

Emit Capital Climate Finance Equity Fund

May 2024 Report

Monthly: +3.60%

Unit Price: A\$0.8842

Inception: -11.58%

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\$50,000
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 rose +3.60% for May net of fees & costs. The Benchmark MSCI ACWI gained +1.25%.

The Fund's best performers were those holdings geared to the increase in power demand on the back of AI data centre developments. In particular, US company First Solar rose 51%, Chinese solar giant JinkoSolar rose 20% and Canadian Solar rose 19%. Detractors for the month included Li Auto which reported lower monthly deliveries and Solaredge Technologies which bucked the uptrend of solar companies, falling 18%.

Regionally, North American holdings contributed most to the monthly return (+349 bps) followed by EMEA (+138bps) with Asia-Pac the only negative region (-95bps).

Energy Transformation was the best performing theme on the back of the AI power demand story (+455bps), followed by Energy Efficiency holdings (+120bps) with Transport & Infrastructure the negative for the month (-92bps).

Absolute Scope 1 & Scope 2 emissions of the portfolio remained at approximately 20% of the benchmark ACWI emissions. In terms of carbon intensity, the Energy Transformation holdings produced the highest WACI of the portfolio (64%) whilst regionally, Asia-Pacific holdings had the highest WACI at 57% of the portfolio.

Market Commentary

The global equities market experienced a mixed performance in May, marked by regional disparities and sector-specific movements. While some markets continued their upward trajectory driven by positive economic data and corporate earnings, others faced headwinds due to geopolitical tensions and macroeconomic concerns.

The Federal Reserve kept the federal funds rate unchanged in May, maintaining a range of 4.75% to 5.00%. The decision reflected a balancing act between supporting economic growth and addressing inflation, which remained above the Fed's 2% target. The Fed signaled a cautious approach, closely monitoring economic data and remaining ready to adjust policy if inflationary pressures persist.

Nvidia (NVDA) is single handedly responsible for just under half of the +6% SPX earnings growth seen this quarter, with Info Tech & Comm Services the two largest contributors to growth at the sector level.

The case for continued upside for global equities does not stop with AI but also includes US soft landing expectations underpinned by a strong labor market, better earnings trends, and easing inflation.

The market cap weighted SPX has continued to significantly outperform (~+11% YTD) the equal weighted SPX (~+5% YTD) while the Russell 2000 has lagged (+~2% YTD) as many of the same mega cap darlings have led from the front.

The market consensus view on the macro backdrop has bounced between hard landing, soft landing, and no landing outcomes. In short, macro outcomes have become increasingly hard to predict as data have become more volatile.



Fund Performance

	1mth	3mths	6mths	1yr	S.I.**
ECCFEF [^]	3.60%	-0.34%	3.26%	-6.92%	-11.58%
MSCI ACWI	1.25%	1.46%	13.30%	20.81%	36.55%
S&P GCEI ^{^^}	9.55%	6.57%	5.35%	-20.12%	-29.51%

[^] 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)

Fund return is net of all fees
 ** S.I - Since Inception
 Beyond 1yr is per annum

Carbon Footprint Metrics

CO2 Emissions Profile

	ECCFEF	ACWI
Absolute Emissions*	1,121,629	5,399,321
Weighted Average Carbon Intensity**	126.2	116.5

*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

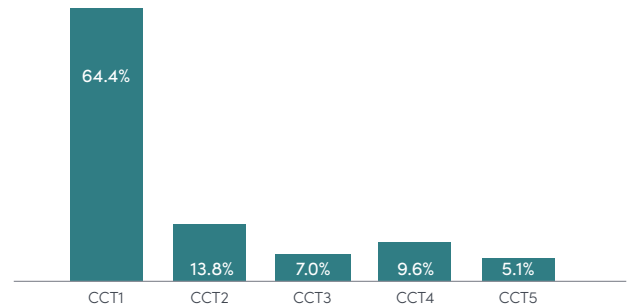
	Fund	Benchmark
CO2 Equivalent Emissions Direct, Scope 1	464,077	3,691,542
CO2 Equivalent Emissions Indirect, Scope 2	657,192	1,707,779
CO2 Equivalent Emissions Indirect, Scope 3	42,594,487	39,010,661

*Total emissions (un-weighted)



Weighted Average Carbon Intensity (WACI)

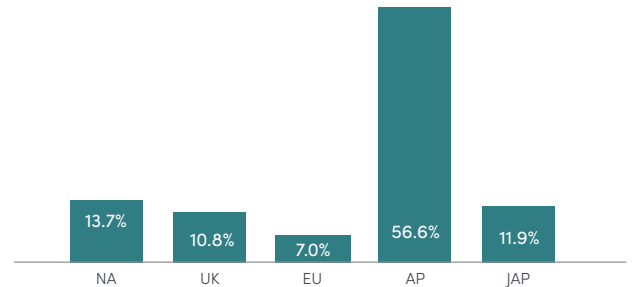
WACI Per Theme



The WACI of a portfolio is important to justify the investment per specific metric. In our case we measure the portfolio emissions intensity per USD 1 million revenue. Not surprisingly, our Energy Transformation thematic has the highest WACI and it is expected over time this is the sector or theme which will have the most dramatic impact on overall emission reductions.

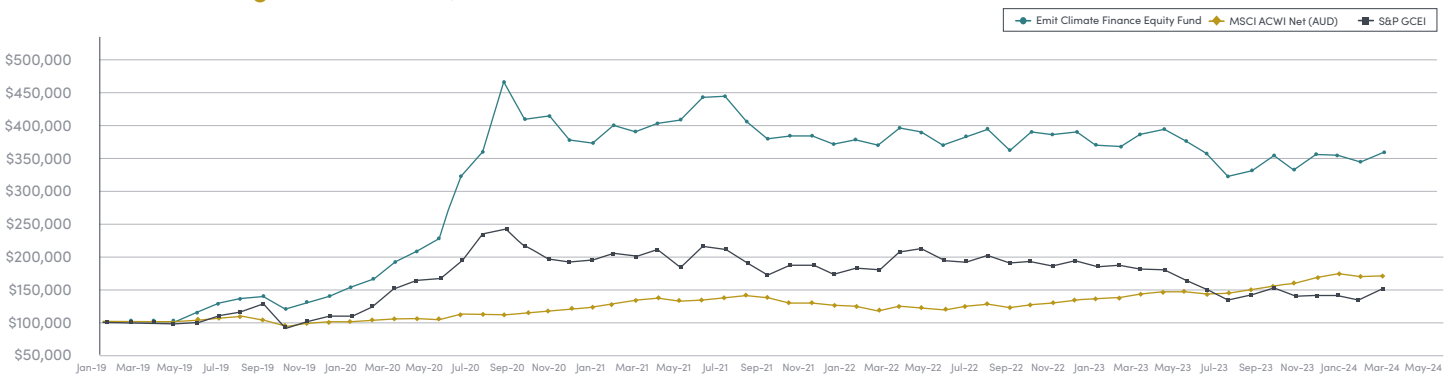
Performance Chart growth of A\$100,000

WACI Per Region



Regionally, Asia-Pacific has the highest WACI across the portfolio. In particular, our Chinese investments demonstrate the highest emissions intensity as they transition to a low carbon future.

Performance Chart growth of A\$100,000



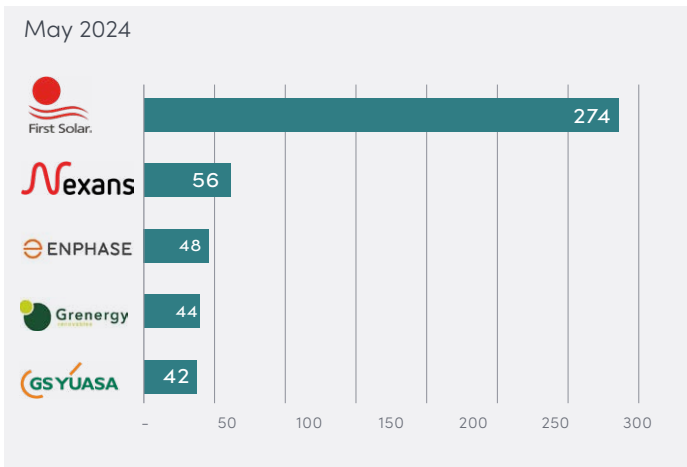
The Performance Graph shows the Monthly Returns since the Model Portfolio inception on 31 July 2019. The Fund inception date is 31 August 2022.

ECCFEF - The Emit Capital Climate Finance Equity Fund
 MSCI ACWI - Benchmark All Country World Index (Net)
 GCEI - S&P Global Clean Energy Index

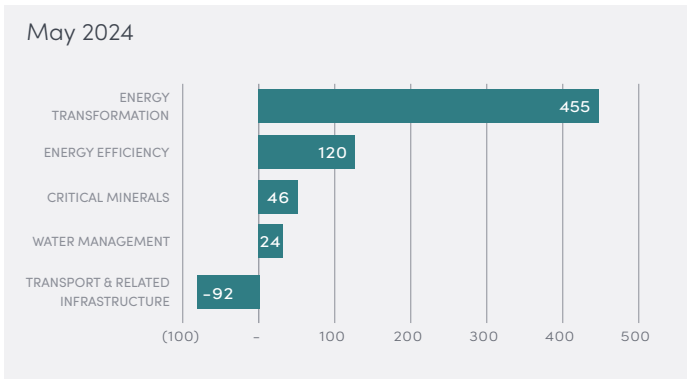
Risk & Return Statistics

Month Ending 31 May 2024	
Sharpe Ratio	4.66
Information Ratio	1.09
Standard Deviation	8.45
Realised Tracking Error	10.64%
Max Drawdown	0.14%

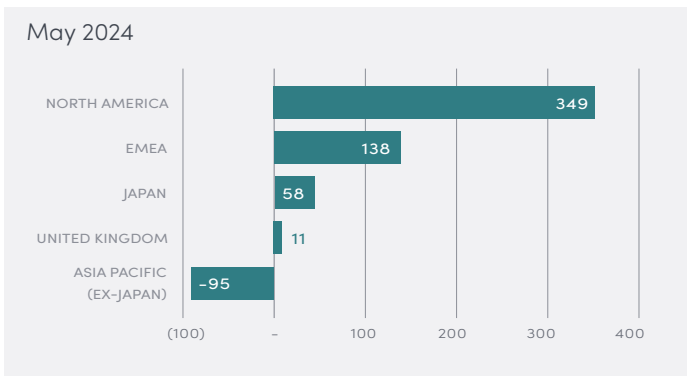
Portfolio Contribution (BPS)



Theme Contribution (BPS)



Region Contribution (BPS)



Portfolio Characteristics






December 2023	
Price/Earnings	13.9x
Dividend Yield	2.1%
ROE	13.1%
CFO Yield	12.1%
Price/Book	1.6x
Net Debt/Equity	1.2x
3yr Sales Growth Fwd	23.4%
3yr Earnings Growth Fwd	36.4%
3yr Dividend Growth Fwd	14.5%

Market Cap - USD

Size	Weight
Mega-cap	2.9%
Large-cap	39.9%
Mid-cap	28.6%
Small-cap	28.6%

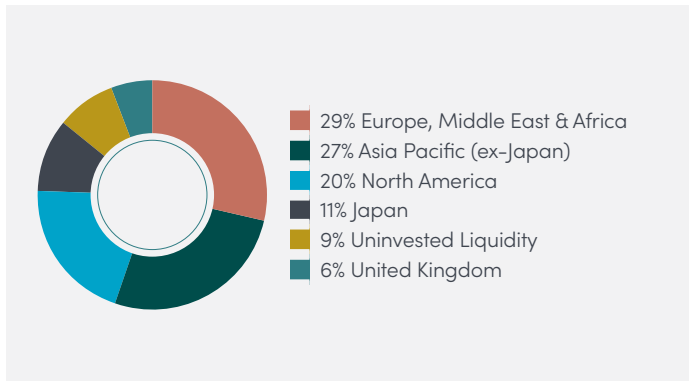
* Size definitions are based on USD market capitalisation
Mega-cap: greater than USD 100 billion
Large-cap: USD 10 billion – USD 100 billion
Midcap: USD 2 billion – USD 10 billion
Smallcap: less than USD 2 billion

Top 5 Holdings

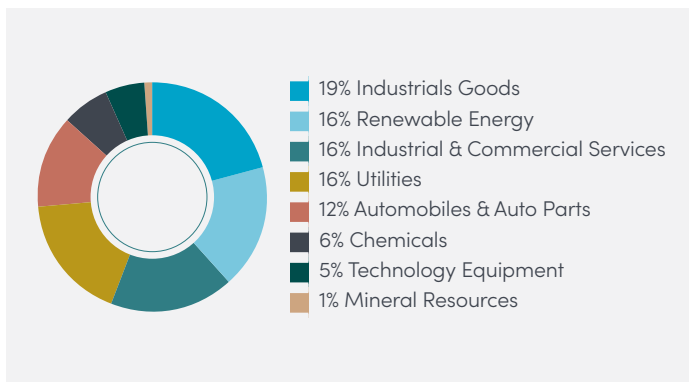
Stock	Location	Theme	Holding
 Nexans	France	Energy Efficiency	5.70%
 Kurita	Japan	Water Management	5.57%
 GSYUASA	Japan	Energy Efficiency	5.53%
 Acciona	Spain	Energy Transformation	5.22%
 T	USA	Transport & Infrastructure	4.94%



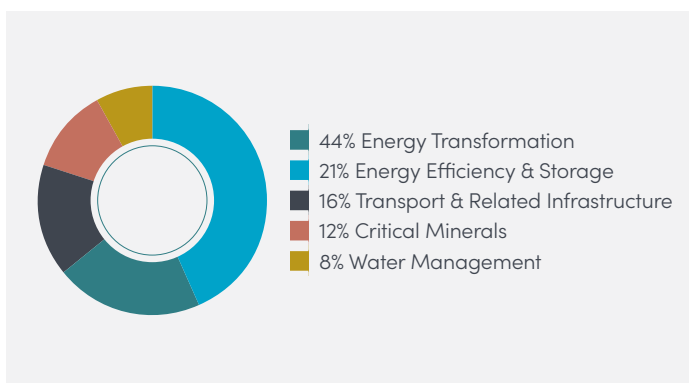
Exposure by Region



Exposure by Industry



Exposure by Climate Finance Theme



How to Invest

Application Process

Investors have the option of applying online through our secure platform, Olivia123, or through our paper application form.

If you have any questions in relation to the Fund or how to invest, contact us at info@emitcapital.com.au or call us on +61 3 9593 2866.

Online Application

Complete the online application via our secure platform, Olivia123.

Emit Capital Asset Management has adopted OLIVIA123, a secure, cloud-based online application process to make it easier for you to invest in our fund as an alternative to paper-based applications.

To provide appropriate security for your personal information you will be required to provide your name, email address and mobile phone number which will be used to protect your details. OLIVIA123 will also enable your identity to be verified online in real time provided you have documents such as a driver's licence or passport, and are on the electoral roll.

Please use the following link to access the online application form.

ONLINE APPLICATION



Paper Application

Complete the paper application online, print and sign. You'll need to mail certified copies of IDs for verification and use a 'wet' signature (by hand). Completed and signed forms:

Email: Scan and email your application to info@oneregistryservices.com.au (please include all supporting documents)

Post/Delivery: Please post the completed application form and all supporting documents to:

Emit Capital Climate Finance Equity Fund Unit Registry
PO Box R1479
Royal Exchange NSW 1225

PAPER APPLICATION



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 four (4) climate finance themes: energy transformation, energy efficiency & storage, transport & infrastructure and water management. 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.



**Funds Management
with a positive
environmental
difference**

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