

Emit Capital Climate Finance Equity Fund

December 2023 Report

Monthly: +3.79%

Unit Price: A\$0.8887

Inception: -11.14%

Fund Overview

Portfolio Management	Roger McIntosh, Matt Dever
APIR Code	OMF3304AU
Investments	Global Listed Equities
Strategy	Climate Finance, Long only
No. of Stocks	20-50
Benchmark	MSCI ACWI
Minimum Investment	A\$100,000
Liquidity	Monthly
Time Horizon	5+ years
Currency	Unhedged
Fee Structure	Management fee: 1.25%. Performance fee: 20% over Benchmark, subject to HWM



Fund Commentary

The Emit Capital Climate Finance Equity Fund was up 3.79% for November (+6.09% on equities and -2.30% on currency). The benchmark MSCI ACWI was up 1.68% for the month (4.23% on equities and -2.55% on currency).

Markets rallied strongly in December on the basis that central banks have reached the end of the current rate hiking cycle. A more dovish view from the US Federal Reserve in December set the tone and markets repriced on expectations for the other major central banks to follow suit. Interestingly 2023 ended without the recession the markets had priced in during the year and the pace of inflation fell at a greater rate than forecast, effectively helping the Fed achieve a soft landing on the economy.

During December, the performance of several portfolio names and strategy themes, especially Energy Transformation, Energy Efficiency and Critical Mineral themes demonstrated the bullish advance, with 75% of portfolio names by weight outperforming ACWI.

In particular, solar energy holdings (particularly rooftop solar providers) rose significantly including Enphase Energy (+31%), Canadian Solar (+25%) with Solaredge and JinkoSolar both up 18%.

Rivian Automotive was the best performing portfolio name, rallying 40% on announcement of a deal with AT&T to integrate Rivian's EVs into their operational fleet. Japanese battery manufacturer GS Yuasa continued to be the name underperforming the market the most, down 9% as it completed a new 15% share issuance program.

This included a significant 2.5% allocation to Honda, for capital expenditure in new plant equipment to increase manufacturing of Lithium Ion batteries for battery electric vehicles and reduce production of lead-acid automotive batteries.

Regionally, North American holdings provided the largest aggregate contribution for the month, adding 377 bps to the monthly return, well ahead of the next best performing region the EMEA up 140 bps.

From a climate finance thematic perspective, Energy Transformation was the dominant contributor adding 232 bps with Energy Efficiency adding 173 bps and Transport & Infrastructure 101 bps.

Factor Analysis

Value and Quality factors were stronger and mid/small cap names outperformed large cap names. Top Quintile overall factor names performed well, outperforming the lowest quintile name group by over 2% for December, and over 13% for the last 12 months. The biggest difference came from Value factors as top quintile Value names outperformed more expensive lower ranked Value names 9 times in the last twelve months and 13 times since Fund inception 16 months ago. Quality factors also showed regular outperformance of top quintile to lower ranked names 8 months in the last 12 and 10 months in the 16 months since Fund inception.

The portfolio continues to maintain significant exposure to Quality investment factors, including names demonstrating strong sales and earnings growth. The average 3 year sales growth rate of the portfolio names is over 32% p.a compared to the investment universe and SBCI of around 18%. Companies demonstrating strong exposure to the key data points that support the case for ongoing growth remain the primary source of portfolio selection.



Fund Performance

Performance as at 31st December 2023

	1mth	3mths	6mths	1yr	S.I
ECCFEF [^]	3.79%	-3.55%	-10.73%	-5.43%	-11.14%
SBCI ^{^^}	6.63%	5.22%	-2.43%	-2.25%	-1.48%
MSCI ACWI	1.68%	4.93%	5.02%	22.29%	22.55%

[^] The Emit Capital Climate Finance Equity Fund – total return net of fees

^{^^} The Sustainable Blend Climate Index

MSCI ACWI = MSCI All Country World Index (AUD)

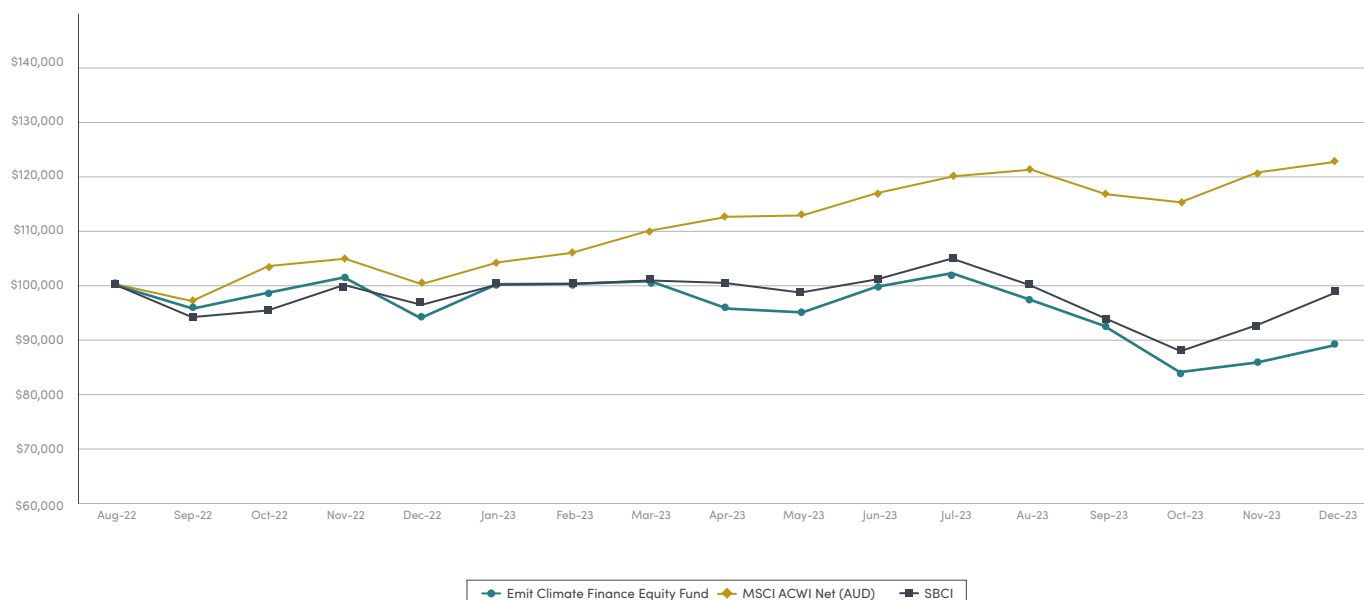
** S.I - Since Inception
Beyond 1yr is per annum

Monthly Performance Since Inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	SBCI	ACWI
2019								3.4%	0.2%	0.5%	9.7%	13.9%	30.2%	8.6%	5.9%
2020	5.2%	2.3%	-13.3%	8.8%	6.3%	9.6%	8.5%	15.3%	7.7%	9.6%	42.0%	11.2%	175.5%	63.5%	6.1%
2021	29.8%	-12.1%	1.4%	-9.0%	-1.1%	7.2%	-2.2%	3.2%	1.1%	8.2%	0.6%	-8.5%	13.4%	-6.0%	25.6%
2022	-6.5%	1.0%	0.2%	-3.2%	1.5%	-1.6%	6.6%	-2.0%	-4.5%	3.1%	2.7%	-7.0%	-10.1%	-9.4%	-13.0%
2023	6.6%	-0.5%	0.6%	-4.7%	-0.7%	4.8%	2.5%	-4.8%	-5.1%	-9.2%	2.3%	3.8%	-5.4%	2.2%	22.3%

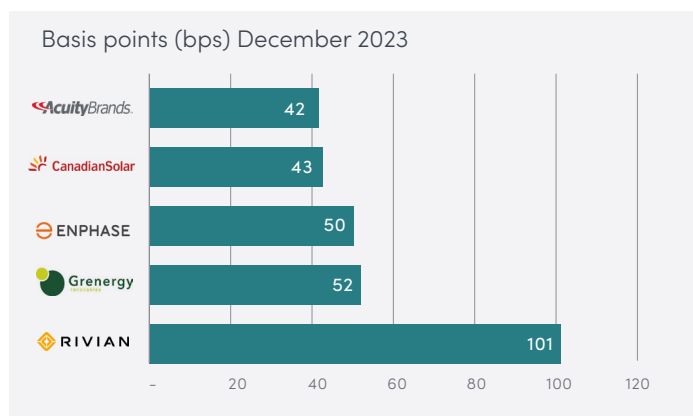
Performance Chart growth of A\$100,000

Return on A\$100K since inception

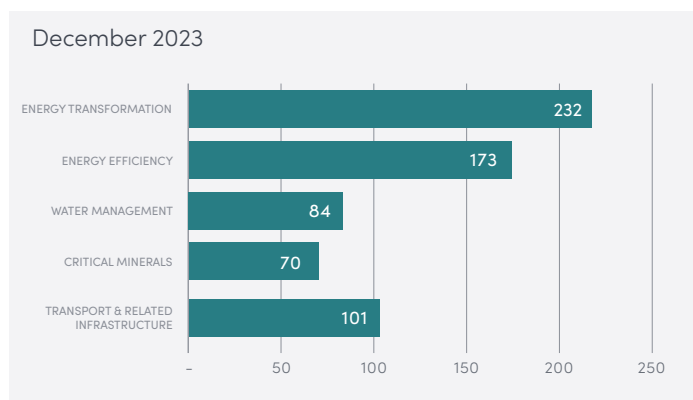


The Performance graph shows the monthly returns since the portfolio inception on 31 July 2019. From portfolio inception to 31 August 2022, the portfolio was run as a separately managed account (SMA) or model portfolio. From 31 August 2022, the portfolio has been run as a Managed Investment Scheme (MIS). The Sustainable Blend Climate Index (SBCI) represents the return achieved from holding allocations across indexes that represent the benchmark for each Climate Change Theme (CCT). It aims to demonstrate the return from a realistic passive allocation across the universe of names the Emit Capital Climate Finance Fund analyses to build the portfolio and provide an appropriate strategy benchmark to measure Fund performance.

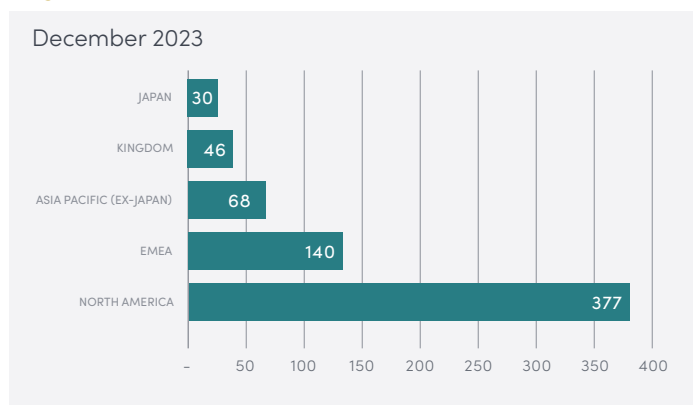
Portfolio Contribution



Theme Contribution








Region Contribution



Portfolio Characteristics

December 2023	
Price/Earnings	16.0x
Dividend Yield	1.5%
ROE	15.0%
CFO Yield	9.6%
Price/Book	2.1x
Net/Debt Equity	0.7
3yr Sales Growth Fwd	31.8%
3yr Earnings Growth Fwd	22.2%
3yr Dividend Growth Fwd	9.2%

Top 5 Holdings

Stock	Location	Theme	Holding
 acciona	Spain	Energy Transformation	4.1%
 AcuityBrands	USA	Energy Efficiency	4.0%
 Greenergy	Spain	Energy Transformation	3.7%
 RIVIAN	USA	Transport & Infrastructure	3.6%
 CARLISLE	USA	Energy Efficiency	3.5%
TOTAL			19.0%

Market Cap - USD

Size	Weight
Mega-cap	2.3%
Large-cap	45.9%
Mid-cap	30.7%
Small-cap	21.1%

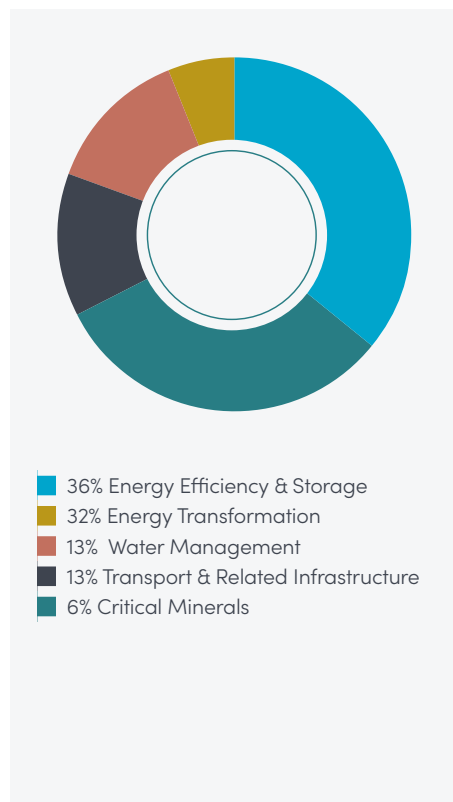
* Size definitions are based on USD market capitalisation
Mega-cap: greater than USD 100 billion
Large-cap: USD 10 billion - USD 100 billion
Mid-cap: USD 2 billion - USD 10 billion
Small-cap: less than USD 2 billion

Carbon Metrics

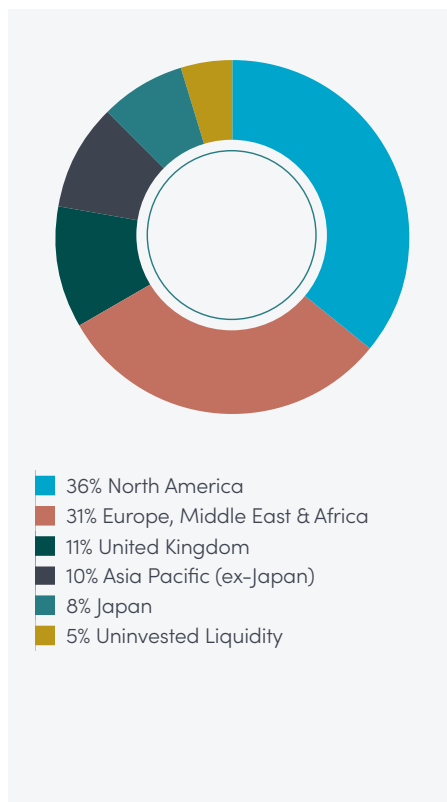
	ECCFEF	SBCI	ACWI
Absolute Emissions*	606,568	1,389,966	5,082,692
Weighted Average Carbon Intensity**	66.9	195.9	137.65

*Absolute emissions are calculated in tonnes CO₂-e and weighted by the respective holdings
**Weighted Average Carbon Intensity (WACI) is calculated in tonnes Co₂-e per million USD revenue and weighted by the respective holdings

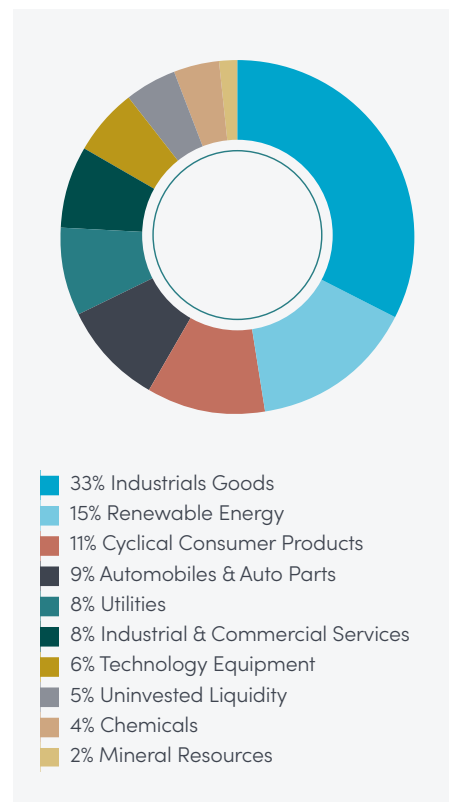
Exposure by Climate Finance Theme



Exposure by Region



Exposure by Industry



Stock Focus – Grenergy Renovables S.A.



Theme: Energy Transformation

Holding: 3.7% (31 Dec 23)

Founded in 2007, Grenergy Renovables is a leader in renewable energy development, particularly solar and wind. In addition to its operations in Spain, the company has also established operations on several continents, including North America, Latin America, and Europe. In addition to designing, developing, and implementing large-scale renewable energy plants, Grenergy Renovables uses a strategic approach to business development. With over 900 MW of built capacity and approximately 14.9 GW in development, the company has solid prospects for future growth.

Grenergy Renovables has achieved significant milestones with the commissioning of large-scale projects including Quillagua, 103 MW in Chile, and Escuderos, 200 MW in Spain.

A number of strategic moves have been made by Grenergy Renovables in recent years, such as establishing an agreement with BYD to provide energy storage solutions. As part of this agreement, 1.1 GWh of energy storage will be delivered, demonstrating the company's commitment to advancing energy storage technologies.

Grenergy Renovables presents an attractive investment opportunity for Emit Capital Asset Management. Its commitment to renewable energy, the development of large-scale projects, strategic expansion into key markets, and commitment to sustainability align well with our broader thematic strategy of energy transformation, infrastructure, and critical minerals.

In 2022, notable climate finance actions included:

- Emissions avoided: They managed to avoid 245,398 tons of CO₂ equivalent (tCO₂e) through their renewable energy generation, which is equal to the annual energy consumption emissions of 35,230 households.
- Renewable energy production: They generated a total of 744.4 GWh of renewable energy, with 68% coming from solar and 32% from wind.
- Carbon intensity reduction: Their direct emissions (Scope 1 and 2) decreased by 28% compared to 2021, thanks to efficient operations and increased reliance on renewables.
- Grenergy has set ambitious targets for emissions reduction, aiming for a 55% absolute reduction by 2030 and achieving Net Zero by 2050.

Carbon Metrics

	Avoided Emissions (tCO ₂ -e)	Total Emissions (tCO ₂ -e)	Carbon Intensity (tCO ₂ -e/USD1million revenue)
CY 2022	245,398	907.2	7.7

ESG Alignment

ESG	73
Controversies	100
ESG Combined	73

Impact Investment (UN SDG alignment)

UN SDG	Description
#5	Gender Equality
#7	Affordable & Clean Energy
#8	Decent Work & Economic Growth
#13	Climate Action
#15	Life on Land



Emit Capital Asset Management

Emit Capital Asset Management is a boutique fund manager focused on responsible investment across global equities that contribute to a mitigation or reduction in climate change. Our investment strategy is to generate attractive risk adjusted returns by investing in companies across five (5) climate finance themes: energy transformation, energy efficiency, transport & infrastructure, water management and critical minerals. Our in-depth research includes ESG and Impact Investment analysis to refine our investment universe and target those companies best positioned to profit from the transition to a net zero economy.



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