



Monthly Report – November 2011

Market sentiment during November was again negative and significantly influenced by events in Europe. A now familiar cocktail of European policy hesitancy and market falls underscored the enormously difficult climate in which investors find themselves, as systemic solutions are sought to painful, debt induced problems not just in Europe, but around the world. The Arkx Clean Energy Fund was down 4.22% for the month, the NEX 8.56% and the MSCI was down 1.01%.

Events in Europe were not the only cause for policy agenda concern. The 2011 edition of the International Energy Agency's important *World Energy Outlook* published on November 16 warned that the chances of keeping the world to 2°C of warming are fast slipping away. Without further action, the IEA says that by 2017 all CO₂ emissions budgeted for in a 2°C scenario will be "locked-in" by way of existing power plants, factories and buildings. However, while the IEA's assessment is concerning, there may be some 'wiggle room' with a major research report published by *Bloomberg New Energy Finance (BNEF)* finding that the levels of renewable energy deployment calculated by the IEA out to 2030 may be too conservative in some areas. As an example, in its report *BNEF* assessed that installations of solar capacity could be 3 times the amount estimated by the IEA (1,137 v 430GW) which offers at least some encouragement that given the right policy framework and further falls in the price of renewable energy hardware, the IEA's 2°C scenario could still be met.

In a related, but separate, piece of research released on November 10, *BNEF* noted that the levelised cost of energy, that is, the cost of energy before any subsidies or support mechanisms are applied, produced from onshore wind turbines has fallen by 14% for every doubling of installed capacity between 1984 and 2011. The research report went on to state that, "the levelised cost of energy from onshore wind has fallen in 2011 real terms over this time period from EUR 200/MWh to EUR 52/MWh. This is only EUR 6/MWh more expensive than the average cost of a combined-cycle gas turbine plant in 2011. That figure for gas-fired power excludes the cost of carbon emitted - if that were included, wind would already be at grid parity."

Market Developments

- The South Korean government announced that it will invest 10.2 trillion won (US\$9 billion) in building a 2.5GW offshore wind farm, the largest in the world. The project is viewed as a major stepping stone toward South Korea developing a wind power industry that is expected to become one of the country's flagship industries along with semiconductors and shipbuilding.
- French socialist presidential candidate, François Hollande, proposed cutting France's reliance on nuclear power to 50% of supply, down from its current 82%.
- Renewable energy surpassed fossil fuels for the first time in new power-plant investments according to *BNEF*. Electricity sourced from the wind, sun, waves and biomass amounted to \$187 billion last year compared with \$157 billion for natural gas, oil and coal.
- The 17th Conference of Parties (COP 17) to the United Nations' Framework Convention on Climate Change began in Durban, South Africa on November 28 with 11,810 delegates scheduled to attend.

Fund Description

The aim of the Arkx Clean Energy Fund is to generate superior long term returns by investing in leading global listed companies that will benefit from the opportunities created by the transition to a low carbon economy.

The Fund holds companies with strong growth prospects, proven technologies and conservatively positioned balance sheets. It seeks diversification across both sectors and geographies.

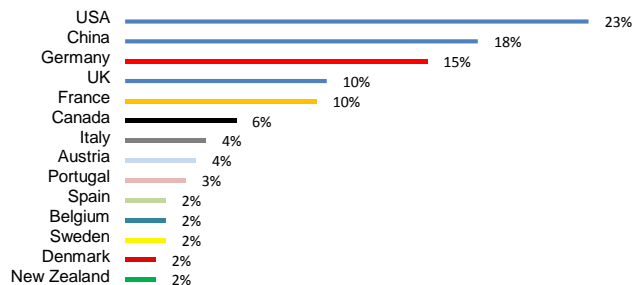
Fund Information

Trustee	Arkx Investment Management Pty Ltd
ACN	125684166
Distributions	Annually, within 60 days of 30 June
Entry Fee	\$0
Buy / Sell Spread	0.3%
Applications	Daily
Redemptions	Daily
Administrator	HSBC
Custodian	HSBC
Auditor	Moore Stephens

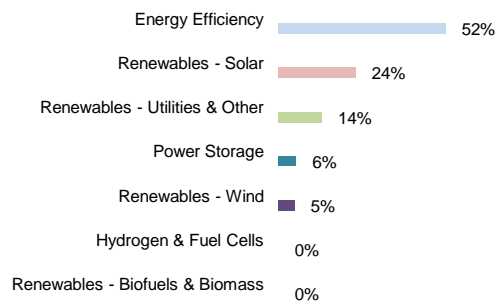
Largest Investments (in alphabetical order)

ABB	US
ITRON	US
JOHNSON CONTROLS	US
JOHNSON MATTHEY	UK
NEO MATERIAL	CANADA
SCHNEIDER ELECTRIC	FRANCE
SIEMENS	GERMANY
SMA SOLAR	GERMANY
TRINA SOLAR	CHINA
WASION	CHINA

Country Analysis



Sector Exposure



Performance for November 2011 (Net of fees)

	Month %	1 Year p.a. %	3 Years p.a. %	From Inception (1-Jan-2008) p.a. %
Arkx Clean Energy Fund	-4.22	-34.88	-1.65	-13.22
WilderHill New Energy Global Innovation Index (NEX)	-8.56	-30.91	-6.05	-26.49
MSCI World Index (Net, Hedged in AUD)	-1.01	+2.46	+11.89	-4.24

w : www.arkx.com

e : enquiries@arkx.com

t : + 61 (0)2 9264 5544

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