

Factsheet

Apostle Carbon
Credit Fund (ACCF)

January 2024

Apostle Carbon Credit Fund

Monthly Report - January 2024



The Apostle Carbon Credit Fund provides exposure to regulated global carbon markets with the aim of providing diversified liquid alternative portfolio benefits alongside a strong financial return.

Investment Objective

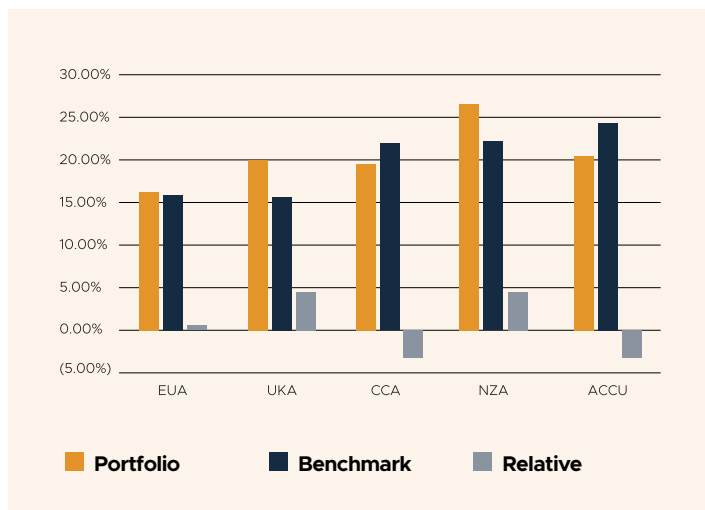
The Fund will seek to outperform the Benchmark by at least 2% p.a. net of fees over rolling 5 year periods.

The Fund invests in the regulated/compliance markets of Australia, Europe, the United Kingdom, California and New Zealand.

Fund Overview

Unit Price (NAV)	A\$0.8953
Fund Size (AUD)	\$28,767,273.39
Benchmark	Equally weighted composite of the price indices for ACCU, EUA, UKA, NZU and CCA, hedged into AUD
Asset Class	Carbon Credits
Portfolio Inception Date	3 April 2023
Investment Manager	Apostle Funds Management
Management Fee	1.20% p.a. excl GST
Performance Fee	20% (exclusive of GST) of the excess return, after the management fees and expenses have been deducted, above the Benchmark + 2% p.a
Minimum Investment	\$500,000
Portfolio Team	Luke Donovan - Partner, Global Carbon Joe Unwin - Portfolio Manager
Responsible Entity	K2 Asset Management
Custodian/Registry	State Street Australia Limited

Market Allocation



As at 31 January 2024. Source Bloomberg, StateStreet.

Performance

Return (%)	1 mth	3 mth	6 mth	Since inception (p.a.)
Total (gross)	(4.88)	(0.48)	2.61	(8.95)
Total (net)	(4.98)	(0.78)	2.00	(9.85)
Benchmark	(5.75)	(1.79)	(1.92)	(12.03)
Relative (net)	0.77	1.01	3.92	2.18

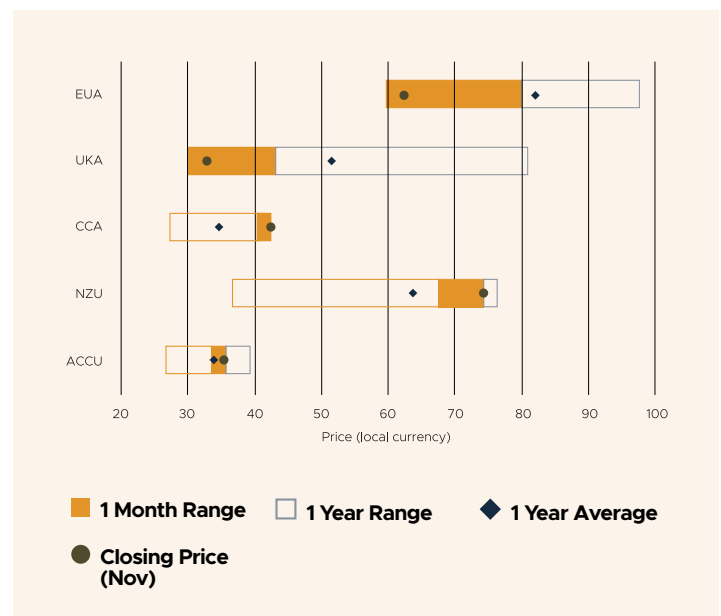
As at 31 January 2024. Source: State Street. The Benchmark is Equally weighted composite of the price indices for ACCU, EUA, UKA, NZU and CCA. Performance inception date is 3rd April 2023.

Attribution

Gross (%)	Portfolio Return	Weighted Return	Attribution
Europe	(19.03)	(2.83)	0.91
United Kingdom	(24.92)	(4.97)	0.05
California	2.67	0.53	0.00
New Zealand	5.36	1.34	(0.03)
Australia	4.48	0.84	(0.13)

As at 31 January 2024. Source Bloomberg, StateStreet.

Global Carbon Market Price (12 Months)



As at 31 January 2024. Source Bloomberg.

All prices reflect local currencies; EUA in Euros, UKA in Pound Sterling, CCA is United States dollars, NZU in New Zealand dollars and ACCU in Australian dollars.

Portfolio Commentary

European Union Allowances (EUA)

EUAs finished January down 20.2% to settle at €64.16. January saw a return to similar price levels experienced by the market in mid-December. The rally in late December proved to be a false dawn possibly driven by short sellers' closing positions before taking Christmas holidays. With the return of liquidity in January the market returned its focus to the short-term bearish fundamentals namely higher renewables power generation displacing coal and gas power generation. At this price level the market sits in an interesting spot, a break through the €60 could see prices move quickly towards €55, but a continued failure to break that level could see a break out to the upside.

UK Allowances (UKA)

UKAs finished January down 25% to settle at £34.49. UKAs again had a similar fate to that of EUAs with prices being pushed substantially lower following a late rally that resulted in a positive December. This negative price movement was despite January marking the beginning of reduced auction volumes associated with last year's legislated supply cuts, and an election year that could see carbon be a key issue used by the major parties to differentiate themselves. With a market floor of £22.00 and potential policy volatility from the election, this price level may see compliance buyers step into the market.

California Carbon Allowances (CCAs)

CCAs finished January up 2.69% to settle at US\$43.46. CCAs started 2024 in a similar fashion to December with a slow grind up in prices. Price action appeared to be driven by market speculators who increased their length at the same time that compliant entities reduced theirs. Speculators appear to be betting on further price appreciation once tighter scheme targets and other positive policy updates proposed last year are legislated, whereas compliant entities are faced with data that showed California electricity emissions were at decade lows, and an 8.6%YoY decrease from 2022.

New Zealand Unit (NZU)

NZUs finished January up 6.87% to settle at NZ\$73.85. Faced with compelling fundamentals January saw a return to price appreciation following a somewhat surprising down month in December. This was encouraging in the context of ACT the minor partner in the ruling Coalition introducing a private members bill that would see international credits allowed within the scheme. If this policy development was to go ahead it would significantly increase supply and have a negative impact on the NZU price.

Australian Carbon Credit Units (ACCU)

ACCUs finished January up 4.48% to settle at A\$35.00. Similar to December, ACCUs again experienced price appreciation without any obvious price catalyst. This was also in the context of normal market liquidity and participation levels. Market speculation remains that this upward price movement is being driven by the gradual arrival of compliant entities who spent most of 2023 building internal capabilities to hedge their potential future liabilities.

Contact us

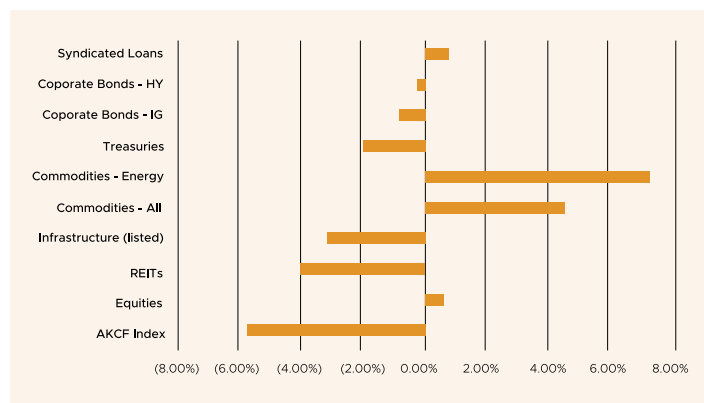
Apostle Funds Management Pty Ltd

Level 14, 50 Pitt Street Sydney NSW 2000

T: +61 2 8278 9554 F: +61 2 9247 9976

www.apostlefm.com.au

Return by Asset Class (1 Month)



For the Month of January 2024. Source Bloomberg. Equities refers to the MSCI ACWI Net Total Return Index. REITs refers to the S&P Global REIT Total Return Index. Infrastructure (listed) refers to S&P Global Infrastructure Total Return Index. Commodities refers to S&P GSCI Total Return CME. Treasuries refers to Bloomberg Global Agg Treasuries Total Return Index. Corporate Bonds (IG) refers to Bloomberg Global Agg Credit Total Return Index. Corporate Bonds (HY) refers to Bloomberg Global High Yield Total Return Index.

Why Invest in Carbon?

Carbon markets can enhance your portfolio in a number of ways. The key benefits include:

Investment outlook

Carbon markets have a strong outlook which is supported by governments worldwide to meet their climate goals.

Hedging against inflation

Carbon prices are a leading indicator of inflation.

Hedging against climate risks

The climate crisis is creating an increasing cost of carbon. Carbon markets allow you to hedge this risk by purchasing carbon as an investment.

Diversification benefits

Your portfolio gains exposure to an alternative liquid asset that has a unique risk/return profile and low correlation with major asset classes.

Mitigating divestment risk

For portfolios with little to no exposure to fossil fuel energy an allocation may mitigate this risk. It is expected to be increasingly correlated with gas and coal.

Signatory of:



Member of:



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