

Apostle Carbon Credit Fund

Monthly Report – April 2025



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

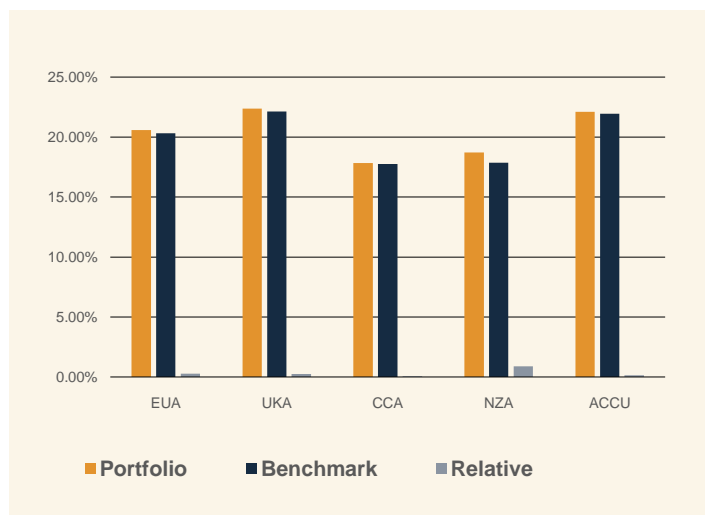
The Fund will seek to outperform the Benchmark by at least 2% p.a. net of fees over rolling 5-year periods.

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

Fund Overview

Unit Price (NAV)	A\$0.7443
Fund Size (AUD)	\$24,979,199.85
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 Shihe Li, Senior Analyst - Quantitative & Credit Jade Zhang, Investment Analyst
Responsible Entity	K2 Asset Management Limited
Custodian/Registry	State Street Australia Limited

Market Allocation



As at 30/04/2025. Source: Bloomberg, State Street.

Performance

Return (%)	1 mth	3 mth	6 mth	FYTD	1 year	Since inception (p.a.)
Total (gross)	(4.15)	(11.52)	(10.43)	(10.00)	(7.25)	(11.54)
Total (net)	(4.24)	(11.78)	(10.96)	(10.89)	(8.34)	(12.59)
Benchmark	(3.73)	(11.49)	(10.79)	(9.83)	(6.72)	(12.00)
Relative (net)	(0.51)	(0.29)	(0.17)	(1.06)	(1.62)	(0.59)

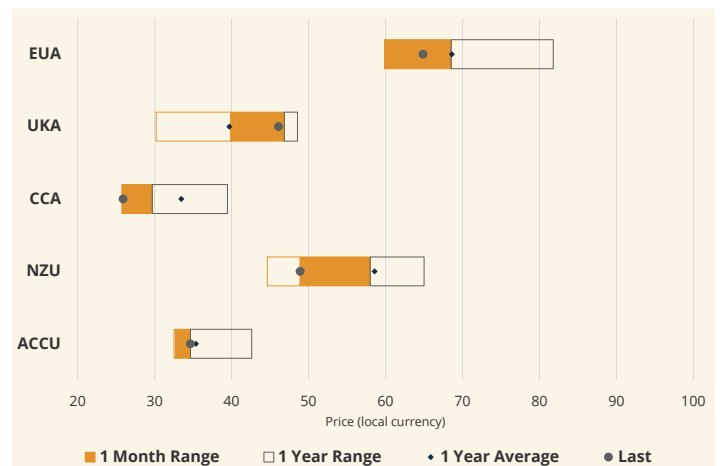
As at 30/04/2025. Source: State Street. The Benchmark is an equally weighted composite of the price indices for ACCU, EUA, UKA, NZU and CCA. Performance inception date is 3rd April 2023.

Attribution (1 Month)

Gross (%)	Portfolio Return	Weighted Return	Attribution
Europe	(2.15)	(0.41)	(0.02)
United Kingdom	5.03	1.05	0.12
California	(11.83)	(2.34)	0.03
New Zealand	(18.02)	(3.72)	(1.11)
Australia	6.59	1.22	0.01

As at 30/04/2025. Source: Bloomberg, State Street.

Global Carbon Market Price (12 Months)



As at 30/04/2025. 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 finished April down 3.27%, closing at €66.55. The market largely followed the broader movement in risk assets, beginning the month under pressure and briefly falling below €60.50 amid global headwinds and risk-off sentiment following the U.S. tariff announcement. A recovery in the second half of the month helped prices regain lost ground. Primary auctions remained strong, consistently clearing at a premium, suggesting underlying compliance demand remains intact. Notably, the correlation between EUAs and regional gas prices (TTF) weakened toward month-end, likely due to reduced speculative positioning and ongoing EU-UK policy convergence discussions.

United Kingdom Allowances (UKAs)

UKAs ended April up 5.88%, settling at £47.21. The market closely tracked EUA movements but outperformed slightly, narrowing the UKA-EUA spread from €14 to €11 over the month. The latest Commitment of Traders (CoT) data showed speculators holding heavy net long positions, reflecting bullish positioning ahead of the EU-UK Summit in May, where linkage discussions are expected to take place. The outcome of this meeting will likely be the next major catalyst for the UKA market.

Californian Carbon Allowances (CCAs)

CCAs ended April down 12.10%, closing at US\$27.16. The U.S. carbon market came under heavy pressure after President Trump issued an executive order titled "Protecting American Energy from State Overreach", directing legal action against state-level climate policies. This added to growing regulatory uncertainty, compounded by delays in releasing the Initial Statement of Reasons (ISOR) and in extending the program beyond 2030. On a positive note, downward momentum eased later in the month, and current prices are approaching the 2025 auction floor of ~US\$25, providing downside support.

New Zealand (NZUs)

NZUs closed April down 14.38%, settling at NZ\$50.00. Prices declined steadily throughout the month amid an imbalance between forestry sellers offloading units and muted buyer interest, with compliance entities believed to have sufficient coverage in the near term. Later in the month, the Climate Change Commission (CCC) released its 2025 recommendations, proposing no changes to price settings but calling for increased auction volumes from 2028–2030. While the proposal acknowledged a faster-than-expected stockpile reduction and appears broadly supportive, the prospect of future supply increases introduced policy uncertainty, weighing on market sentiment. The government response is due by 30 September.

Australian Carbon Credit Units (ACCUs)

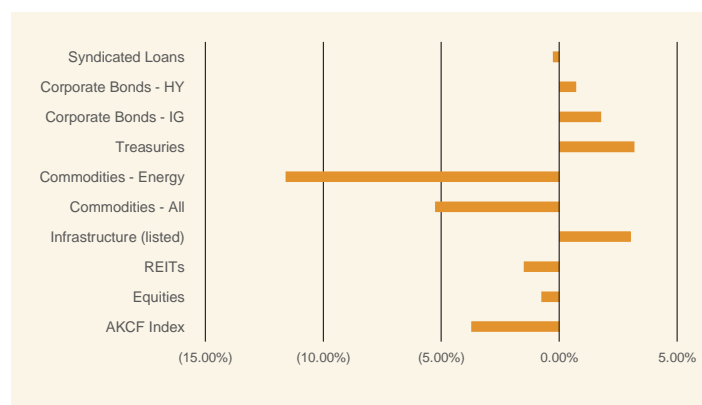
ACCUs ended April up 6.72%, closing at A\$35.75. Market activity remained subdued, with participants largely in a holding pattern ahead of the Australian federal election. Polling indicated a likely return of the incumbent Labor government, which supported expectations of a "business-as-usual" scenario for carbon policy. This reduced downside risk and increased confidence in policy continuity contributed to the positive price action over the month. Any post-election policy developments could serve as a fresh driver for market activity.

Contact us

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Return by Asset Class (1 Month)



For the month of April 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.

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