

Apostle Carbon Credit Fund

Monthly Report – September 2025



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

Investment Objective

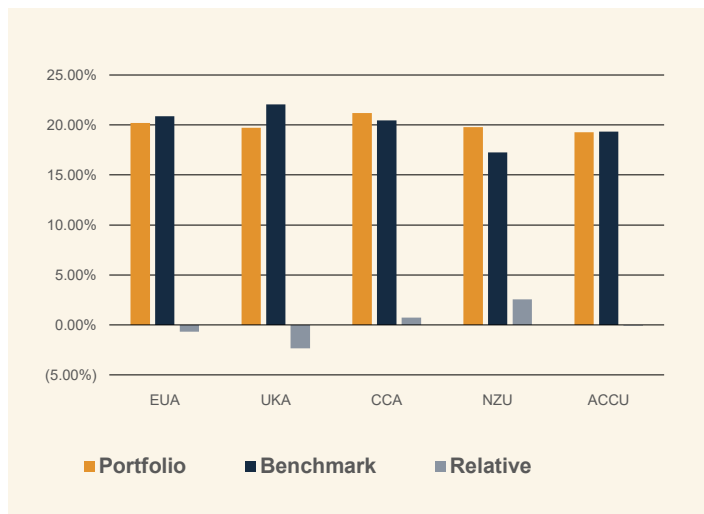
The Fund will seek to outperform the Benchmark by at least 2% p.a. net of fees over rolling 5-year periods.

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

Fund Overview

Unit Price (NAV)	A\$0.8396
Fund Size (AUD)	\$28,232,819
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	Joe Unwin, Head of Portfolio Management Jade Zhang, Investment Analyst
Responsible Entity	K2 Asset Management Ltd
Custodian/Registry	State Street Australia Limited

Market Allocation



As at 30/09/2025. Source: Bloomberg, State Street.

Performance

Return (%)	1 mth	3 mth	6 mth	FYTD	1 year	Since inception (p.a.)
Total (gross)	2.37	8.06	8.67	8.06	4.75	(5.05)
Total (net)	2.27	7.73	8.02	7.73	3.51	(6.17)
Benchmark	2.08	7.18	6.54	7.18	2.25	(6.37)
Relative (net)	0.19	0.55	1.48	0.55	1.26	0.20

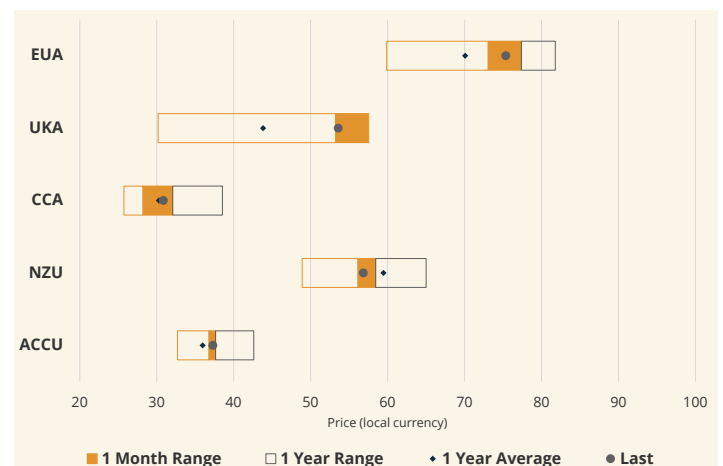
As at 30/09/2025. Source: State Street. The Benchmark is an equally weighted composite of the price indices for ACCU, EUA, UKA, NZU and CCA. Performance inception date is 3rd April 2023. Past performance is not a reliable indicator of future performance.

Attribution (1 month)

Gross (%)	Portfolio Return	Weighted Return	Attribution
Europe	4.19	0.87	0.12
United Kingdom	2.03	0.50	0.12
California	5.69	1.16	0.09
New Zealand	(1.95)	(0.36)	(0.11)
Australia	1.08	0.21	0.07

As at 30/09/2025. Source: Bloomberg, State Street.

Global Carbon Market Price (12 Months)



As at 30/09/2025. Source: Bloomberg. All prices reflect local currencies; EUA in Euros, UKA in Pound Sterling, CCA in United States dollars, NZU in New Zealand dollars and ACCU in Australian dollars.

Portfolio Commentary

European Allowances (EUAs)

EUAs gained 3.74% in September to settle at €75.72 as upward momentum was driven by speculators, who extended their net length towards a 4-year high. Gains were higher before the final day of the month, when the benchmark price declined 1.4%, which was likely explained by profit-taking as the annual compliance period came to an end. Looking forward, many analysts expect a period of sustained strength in EUAs as the market begins to price in a tighter balance for 2026-27.

United Kingdom Allowances (UKAs)

UKAs gained 1.73% in September to £54.06, broadly tracking EUA strength. After maintaining a high correlation with EUAs throughout the month, UKAs diverged on the final day of September. This divergence was possibly caused by traders anticipating potential EU tariffs on steel imports, which would be a headwind for the UK steel industry and potentially weaken demand for UKAs.

Californian Carbon Allowances (CCAs)

California Carbon Allowances advanced 5.39% in September to US\$31.09 per tonne following the official extension of the scheme from 2030 to 2045, which resulted in a marked improvement in confidence amongst traders. The market continues to await regulatory guidance from the California Air Resources Board (CARB), particularly around the upcoming rulemaking process and the long-awaited release of the Initial Statement of Reasons (ISOR).

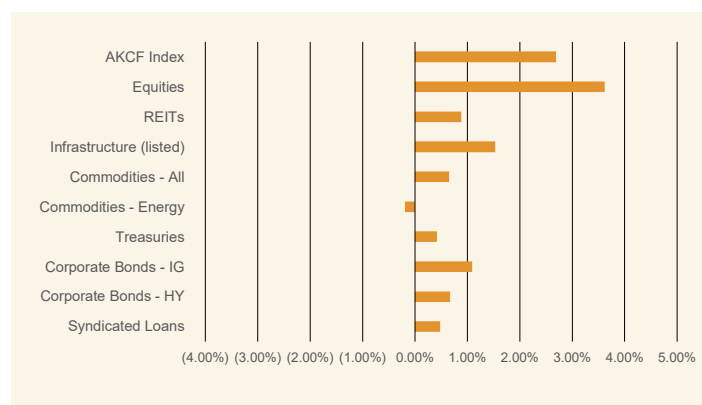
New Zealand (NZUs)

NZUs fell 0.69% to NZ\$57.53. Prices rose after the government confirmed that ETS settings would be largely unchanged, rejecting the Climate Change Commission's call for additional supply and reinforcing expectations of tighter volumes from 2026–30. Momentum later faded following the ETS price control announcement, with participants expecting a gradual recovery into the final auction of the year.

Australian Carbon Credit Units (ACCUs)

ACCUs posted marginal gains of 0.75% to A\$37.63. The Australian Government announced a 2035 emissions reduction target of 62-70%, which is below the 2005 levels under the Paris Agreement. This was perceived as slightly bearish by traders as it fell short of the Climate Change Authority's 65-75% recommendation. Treasury modelling indicated that 18% of industrial emissions reductions would be achieved through ACCU purchases, highlighting the scheme's key role in Australia's decarbonisation efforts.

Return by Asset Class (1 Month)



For the month of September 2025. 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.

Contact us

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Member of:



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