TRIPLE EIGHT CAPITAL

SEE THE OPPORTUNITY

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 April 2025

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

T8 Energy Vision finished April down 1.4% (in Australian dollars, hedged to the Australian dollar). In unhedged US dollar terms, this equated to up 2.4%, outperforming its benchmark (+1.1%) and other reference indices such as US small caps (-2.4%), US equities (S&P 500 -0.8%) and global equities (+0.7%).

President Trump's 'Liberation Day' proved to be the catalyst for a sudden and historically significant market drop (the S&P 500 fell 12%). Arguably more surprising was the V-shaped recovery (the entire draw-down on the S&P 500 had been recovered by early May), notwithstanding considerable lingering uncertainty in relation to the outlook for global trade and the impact on an already slowing US economy. The key question is the impact of tariffs on the world's most important demographic: the US consumer. Consumer confidence remains low (you will recall that consumer spending accounts for nearly 70% of US economic activity) and slipped further from 92.9 to 86 during April. This is an important data point as readings of less than 100 indicate a more pessimistic outlook and month over month changes of more than 5 points are considered significant. The latest reading indicates that tariffs are exacerbating already weak and weakening consumer confidence, continuing a trend since late November last year. The present level is comparable with the lows during the COVID-19 pandemic although still above the levels experienced during the Global Financial Crisis and the recession of the early 1990s. The response of US consumers to the trade war will be a key determining factor for the trajectory of the US economy. In the short term we are cautious, if not pessimistic, on the basis that the key drivers of improving consumer confidence are believed to be a combination of high job security, rising wages, low inflation and falling interest rates – none of which are the base case. We note an increasing number of market commentators forecasting economic stagflation (defined as the combination of high inflation, high unemployment, and stagnant or slow economic growth). We observe that the solid US labour market remains the only factor standing between the US and this particularly undesirable condition which, should it eventuate, would be a major headwind for risk appetite but likely to be very good for safe havens such as electric utilities and gold. We have published more substantial commentary in relation to markets on our website.

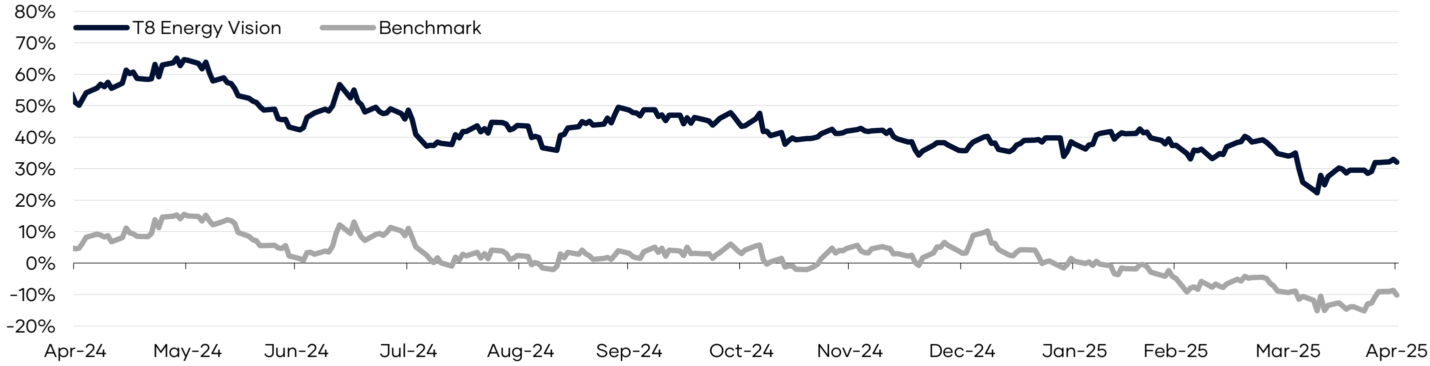
Performance contribution

Within our portfolio, the grid infrastructure theme (+128 basis points) was the key contributor to performance, driven by grid equipment stocks such as Siemens Energy (ENR GY +31.8%), GE Vernova (GEV US +21.6%) and Nexans (NEX FP +11.8%). Enabling technology was the main detractor for the month with communications technology company, Cisco Systems (CSCO US -5.8%) and semiconductor foundry, Global Foundries (GFS US -5.0%) the largest detractors. There is no change to our positive outlook for these positions.

Outlook

Looking beyond the short-term noise, we have a very positive view on the outlook for energy stocks. Structural, secular and cyclical tailwinds are converging and global energy demand growth is accelerating – especially in advanced economies. In 2024, electricity demand grew at roughly double the 10-year average. Electricity demand is booming, driven by data centres (a secular growth trend) and the electrification of road transport (a structural shift). The companies best positioned to benefit from this boom are those in the energy generation, grid infrastructure, energy storage and electrification sectors (as well as their direct supply chains, from critical minerals to transformers and cables, to energy-focused microchips and the latest nuclear reactor technology). Falling US interest rates (100 basis points of cuts so far) is a cyclical tailwind which is yet to have a material impact on these industries (which have historically displayed very high sensitivity to interest rates). We believe the lag is explained by recent policy uncertainty (especially following the US election) which has temporarily obscured the impact of this positive catalyst.

Performance (A$, return since inception – last 12 months)

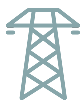


T8's key themes

Energy Generation

A growing world and new technologies (such as artificial intelligence) require significant new energy generation

Grid Infrastructure

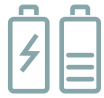


Specialised infrastructure is required to gather, transmit, transform, distribute and manage energy

Critical Materials

Significant volumes of basic materials are required to manufacture everything from cars to turbines to microchips

Energy Storage



Energy storage is increasingly required to stabilise the grid and match energy supply with demand

Electrification

Moving and consuming electricity is cheaper and more efficient than combustible fuels for most uses of energy

Enabling Technology

Microchips, wireless communication and data management are increasingly vital to the energy system

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About T8 Energy Vision

Fund overview

- Global equities fund focused on future-facing energy.
- 30-40 bottom-up best ideas actively managed based on deep in-house research and direct company engagement.
- Target returns of greater than 20%pa over a 3-5-year investment horizon.

Investment thesis

- Global energy demand growth is accelerating – especially in advanced economies. In 2024, electricity demand grew at roughly double the 10-year average.
- Electricity is booming, driven by data centres (a secular growth trend) and the electrification of road transport (a structural shift).
- The companies best positioned to benefit from this boom are those in the energy generation, grid infrastructure, energy storage and electrification sectors (as well as their supply chains).

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

- Our process is built on fully independent research, overseen by our Advisory Board which also provides deep industry insights.
- T8 believes that positive environmental and social benefits can be achieved without sacrificing investment returns.

Investment


Roscoe Widdup
Portfolio management


Tonya Payne
Portfolio management


Christopher Hayes
Portfolio management


Selva Freigedo
Research


Alvin Zhou
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

Lisa Hayes
Operations

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

Associations

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

Important notice

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