

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 Ratings: SQM Research (Favourable); RIAA (Responsible Investment Leader 2023, 2024); Aii; Evergreen Consulting (ERIG First Quartile)



30 November 2024

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

T8 Energy Vision finished November down 1.0% (in Australian dollars, or down 1.7% in US dollars). The key factor influencing the portfolio was the US election. Negative sentiment in the majority of the electric energy sector was likely related to the perception that renewables are under pressure and the future of electricity will be all nuclear and gas-fired (Donald Trump's "drill, baby, drill" comments). Our research indicates that an 'all nuclear and gas' scenario is implausible, and we elaborate on this in the insight below. Within the portfolio, negative performance by renewables and energy storage was more or less offset by contributions from enabling technology and critical materials. At stock level, Siemens Energy, Alcoa and Tesla were the key contributors. Please refer to the more substantial commentary on our [website](#).

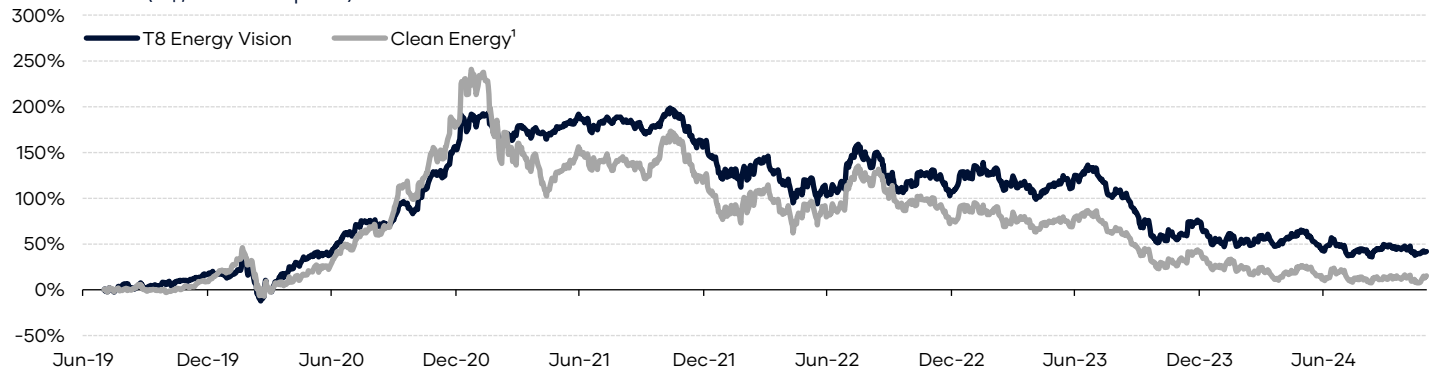
Insight

The US has increasing demand for electricity for the first time in 20 years driven by data centres. New electricity generation capacity is needed very quickly. The solution will not be all nuclear, or all gas, or all renewables, it will be a combination ensuring acceptable reliability at the lowest possible cost. Newly-built commercially-driven nuclear is extremely unlikely to be part of the picture over the next 10 years (despite the considerable hype). We have a very optimistic outlook for electricity demand and all electricity generation technologies, their supply chains and associated infrastructure. We have upgraded our outlook for electricity demand growth following Trump's election victory. We have published a more detailed summary of our research on our [website](#).

Outlook

We believe that while the world has entered a period of secular demand growth for electricity, the electricity industry will remain cyclical and sensitive to interest rates. Recent interest rate cuts are yet to have an impact but we believe that this is a lag that is due to recent policy uncertainty temporarily obscuring this significantly positive catalyst. Our philosophy is that it is impossible to accurately forecast the timing of when cyclical markets will rebound but that it is inevitable and often occurs without a decisive signal. We remain confident in our portfolio which comprises the most fundamentally attractive energy stocks (companies with industry leadership positions, strong fundamentals, strong balance sheets and competitive advantage). 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 growth of clean energy companies at index level has exceeded that of 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.

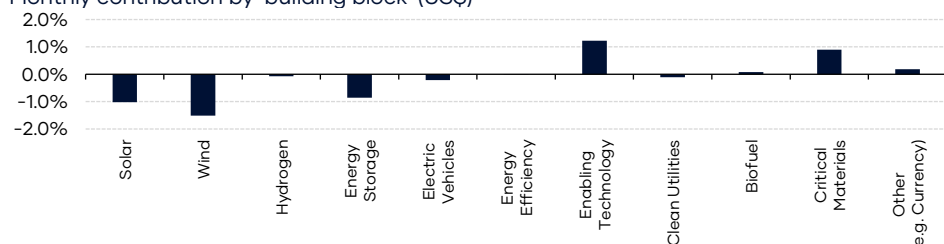
Performance (A\$, since inception)



T8's 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>

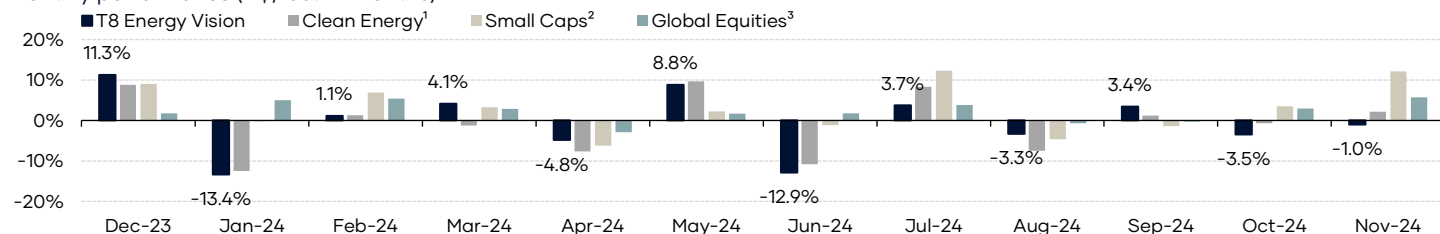
Monthly contribution by 'building block' (US\$)



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
ENR GY	Enabling Technology	+77
AA US	Critical Materials	+72
TSLA US	Electric Vehicles	+70
Bottom-3		
1211 HK	Electric Vehicles	-51
TPIC US	Wind	-50
HASI US	Solar	-48

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%	-3.5%	-1.0%		-18.4%	-18.6%	28.0%	28.0%

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	-1.0%	2.1%	12.1%	5.7%	Volatility	23%	26%	19%	10%
3 months	-1.2%	2.7%	14.5%	8.5%	Sharpe Ratio	-0.4	-0.4	2.1	3.1
6 months	-13.7%	-8.2%	21.2%	13.9%	Equity Correlation ⁴	0.5	0.6	1.0	0.6
12 months	-9.2%	-11.5%	39.5%	30.3%	Equity Beta ⁴	0.6	0.8	1.0	0.3
Year to Date	-18.4%	-18.6%	28.0%	28.0%	Up-capture ⁴	56%	69%	100%	39%
Since Inception	41.9%	15.1%	89.3%	110.9%	Down-capture ⁴	85%	105%	100%	24%
Annualised	6.8%	2.7%	12.7%	15.0%	Up/Down Ratio ⁴	0.7	0.7	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
	Enabling Technology
Utilities	Clean Utilities
Energy	Biofuel
Materials	Critical Materials

Top holdings (by contribution to risk)

Company	'Building block'	Risk weight
AA US	Critical Materials	9.9%
FLNC US	Energy Storage	5.5%
AMPS US	Solar	5.1%
MP US	Critical Materials	5.1%
916 HK	Wind	4.7%
1211 HK	Electric Vehicles	4.6%
PAAS US	Critical Materials	4.4%
ENR GY	Enabling Technology	4.2%
IFX GY	Enabling Technology	4.1%
GFS US	Enabling Technology	4.1%

Portfolio characteristics

	Portfolio	Clean Energy ¹	Small Caps ²	Global Equities ³
Revenue growth rate (Forecast 3-year CAGR)	15%	10%	4%	2%
1-year P/E (Median forecast)	19	21	45	22
3-year P/E (Median forecast)	13	14	24	18
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.8	2.5	4.4	1.3
Market cap (Median)	US\$11B	US\$2B	US\$2B	US\$56B
Number of holdings	36	114	1,962	1,397

Company engagement dashboard (last 12 months)

Company meetings (one-on-one)
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, AMPS US, PRY IM, NEX FP, NEL NO, SHLS US, 300750 CH, SMR US, 968 HK, NRGV US, AG US, NVX US, ABB US, VST US, CEG US, 6501 JP, TPIC US, ERO US, EGO US, CCJ US, TA CN, CS CN, CCJ US
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, 1211 HK, CDLR US

About T8 Energy Vision

Fund overview

- Global growth equities fund focused on future energy.
- 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

- Future 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 this 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

Investment



Roscoe Widdup
Portfolio management



Tonya Payne
Research



Christopher Hayes
Portfolio management



Selva Freigedo
Research



Timothy McIntyre
Research



Lachie Moen
Research (intern)

Advisory Board



Leigh Clifford AC
Engineering and infrastructure



Andrew Michelmore AO
Metallurgy



Erin Grover
Sustainability technology



Jim Askew
Critical minerals



Liza Maimone
Sustainability



Mark Harland
Consumer behaviour



Mark Preston
Energy technology

Industry technical analysts



Alex Zadnik
Engineering



Stuart Brown
Energy

Administration and operations



Georgia Widdup
Co-Managing Director



Martine Fraser
Financial controller



Nicki Zehntner
Investor relations



Maddison Stewart-Rice
Accounting



Ian Brown
AI Process Innovation

Distribution



Andrew Aitken
Financial advisers



Adam Wright
Financial advisers



Anna Sayer
Institutional and family office



Leighton Thomas
International



Noel Corley
Financial advisers



Rob Tandy
Philanthropic foundations

Affiliations

Signatory of:



Principles for Responsible Investment



Responsible Investment Association Australasia



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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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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