



30/06/2024

NICHE
ASSET MANAGEMENT

Pharus **Electric Mobility Value** Niche

Portfolio Update

31st March 2024 – 30th June 2024



Launch date: 10.06.2019

Total Net Asset as of 30.06.24: € 20,226,134.29

Currency: EUR

Net Asset Value
per share
as of 30.06.24:

Class A – ISIN: LU1867072149 € 151.88

Class B – ISIN: LU1867072222 € 166.64

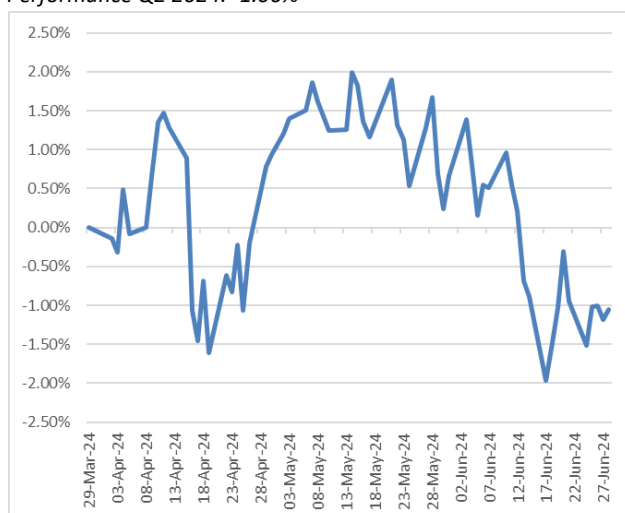
Class Q – ISIN: LU1867072495 € 166.41

Class A GBP – ISIN: LU2526377374 £ 95.94

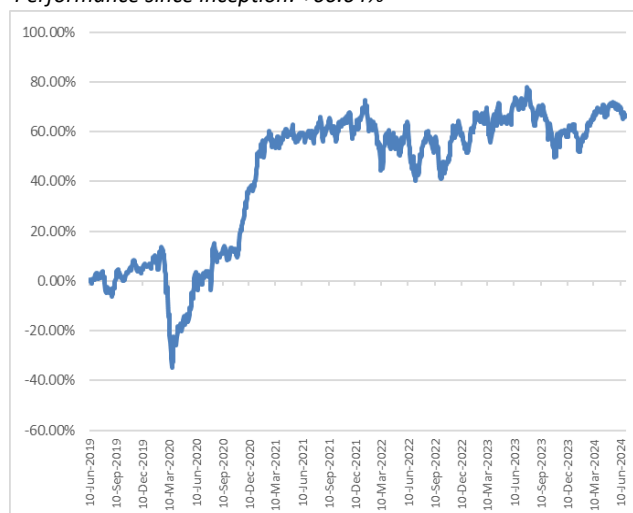
	Q2	Year to Date	1 Year	3 Years	Since inception
Performance (Class B)	-1,06%	+2,28%	-1.88%	+5.06%	+66.64%
Volatility					18.26%

Net Asset Value per share

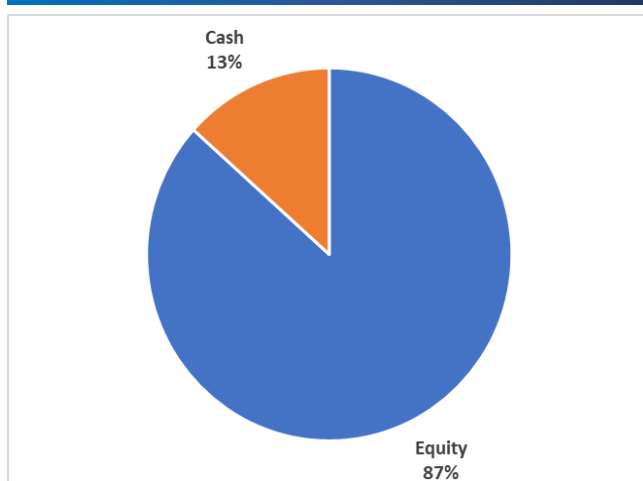
Performance Q2 2024: -1.06%



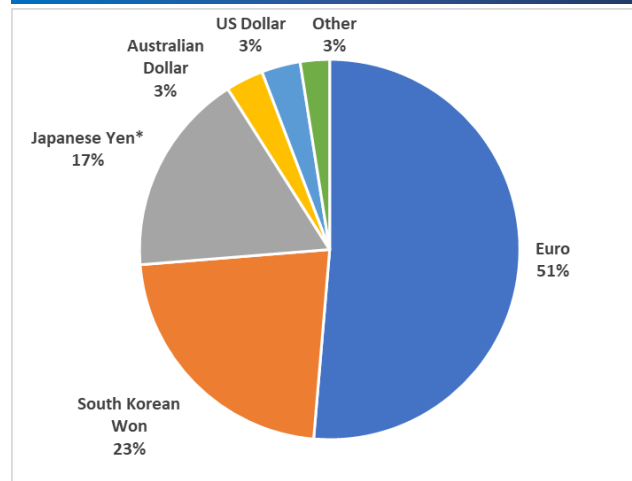
Performance since inception: +66.64%



Portfolio breakdown by asset class



Portfolio breakdown by currency



*net of JPY hedging

The fund ended the second quarter down 1.06%.

The quarter was again characterised by cautious sentiment attributable to slowing penetration in developed markets. May data showed a 23% year-on-year increase in global sales of electric cars, for a market share of 20%. But much of the growth came from the Chinese market, whose sales increased by 33%, reaching a market share of 47% (in the big cities, electric cars achieved a market share of around 70%). In Europe, on the other hand, sales fell by 10%, with a market share of 21%, a figure affected by the lack of incentives in the German market. In the US, on the other hand, EV sales increased by only 3.2%, reaching a market share of 8.7%.

The industry is in transition and technology is evolving. Thus, we see the emergence of present and future trends. The most significant present trend is that of LFP (Lithium Iron Phosphate) cells, once used for low-cost applications due to their limited energy intensity (low performance). Today, performance is increasing and the gap with NMCs is closing. In addition to being cheaper, LFPs have advantages in terms of safety and durability. In the long term, solid state technology will be able to guarantee autonomy even three times greater than that already available today. But real deployment will take about ten years. On both technologies, we are accumulating players that are solid, already profitable and reasonably priced.

We believe that the current slowdown is temporary, and the re-acceleration will be driven by the arrival of volume/entry models on the market, supported by the favourable regulatory framework, both in the US (supported by the Inflation Reduction Act) and in Europe (stricter 2025-29 carbon emission targets). The other major risk, competition from China, has been kept in check by the new attitude Western countries are showing towards protecting strategic industries.

Stock selection based on a value approach nevertheless limited the downturn in a difficult phase that accompanies any major technological transition. The performance was much better than that shown by the main ETFs exposed to electric mobility, which benefited from its deep value approach.

The Niches that suffered most were Lithium Cells (-11%), Separators (-8%), Anodes (-6%) and Satellite Areas (-5%). With regard to Lithium Cells, the weakness was marked, affecting Japanese and Korean groups, which were among the main beneficiaries of the US tax incentives and the new duties imposed on Chinese manufacturers in relation to the European market. Given the depressed valuations, exposure was increased, especially on Panasonic, SK Innovation and Samsung SDI.

The only Niche to close positively was Commodities (+3%), thanks in particular to the performance of Eramet, one of the leading Nickel producers, with significant exposure to lithium and an interesting battery recycling initiative in partnership with Suez. Within this niche, positions were reduced on Eramet, and Sandfire, an interesting copper player, to include companies with solid fundamentals and an attractive risk/return ratio, such as Australia's IGO and the Vale group, active in nickel and copper.

Still in terms of operations, as regards the other niches, profit-taking on Soulbrain Holding, after its strong performance, and on several Japanese small caps subject to good rerating should be noted.

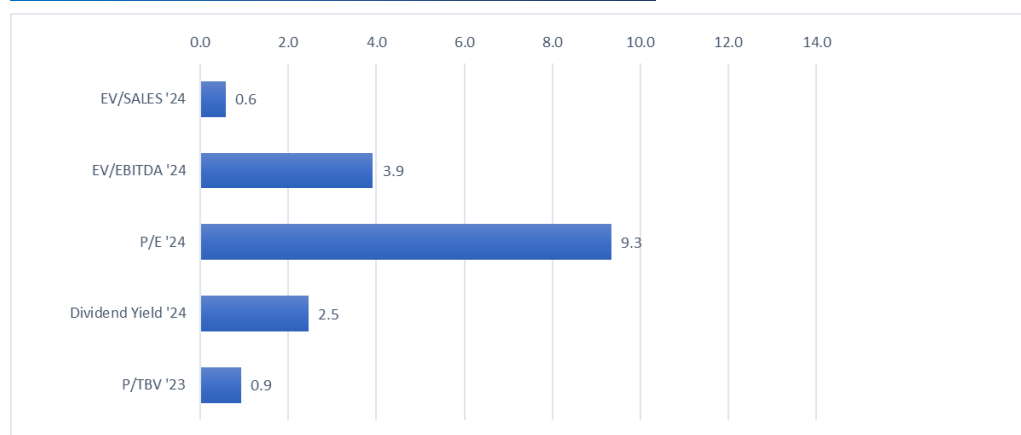
The fund offers exposure to what remains the inevitable transition to e-mobility in a phase of acute weakness from which the patient investor can gradually benefit.

The number of companies in the portfolio, the large exposure to companies with diversified businesses and the niche's modest average valuations of less than 1 times tangible equity and close to 9 times earnings limit the risk of permanent capital loss over the long term.

Performance by niche – Q2 2024

NICHE	Performance
Lithium Cells	-11.18%
Cathodes	-2.34%
Anodes	-6.09%
Electrolytes & Elecfoils	+7.97%
Separators	-8.09%
Commodities	+3.40%
Powertrains & Ultracapacitors	-1.96%
Satellite Areas	-5.23%

Portfolio valuation



Source: Niche AM, Refinitiv, MSCI

Top holdings

ISIN	SECURITY	%	NICHE	SUB-NICHE
JP3866800000	Panasonic Holdings	6.31%	Lithium Cells (LC)	NCA
JP3402600005	Sumitomo Metal Mining	4.62%	Cathodes (CM)	NCA
KR7096771001	SK Innovation Pref Shs	3.43%	Lithium Cells (LC)	NMC
JP3544000007	Teijin	3.41%	Separators (SM)	WET
KR7051911006	LG Chem Preferred Stock	3.39%	Lithium Cells (LC)	NMC
JP3627400009	Toda Kogyo	3.22%	Cathodes (CM)	NCA
KR7012330007	Hyundai Mobis	2.78%	Power Trains & Ultracapacitors (PTU)	POWER TRAINS
FR0013176526	Valeo	2.60%	Power Trains & Ultracapacitors (PTU)	POWER TRAINS
FR0000131906	Renault	2.60%	Satellite Areas (SA)	CARS
KR7006401004	Samsung SDI Pref Shs	2.43%	Lithium Cells (LC)	NMC

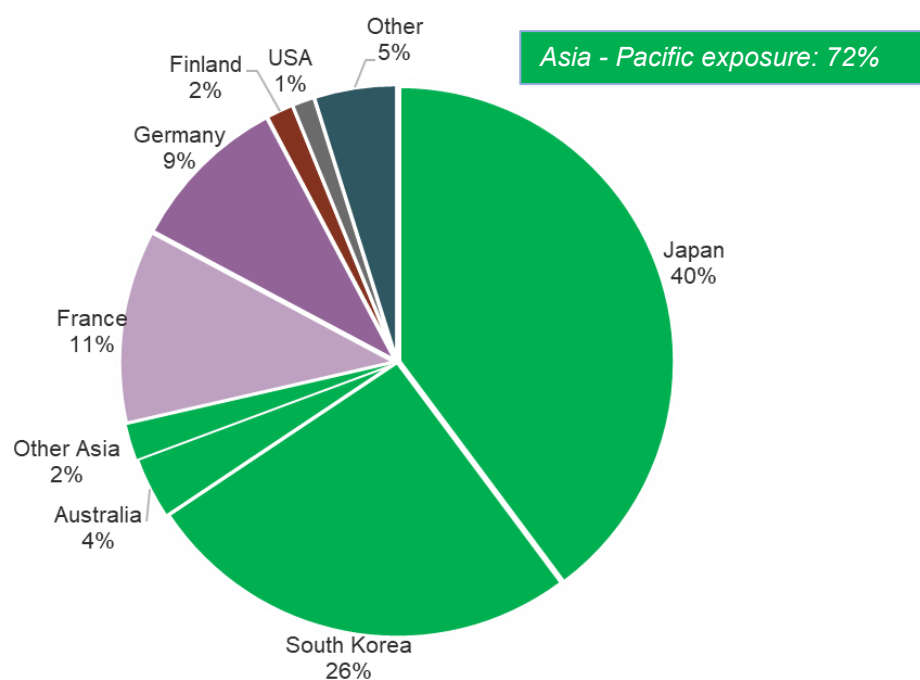
Main increases in the quarter

Holdings	Weight at 31/03/24	Weight at 30/06/24
Hyundai Mobis	0.7%	2.8%
SK Innovation	0.4%	2.1%
Vale ADR	0.0%	1.1%
SK Innovation Pref Shs	2.5%	3.4%
Samsung SDI Pref Shs	1.5%	2.4%

Main decreases in the quarter

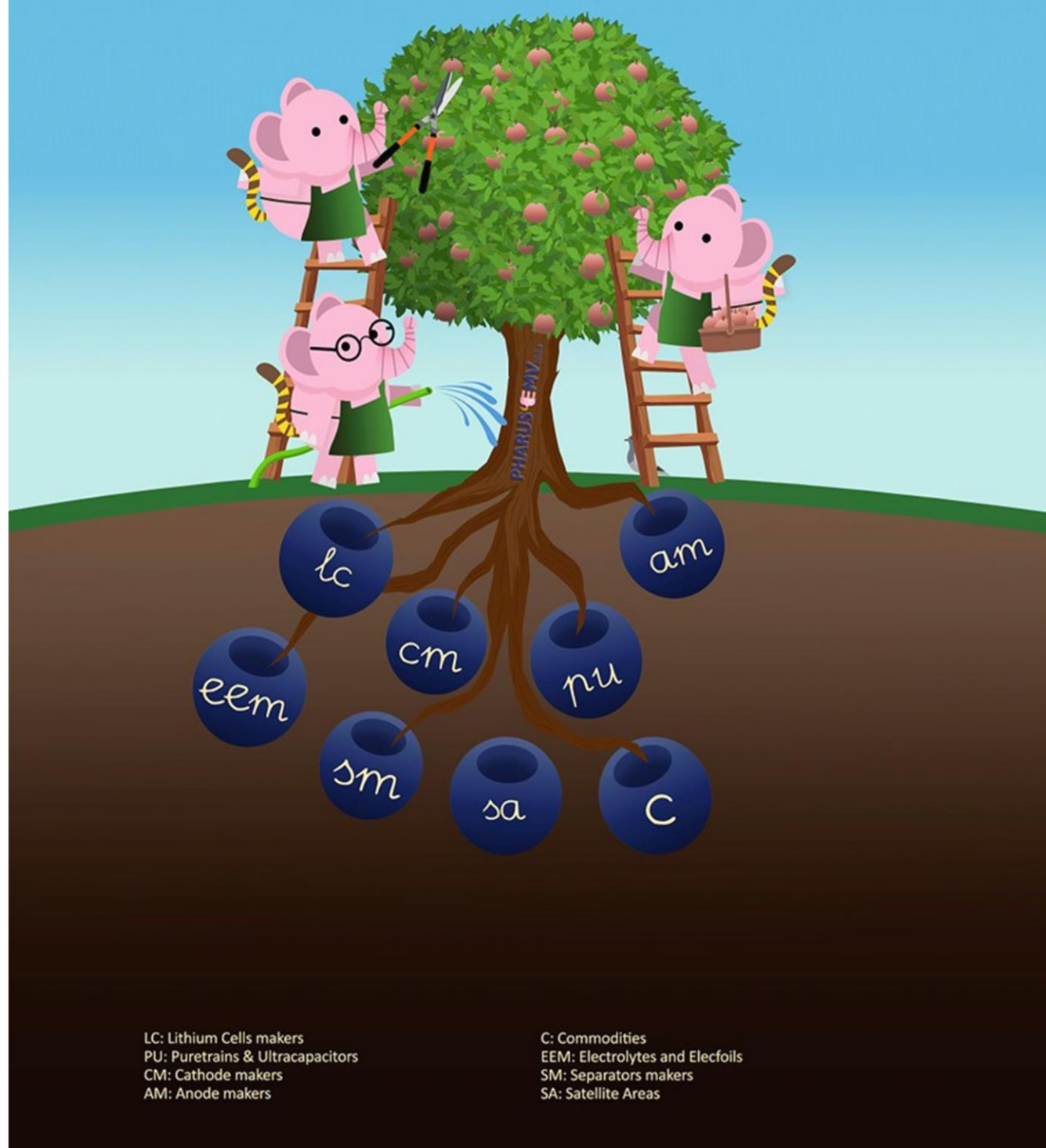
Holdings	Weight at 31/03/24	Weight at 30/06/24	Total Return
Sandfire Resources	2.2%	0.5%	+68.20%
Noritake	1.7%	0.0%	+69.19%
Eramet	2.4%	1.0%	+83.84%
Sansha Electric Manufacturing	1.8%	0.7%	+45.23%
Stella Chemifa	1.5%	0.5%	+21.56%

Geographical Composition



Source: Niche AM

ELECTRIC MOBILITY VALUE Niche



Lithium cells



stocks: 6

Average Market Cap (mln €) 7.805

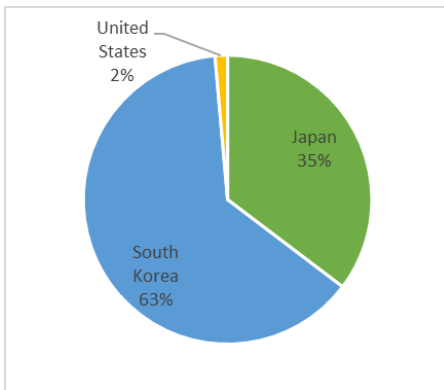
Median Market Cap (mln €): 1.774

Lithium cells – segment breakdown

		EM Fund	Lithium Niche
Lithium Cells	LC	18.9%	100.0%
Nickel Manganese & Cobalt	NMC	10.3%	54.4%
Nickel Cobalt & Aluminium	NCA	5.7%	30.3%
Lithium iron phosphate	LFP	1.7%	9.2%
Solid State	SS	1.2%	6.1%

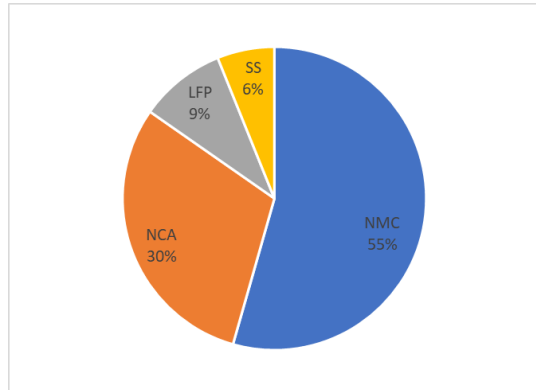
Source: Niche AM

Geographical breakdown

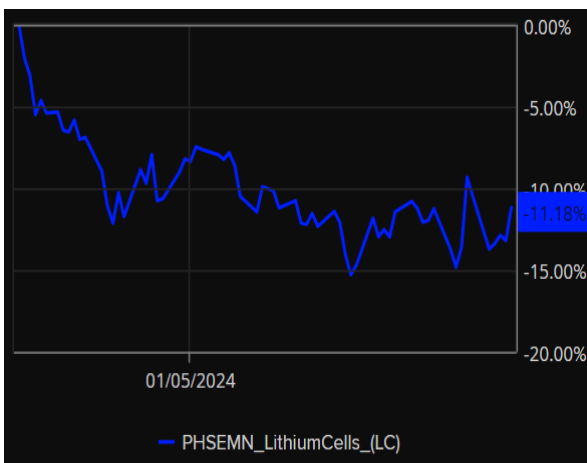


Source: Niche AM

Segment breakdown



Performance Q2 2024 (31/03/24-30/06/24)



Performance since inception (10/06/19 – 30/06/24)

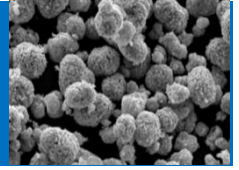


Source: Niche AM, Refinitiv

Niche Description

Electric mobility will grow dramatically in the coming years, with a speed still awaited by most, changing the world forever. Electric mobility will be pervasive, encompassing transport on land, water and air. At the heart of the electrification of mobility are lithium batteries, which consist of several lithium cells joined together through a battery management system. Each cell is a small battery with a cathode, an anode, a separator and filled with an electrolyte solution. There are different types of lithium cells, each with its own chemistry, although NCA and NMC are by far the most widely used in the electrification of transport.

Cathodes



stocks: 8

Average Market Cap (mln €): 3.180

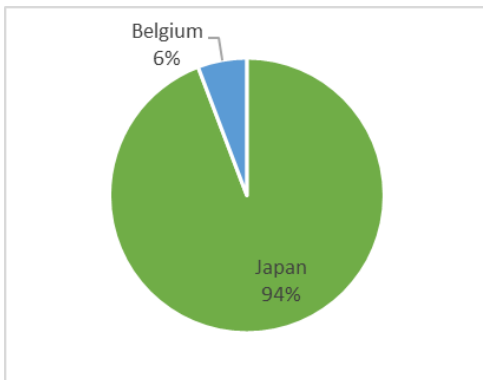
Median Market Cap (mln €): 209

Cathodes – segment breakdown

		EM Fund	Cathodes Niche
Cathodes		13.2%	100.0%
Nickel Manganese & Cobalt	NMC	2.2%	16.7%
Nickel Cobalt & Aluminium	NCA	8.2%	62.5%
Cathodes Material	CM	2.7%	20.8%

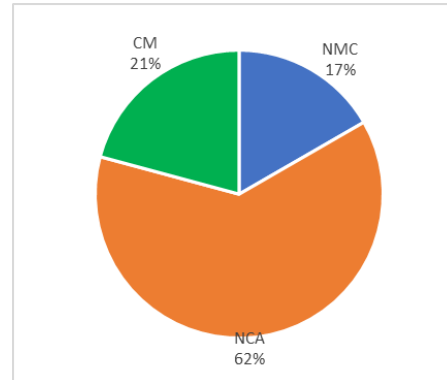
Source: Niche AM

Geographical breakdown

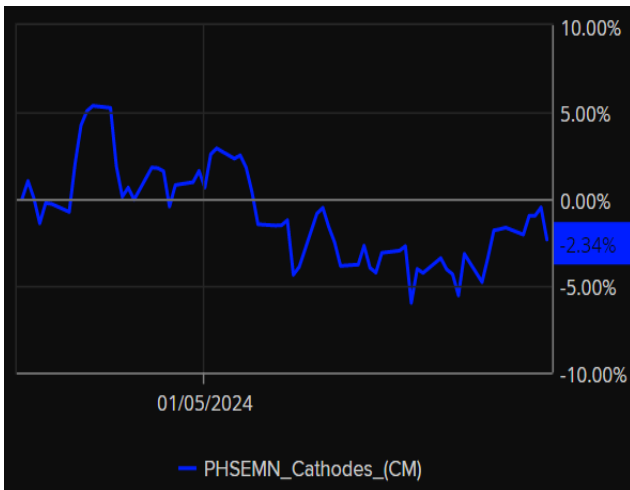


Source: Niche AM

Segment breakdown



Performance Q2 2024 (31/03/24-30/06/24)



Source: Niche AM, Refinitiv

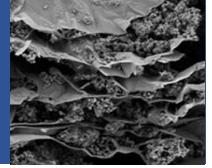
Performance since inception (10/06/19 – 30/06/24)



Niche Description

Cathodes are the most expensive component in lithium-ion batteries for electric vehicles (about 25 per cent of the total cost) and their chemistry is decisive for energy density and thus battery capacity. The composition of these cathodes will, at least for the next 5 to 7 years, be limited to two types of chemistry, NCA (nickel, cobalt and aluminium) and NMC (nickel, manganese and cobalt), as these provide the energy density required to make electric mobility competitive in terms of range with internal combustion vehicles.

Anodes



stocks: 6

Average Market Cap (mln €) 5.483

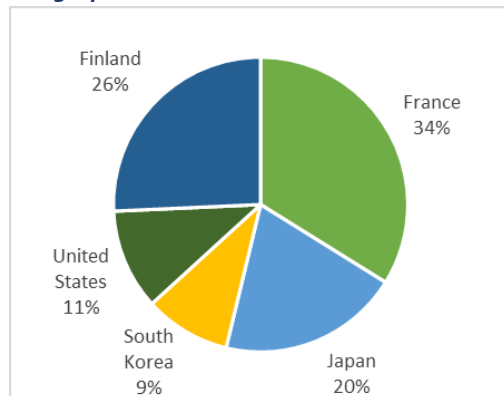
Median Market Cap (mln €): 3.314

Anodes – segment breakdown

	EM Fund	Anodes Niche
Anodes	5.4%	100.0%
Coating	1.8%	33.9%
Anodes	0.4%	7.9%
Artificial Graphite	1.2%	21.5%
Needle Coke	2.0%	36.7%

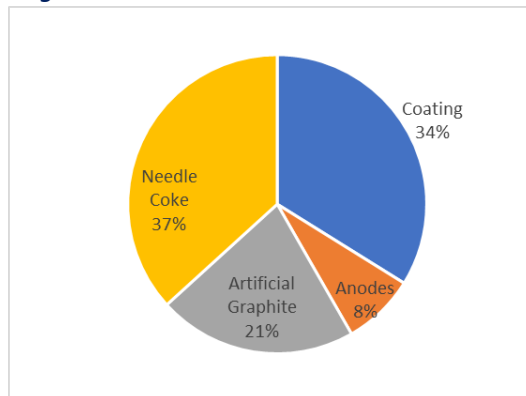
Source: Niche AM

Geographical breakdown



Source: Niche AM

Segment breakdown



Performance Q2 2024 (31/03/24-30/06/24)



Source: Niche AM, Refinitiv

Performance since inception (10/06/19 – 30/06/24)



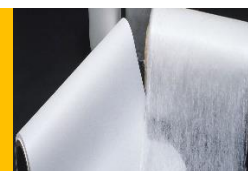
Niche Description

Anodes also contribute to determining the energy density of the battery, as they are responsible for storing and releasing lithium ions to and from the cathode. Anodes are arranged on copper or aluminium membranes that serve as a current collector for the anode. Selecting high quality materials for the anode enables lithium cells to offer good retention capacity and significant energy efficiency.

Ni

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Separators



stocks: 5

Average Market Cap (mln €): 2.053

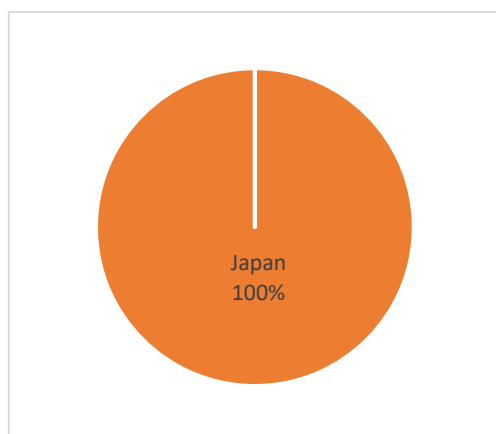
Median Market Cap (mln €): 1.534

Separators – segment breakdown

	EM Fund	Separators
Separator Maker	5.2%	100.0%
Wet Separators	4.2%	81.6%
Dry Separators	1.0%	18.4%

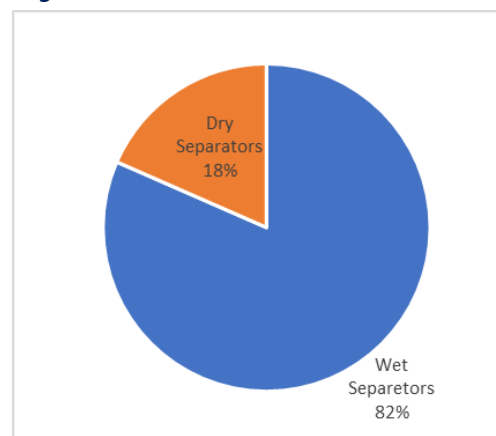
Source: Niche AM

Geographical breakdown



Source: Niche AM

Segment breakdown

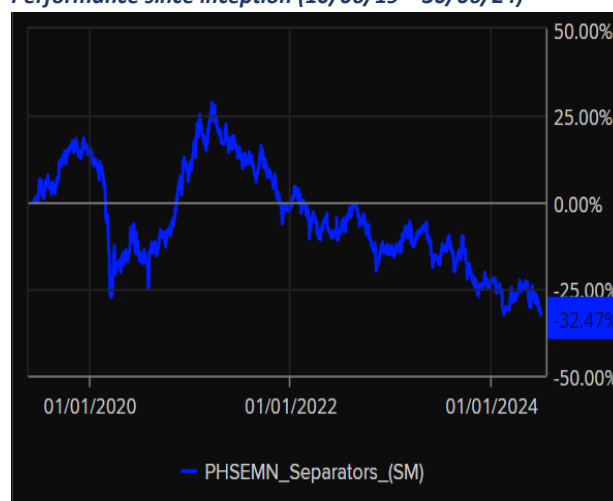


Performance Q2 2024 (31/03/24-30/06/24)



Source: Niche AM, Refinitiv

Performance since inception (10/06/19 – 30/06/24)



Niche Description

Separators ensure the safety of lithium cells as they act as a barrier between cathode and anode. Although separators occupy only 5% of the space of a cell, they represent the second most significant cost item after the cathode (around 10% of the total cost). The market for separators for electric vehicles was worth around USD600m in 2015, with a capacity of 0.5bn. This number could grow to over 20bn square metres by 2025, in line with the growth of electric mobility. However, there is a risk that after 2030 this component will no longer be needed if the solid-state battery is developed and adopted...

Electrolytes



stocks: 2

Average Market Cap (mln €): 326

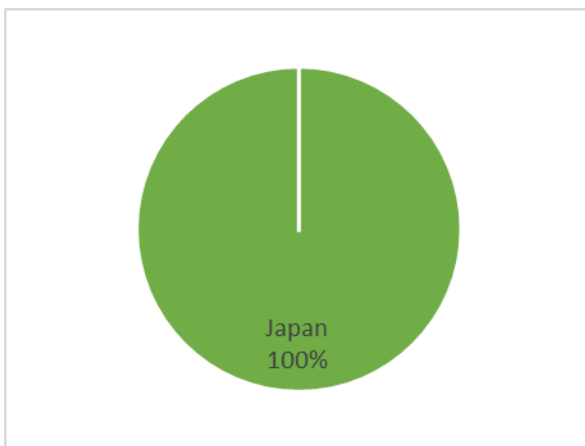
Median Market Cap (mln €): 326

Electrolytes & Elecfoils – segment breakdown

	EM Fund	Electrolytes Niche
Electrolytes & Elecfoils	1.0%	100.0%
Electrofoils	0.0%	0.0%
Electrolytes	1.0%	100.0%

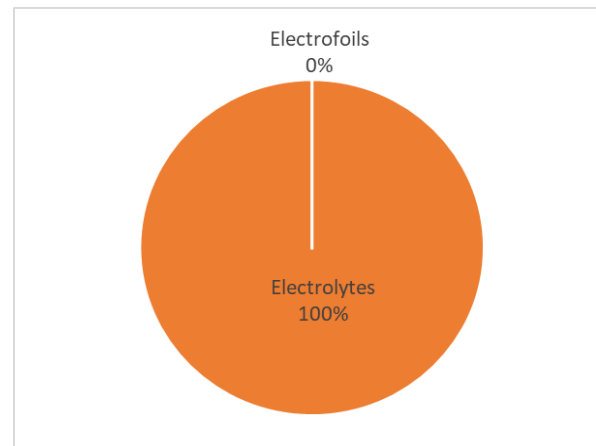
Source: Niche AM

Geographical breakdown

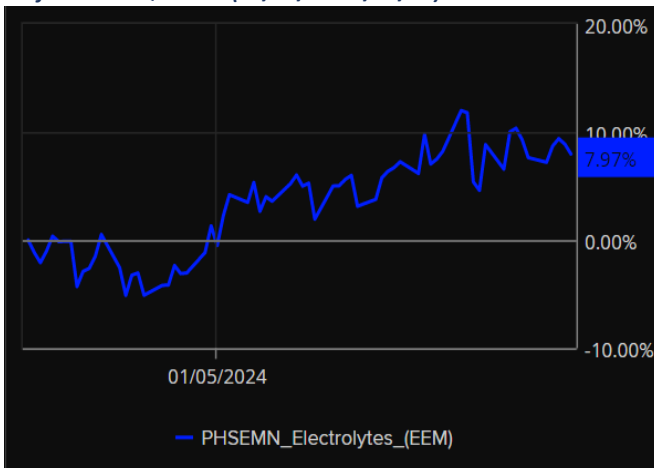


Source: Niche AM

Segment breakdown

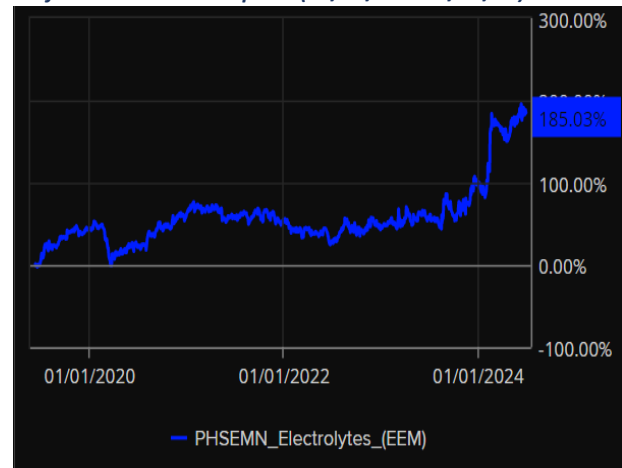


Performance Q2 2024 (31/03/24-30/06/24)



Source: Niche AM, Refinitiv

Performance since inception (10/06/19 – 30/06/24)



Niche Description

The electrolyte plays a key role as it enables and promotes the movement of lithium ions between cathode and anode. The electrolyte consists of solvents, salts and additives. The solvents allow the salts to dissolve. The salts allow the ions to pass through. Additives are products that are added to modify and refine the characteristics of the electrolyte. Materials that ensure a high ion-conducting capacity are essential to ensure good performance of the cell.

Commodities for electric mobility



stocks: 16

Average Market Cap (mln €): 7.164

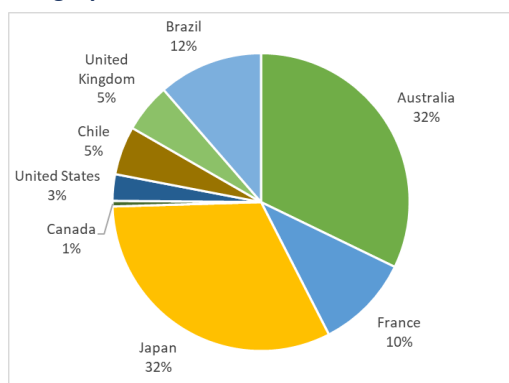
Median Market Cap (mln €): 2.151

Commodities – segment breakdown

Commodities	EM Fund	Commodities Niche
Commodities	10.0%	100.0%
Natural Graphite	1.6%	15.6%
Nickel Sulphate	3.3%	33.1%
Lithium	2.7%	27.3%
Copper	1.2%	11.9%
Cobalt	1.2%	11.9%
Vanadium	0.0%	0.2%

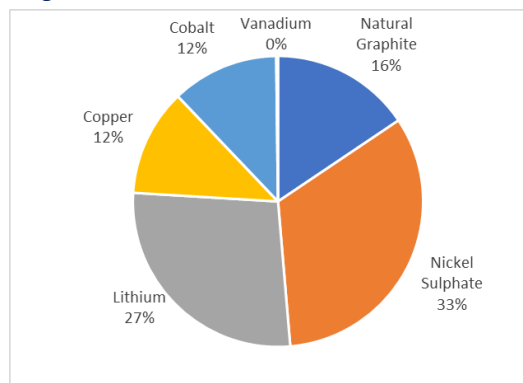
Source: Niche AM

Geographical breakdown

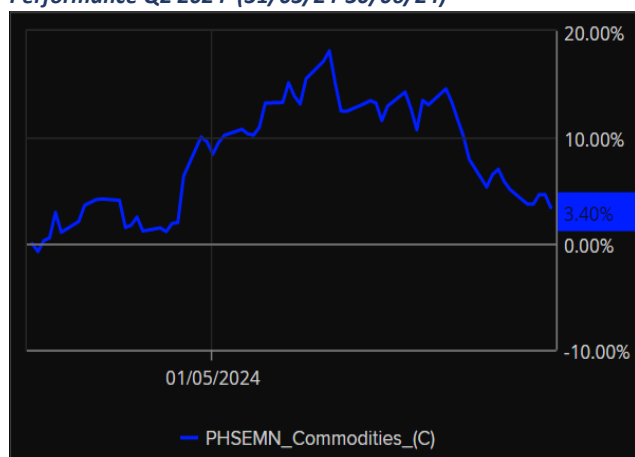


Source: Niche AM

Segment breakdown



Performance Q2 2024 (31/03/24-30/06/24)



Source: Niche AM, Refinitiv

Performance since inception (11/06/19 – 30/06/24)



Niche Description

Base Materials are vital for electric mobility. The need for cobalt, lithium and graphite will multiply many times over by 2025, while the need for nickel will almost double. Today, the world seems unprepared for this change, so a gradual increase in the price of these materials is likely once the adoption of e-mobility begins to accelerate dramatically.

Powertrains & Ultra Capacitors



stocks: 8

Average Market Cap (mln €): 7.218

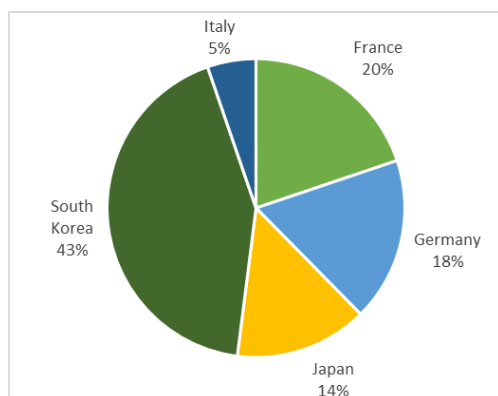
Median Market Cap (mln €): 2.413

PTs & UTs – segment breakdown

	EM Fund	Powertrains & UT
Powertrains & UTs	13.1%	100.0%
Power Trains	11.2%	85.6%
Ultra Capacitors	1.9%	14.4%

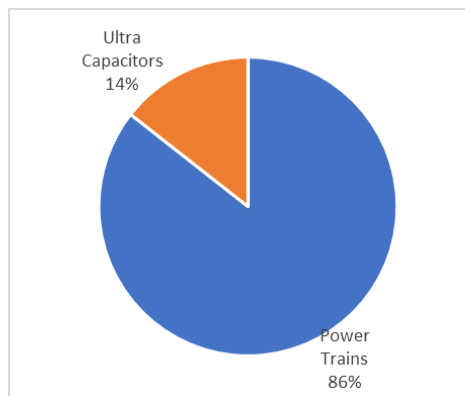
Source: Niche AM

Geographical breakdown

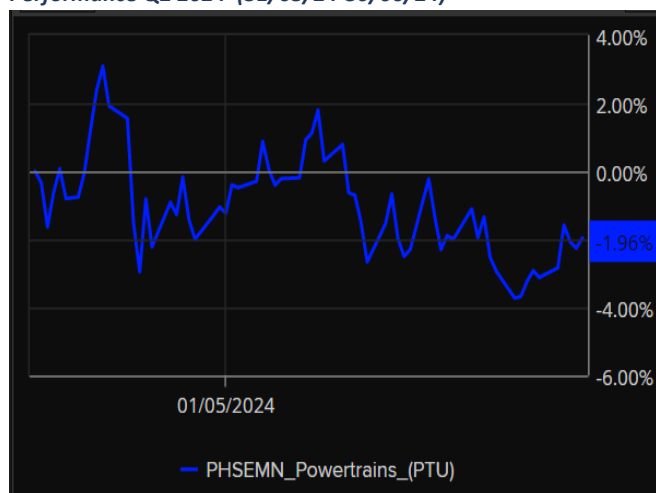


Source: Niche AM

Segment breakdown



Performance Q2 2024 (31/03/24-30/06/24)



Performance since inception (10/06/19 – 30/06/24)



Source: Niche AM, Refinitiv

Niche Description

Electric vehicle powertrains are completely different from conventional ones and will be refined over time to produce solutions that can improve vehicle efficiency. Those companies that are best equipped to handle the change will be able to gain market share and significantly improve margins. At the same time, ultracapacitors can become an important complement to the electric powertrain, providing high energy intensity when needed and, in doing so, increasing vehicle performance and extending battery life.

Satellite Areas



stocks: 22

Average Market Cap (mln €): 5.314

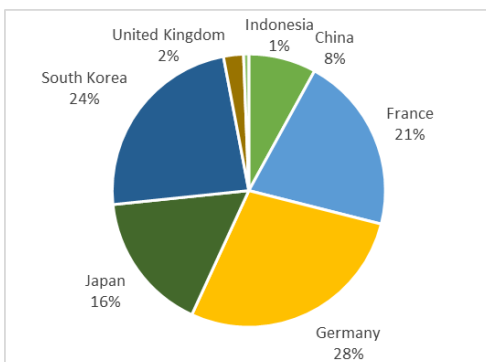
Median Market Cap (mln €): 551

Satellite Areas – segment breakdown

	EM Fund	Satellite Areas Niche
Satellite Areas	21.0%	100.0%
Sensors	2.0%	9.5%
Cars	8.3%	39.4%
Assembly Lines	2.9%	13.7%
Electrodes Cutting Equipment	0.8%	3.6%
Charging Stations	1.4%	6.4%
New Materials For Mobility	2.3%	10.9%
Lithium Batteries Assembly Machinery	0.3%	1.5%
Thermal Management Systems	0.9%	4.5%
Electric Bus	0.5%	2.4%
Electric Scooters	0.1%	0.6%
Recharging	1.6%	7.6%

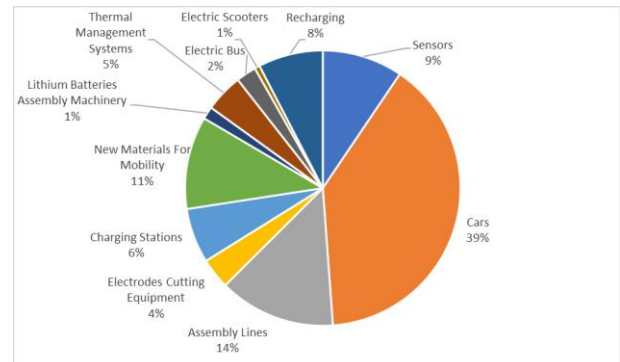
Source: Niche AM

Geographical breakdown

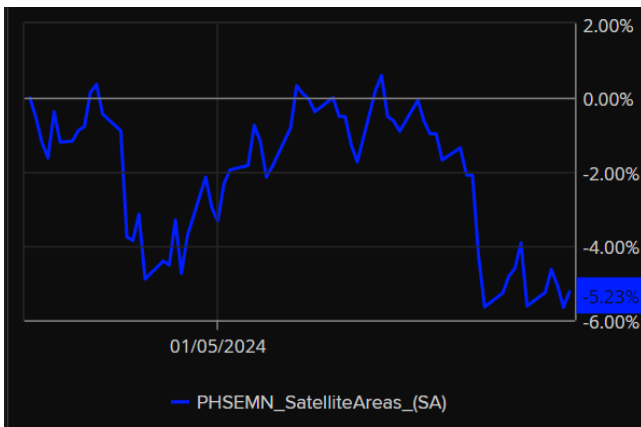


Source: Niche AM

Segment breakdown

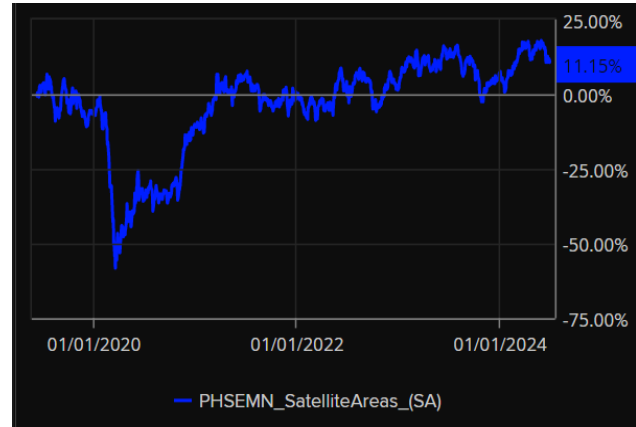


Performance Q2 2024 (31/03/24-30/06/24)



Source: Niche AM, Refinitiv

Performance since inception (10/06/19 – 30/06/24)



Niche Description

The transition from internal combustion vehicles to electric vehicles will be epochal, the value of the battery market will multiply by 30 in less than 10 years, reaching that of semiconductors. A billion cars and hundreds of millions of other vehicles will be affected. There is no doubt that this change will have the power to reshape many other adjacent sectors. This Niche seeks to identify the companies that will indirectly benefit from this trend.

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