

# Green Effects Fund FACTSHEET

## AUGUST 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	€367.70
<b>NAV Date</b>	<b>31/07/2023</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%

\*Prices as of 31/7/2023

Source: Bloomberg & Cantor Fitzgerald Ireland Ltd Research

### Fund & Share Class Information

Fund Size	€199.24m
Fund ISIN	IE0005895655
Fund Sedol	0589565
Bloomberg	GEFINVL ID
Domicile	Ireland
Structure	UCITS Fund

### ESG Rating

	Fund	MSCI World
MSCI ESG Rating	AAA	AA
MSCI Avg ESG Score	7.51	6.77
MSCI Quality	9.23	8.04
MSCI Carbon Intensity	51.12	151.5

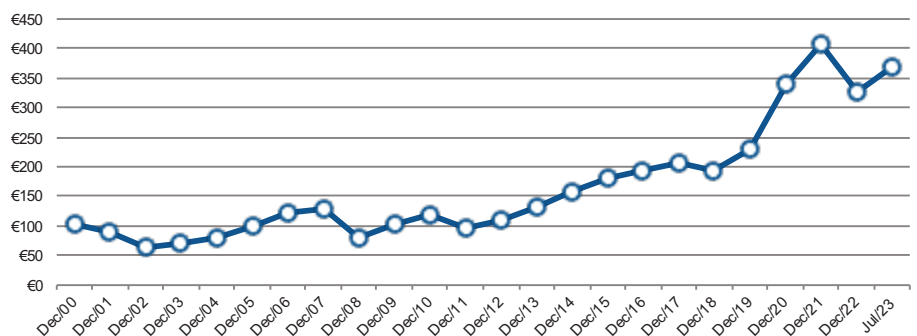
### Total number of holdings

Number of holdings	30
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### Market Capitalisation Exposure

Large: > €3bn	60.08%
Medium: €500m - €3bn	37.11%
Small: < €500m	2.81%

### GREEN EFFECTS FUND NAV SINCE INCEPTION

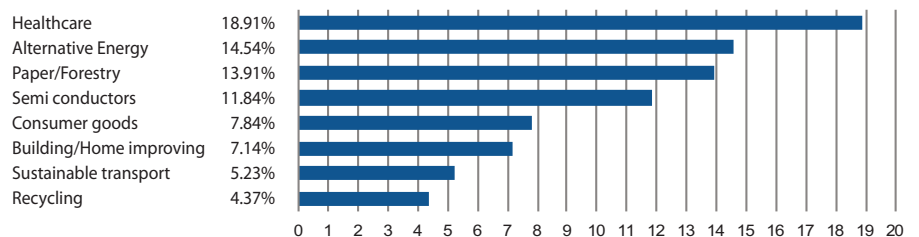


Source: Cantor Fitzgerald Ireland Ltd Research

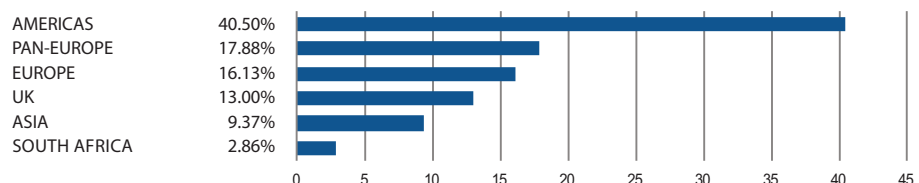
### ESMA RISK RATING



### LARGEST THEMATIC EXPOSURE %



### GEOGRAPHIC EXPOSURE %



### Performance

	1 Month	YTD	1 Year	3 Year*	5 Year*
Green Effects	3.17%	12.41%	-3.16%	10.97%	12.08%
MSCI World €	2.55%	16.14%	5.71%	14.83%	11.06%
S&P 500 €	2.38%	17.39%	4.67%	16.33%	13.56%
Euro STOXX 50	1.77%	21.29%	24.94%	15.65%	8.22%

As of 31/7/2023. Source: Cantor Fitzgerald Ireland Ltd Research, Bloomberg and Northern Trust. \*Annualised Return.

## Top 15 Positions

VESTAS	7.62%
SMITH & NEPHEW	7.38%
AIXTRON AG	6.39%
MOLINA	5.46%
NVIDIA	5.45%
SVENSKA CELLULOSA	4.45%
MAYR MELNHOF	3.74%
FIRST SOLAR	3.52%
BIONTECH SE	3.50%
KURITA	3.33%
TESLA INC	3.14%
TOMRA SYSTEMS	3.08%
POTLATCH	3.01%
KINGFISHER	3.00%
RICOH	2.98%

Source: Cantor Fitzgerald Ireland Ltd Research

## Fund Sector Exposure vs MSCI World

Sectors	Green Effects	MSCI World
Information Technology	18.30%	22.21%
Financials	0.18%	14.88%
Health Care	18.86%	12.52%
Consumer Discretionary	7.38%	10.98%
Industrials	26.48%	10.98%
Communication Services	0.00%	7.20%
Consumer Staples	3.38%	7.26%
Materials	8.39%	4.17%
Energy	0.00%	4.68%
Utilities	3.39%	2.72%
Real Estate	3.00%	2.41%
Cash	10.64%	0.00%

Source: Cantor Fitzgerald Ireland Ltd Research

## Fund Manager Comment

The Green Effects Fund NAV price ended July at €367.70 which was a return for the month of **+3.17%** bringing the year-to-date return to **+12.41%**.

The largest contributors to the NAV move on the month were Aixtron (+0.89%), Nvidia (+0.49%), Signify (+0.25%) and First Solar (+0.24%). The largest detractors from the NAV move on the month were Smith & Nephew (-0.47%) and Tomra Systems (-0.17%).

Much of the narrative during the month was around Interest Rates given the increases we saw from the majority of Global Central Banks. The Fed raised the target range for the Fed funds rate by 25bp to 5.25-5.5%. Fed Chair Powell did not indicate that the additional hike featured in the June interest rate projection will be delivered. Instead, he emphasised a focus on the 'totality' of data received between now and the September meeting which includes two CPI (inflation) reports and two labour market reports. We expect that given the weaker CPI outlook of late we may well have seen the last rate hike from the Fed this year. Closer to home the ECB delivered a 25bps hike to 3.75% but indicated that the September meeting outcome will depend on the data. Policymakers acknowledged some measures of underlying inflation "show signs of easing" but still judge inflation as being "too high". We think multiple economic data readings point to a final rate hike to 4% in September from ECB.

Several holdings within the fund reported quarterly earnings during the month with the main highlights being:

- **Aixtron** – Due to continued strong demand, Aixtron's management raised its guidance for FY23. It now expects order intake of between EUR620m-EUR700m.
- **Steico** published their H1 report which was weaker than market expectations. The founder and CEO sold a majority stake (51%) in Steico to Irish insulation company Kingspan. Kingspan has agreed to acquire around 51% of the shares in Steico, with an option to increase its shareholding to 61% in the future. Steico is a leader in natural insulation and wood-based building products and the initial investment will be just over €250m.
- **Tesla** reported Q2 deliveries 466,140 vs consensus 445,924 during the month and separately Tesla's price cuts helped lift profits in the second quarter, but CEO Elon Musk cautioned that more reductions may be needed.
- **Signify** announced Q2 results, with sales down 10.5% yoy to EUR1,644m (-8.6% lfl). The weak performance was driven by continued softness in the consumer, indoor professional and OEM channels, as well as a slower-than-anticipated recovery in China. On the 2023 outlook, management decided to reduce the margin guidance given the continued economic softness, and now expects the adjusted EBITA margin in a range of 9.5-10.5%, compared to 10.5-11.5% previously. Over the medium term the stock is well placed to generate strong Free Cash Flow and should leverage its market leading lighting technology into the ongoing trend of retrofitting of commercial space across the globe.

As we have written previously in our monthly factsheet the theme of "Energy Transition" remains an integral part of the long-term investment policy and objectives of the Green Effects Fund. **Solar** energy forms part of this theme and earlier this year **First Solar** was added to the NAI Index (the index that provides the Fund's investable universe) and the Green Effects Fund. During the month we saw some significant progress both in the US and Germany around the pace of Solar installations during H1 2023. Founded in 1999, **First Solar** is a leading American solar technology company and global provider of responsibly produced eco-efficient solar modules. Late in 2022 announced plans to invest up to \$1.2bn to boost production of photovoltaic solar modules in the US. The company forecasts the investment will increase its US-based solar manufacturing capacity to 10GW by 2025. The company is expected to be a significant benefactor from the passing of the Inflation Reduction Act by the US Congress and Senate last year. Under the Federal Solar Investment Tax Credit (ITC), owners of a new residential or commercial solar project can deduct 30% of the cost of installing a solar system from their taxes.

The U.S. solar industry installed 6.1 gigawatts (GW) of solar capacity and had its best first quarter in history, according to the US Solar Market Insight Q2 2023 report released today by the Solar Energy Industries Association (SEIA) and Wood Mackenzie. The record quarter was driven in large part by supply chain challenges abating and delayed solar projects moving forward. Due in part to the strong first quarter numbers and a surge in demand from the Inflation Reduction Act (IRA), Wood Mackenzie expects the solar market to triple in size over the next five years, bringing total installed solar capacity to 378 GW by 2028.

The outlook for Solar is equally strong in Germany where a record 8GW in new solar and wind installations have been commissioned during the first half of this year, the international economic forum for renewable energies (IWR) said. Solar power in particular is booming, with some 465,000 new plants being added from January to June 2023 that have a combined capacity of 6.5GW, according to the market index of Germany's federal grids agency (BNetzA), the IWR said. Solar energy is booming in Germany as the current Social Democrat-Green-Liberal government has been removing barriers to its expansion in an effort to boost solar additions to 11GW on average per year and reach 80% of renewables in the country's electricity mix by 2030.

During the month, exposure to UK home improvement group, **Kingfisher**, was reduced by 0.50% as the UK interest rate outlook is likely to remain a headwind for the remainder of this year.

At the time of writing, the fund held a cash balance of circa 10%.

## 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%	12.41%

Source: Cantor Fitzgerald Ltd Research, Bloomberg and Northern Trust



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