	21
3-year P/E (Median forecast)	13	14	24	17
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.9	2.4	4.1	1.4
Market cap (Median)	US\$6B	US\$2B	US\$2B	US\$55B
Number of holdings	36	141	1,977	1,410

ESG dashboard (last 12 months)

Company meetings (one-on-one)
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, CEG US, NPI CN, SIE GY, TSLA US, EQIX US, EXC US, CSCO US, CEG US, ETN US, SU FP, SEDG US, LIGHT NA, ENR GY, AG US, PAAS US, IFX GY
Shareholder meetings (ballots cast)
ORSTED DC, IFX GY, NEL NO, 1211 HK, NDX1 GY, SHLS US, DAR US, LIGHT NA, AA US, ENPH US, NEE US, 968 HK, TPIC US, 1211 HK, 916 HK, SEDG US, HASI US, MP US, TSLA US, 6594 JP, RUN US, 916 HK, SLR SM, GFS US, NXT US
ESG assessments (new or updated)
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, CEG US, NPI CN, SIE GY, EQIX US, EXC US, CSCO 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'.

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

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.

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).