

# Green Effects Fund FACTSHEET

## NOVEMBER 2023



### Fund Objectives

The objective of the fund is to achieve long term capital growth through a basket of ethically screened stocks. The fund invests in a wide range of companies with a commitment to either supporting the environment or demonstrating a strong corporate responsibility ethos. Sectors such as wind energy, recycling, waste management, forestry and water-related businesses all feature prominently within the fund. The fund can only invest in the constituents of the Natural Stock Index (NAI) which was set up in 1994 and currently consists of 30 global equities.

### Key Information

|                    |                               |
|--------------------|-------------------------------|
| Morningstar Rating | ★★★★                          |
| SFDR Designation   | Article 9                     |
| Fund Inception     | Oct 2000                      |
| NAV                | €315.52                       |
| <b>NAV Date</b>    | <b>31/10/2023</b>             |
| Minimum Investment | €5,000                        |
| Dealing Frequency  | Daily                         |
| Investment Manager | Cantor Fitzgerald Ireland Ltd |
| Custodian          | Northern Trust                |
| Administrator      | Northern Trust                |
| Sales Commission   | 3%                            |
| Investment Mgt Fee | 0.75%                         |

Source: Bloomberg & Cantor Fitzgerald Ireland Ltd Research

### Fund & Share Class Information

|            |              |
|------------|--------------|
| Fund Size  | €187.12m     |
| Fund ISIN  | IE0005895655 |
| Fund Sedol | 0589565      |
| Bloomberg  | GEFINVL ID   |
| Domicile   | Ireland      |
| Structure  | UCITS Fund   |

### ESG Rating

|                       | Fund | MSCI World |
|-----------------------|------|------------|
| MSCI ESG Rating       | AA   | A          |
| MSCI Avg ESG Score    | 7.9  | 6.8        |
| MSCI Quality          | 7.91 | 6.75       |
| MSCI Carbon Intensity | 52   | 140        |

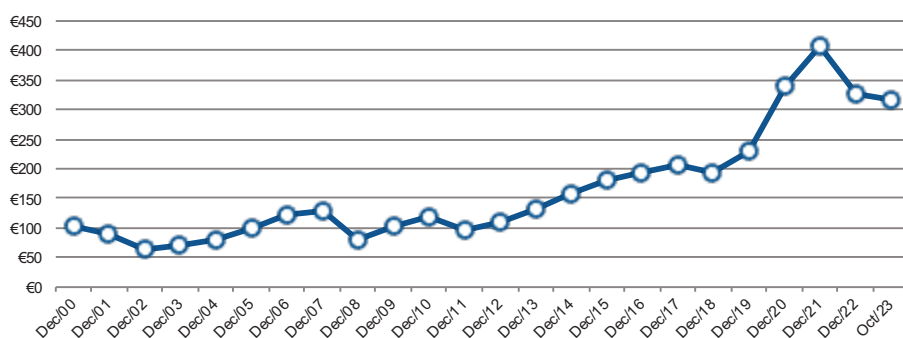
### Total number of holdings

|                    |    |
|--------------------|----|
| Number of holdings | 30 |
|--------------------|----|

### Market Capitalisation Exposure

|                      |        |
|----------------------|--------|
| Large: > €3bn        | 74.35% |
| Medium: €500m - €3bn | 12.21% |
| Small: < €500m       | 1.57%  |

### GREEN EFFECTS FUND NAV SINCE INCEPTION

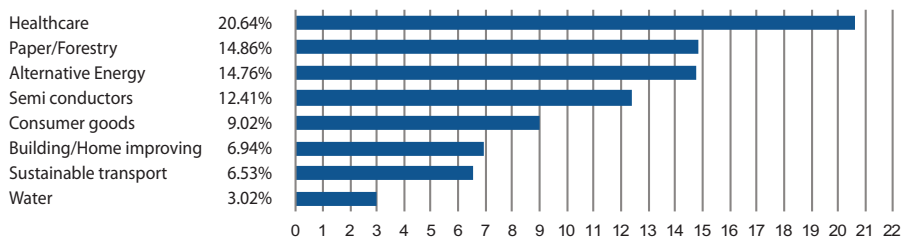


Source: Cantor Fitzgerald Ireland Ltd Research

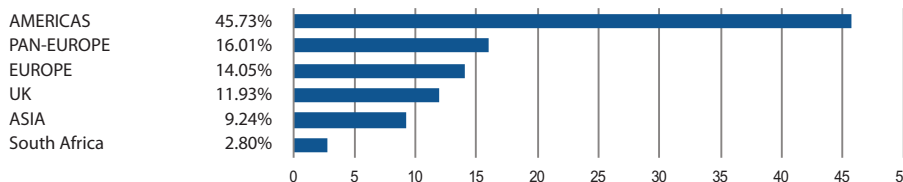
### ESMA RISK RATING



### LARGEST THEMATIC EXPOSURE %



### GEOGRAPHIC EXPOSURE %



### Performance

|               | 1 Month | YTD    | 1 Year | 3 Year* | 5 Year* |
|---------------|---------|--------|--------|---------|---------|
| Green Effects | -8.23%  | -3.00% | -6.00% | 3.43%   | 9.66%   |
| MSCI World €  | -2.85%  | 9.75%  | 3.84%  | 12.24%  | 10.31%  |
| S&P 500 €     | -2.07%  | 12.10% | 2.95%  | 13.95%  | 12.48%  |
| Euro STOXX 50 | -2.62%  | 10.45% | 16.30% | 14.64%  | 8.25%   |

As of 30/9/2023. Source: Cantor Fitzgerald Ireland Ltd Research, Bloomberg and Northern Trust. \*Annualised Return.

## Top 15 Positions

|                   |       |
|-------------------|-------|
| VESTAS            | 7.44% |
| MOLINA            | 7.26% |
| NVIDIA            | 6.94% |
| SMITH & NEPHEW    | 6.59% |
| AIXTRON AG        | 5.47% |
| SVENSKA CELLULOSA | 4.93% |
| TESLA INC         | 4.20% |
| BIONTECH SE       | 4.18% |
| FIRST SOLAR       | 4.12% |
| KADANT            | 3.51% |
| MAYR MELNHOF      | 3.49% |
| RICOH             | 3.27% |
| STEELCASE         | 3.05% |
| KURITA            | 3.02% |
| KINGFISHER        | 2.94% |

Source: Cantor Fitzgerald Ireland Ltd Research

## Fund Sector Exposure vs MSCI World

| Sectors                | Green Effects | MSCI World |
|------------------------|---------------|------------|
| Information Technology | 19.7%         | 22.2%      |
| Financials             | 0.1%          | 14.9%      |
| Health Care            | 20.5%         | 12.6%      |
| Consumer Discretionary | 8.7%          | 10.7%      |
| Industrials            | 26.0%         | 10.7%      |
| Communication Services | 0.0%          | 7.3%       |
| Consumer Staples       | 3.0%          | 7.3%       |
| Materials              | 8.6%          | 4.1%       |
| Energy                 | 0.0%          | 5.1%       |
| Utilities              | 3.2%          | 2.7%       |
| Real Estate            | 2.9%          | 2.3%       |
| Cash                   | 7.2%          | 0          |

Source: Cantor Fitzgerald Ireland Ltd Research

## Fund Manager Comment

The Green Effects Fund NAV ended October at **€315.52** which was a return of **-8.75%** for the month. Global equities were lower by circa -4.00% on the month. October proved to be a difficult month for global markets and in particular the higher growth area of the market that had digested a sharp move higher in bond yields. All three major central banks, the Fed, BoE and ECB, communicated the 'higher for longer' interest rates message. The closely watched 10-year US Treasury reached over 5% per annum towards the middle of the month, its highest level in 16 years. Closest to home the European Central Bank (ECB) signalled that it is unlikely to raise interest rates again while ECB President Lagarde has been adamant that talk of interest rate cuts is premature.

The largest detractors from the NAV move on the month were Aixtron (-0.98%), Tomra Systems (-0.97%), Smith & Nephew (-0.94%) and Tesla (-0.85%). Growth stocks underperformed predominantly during the month, while the Alternative Energy sector was also adversely impacted by a number of weaker than expected earnings updates primarily due to higher rates and lower margins.

In company specific news during the month **Tomra Systems** reported a disappointing set of results. The group confirmed it has experienced a significant slowdown in earnings and order demand for its Recycling and Food business segments. The company's flagship Collection business is experiencing decelerating earnings growth with a rising cost base. **Aixtron**, the German listed Semi Conductor company, reported weaker than expected results (albeit maintained full year guidance). The company noted lower Q3 orders in two of its key business segments. **Tesla** reported headline quarterly earnings numbers broadly in line with expectation but margins did come in lower than forecasts (down from 18.3% at the start of the year to 15.7%). **Tesla** was separately linked to plans to build a new electric car model that will be priced at around \$25,000 from its factory near Berlin, making it the company's cheapest offering that could allow it to compete against budget EV makers from Europe and China.

The alternative energy (energy transition) sector had a particularly turbulent month both the US and Europe. Higher rates and legacy supply disruptions were cited as the key reasons for significant earnings disappointments for a number of the largest players in the wind and solar space. Outside of the Green Effects Fund some of the headline names that disappointed during the period were Ørsted's (Wind Energy) announced a potential DKK16bn impairment to its US portfolio. Siemens Energy (fell 30% during Oct), is negotiating with the German government for state guarantees amid losses incurred from its wind division. SolarEdge fell as much as 25% in early October after the solar company reported weaker Q3 revenue due to cancelled and delayed orders. Within the Fund, **First Solar** was lower by 15% on the month. However **Vestas** Wind Systems ended the month marginally higher (at the time of writing the company has also just increased its earnings outlook for FY23 bucking the trend of the majority of its peers).

We expect that rates globally have peaked for the medium term. The extent to which rate cuts materialise next year (predominantly in the US and Europe) will play an important role in the recovery of this sector and in a number of the key holdings in the Green Effects Fund. Funding costs have significantly impacted the profitability of the sector given the significant spike in rates over the last 18 months. However the reuqiemnt for lower emissions at a Government policy and Corporate responsibility level remains as apparent and pressing as ever.

During the month the Fund Manager increased holdings predominantly in **Nvidia**, **Tesla**, **BioNTech** and **First Solar** taking advantage of the weaker prices during September and October.

At the time of writing the cash weighting in the Fund was circa 5.00% (8/11/23)

## Annual Returns

| 2002    | 2003   | 2004   | 2005   | 2006   | 2007   | 2008    | 2009   | 2010   | 2011    | 2012   |
|---------|--------|--------|--------|--------|--------|---------|--------|--------|---------|--------|
| -30.00% | 9.71%  | 14.38% | 23.95% | 22.52% | 6.42%  | -38.47% | 31.28% | 13.47% | -19.61% | 16.02% |
| 2013    | 2014   | 2015   | 2016   | 2017   | 2018   | 2019    | 2020   | 2021   | 2022    | 2023   |
| 19.87%  | 18.42% | 15.72% | 6.62%  | 6.8%   | -5.91% | 23.34%  | 42.70% | 19.78% | -19.70% | -3.0%  |

Source: Cantor Fitzgerald Ltd Research, Bloomberg and Northern Trust



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