

Monthly Clean Energy Market Report

December 2022

HANetf & Purpose Investments

HANetf S&P Global Clean Energy Select HANzero™ UCITS ETF

ZERO

55 bps

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Product Inception Date: 28/06/21

For Professional Clients Only. Capital at risk.

All data as of 30/11/2022

This report was written by, and is the opinion of, the ZERO index providers Purpose Investments

Key Takeaways

In November, all eyes were on COP27. There were five main themes that emerged:

1. The need for funding for loss and damage was finally acknowledged by richer nations
2. Fossil fuel interests are not going down without a fight
3. Greenwashing will not be tolerated
4. Food systems and agriculture have finally come under scrutiny
5. The “implementation COP” did not live up to its name but momentum is building elsewhere

All in – the COP looked again like more bark than bite as it is actual government-level policy changes that drive forward investment dollars, not some self-aggrandizing get together. More significant than any COP meeting is the Inflation Reduction Act in the United States that is investing real dollars to drive green innovation forward.

As of late, Europe has brought forward anti-competitive returns because the IRA over-subsidizes industries that would otherwise be more competitive. We believe these claims are counter-productive and instead need to see matched action rather than complaints.

Renewable technologies continue to be exposed to tightening policy worldwide. Since renewables generally push cash flow further out, as high duration assets, they are impacted by increased rates. However, we are starting to see meaningful raw material input costs decline which are accretive to the bottom line for a lot of these companies.

With the start of the COP27 summit in Sharm el-Sheik, Egypt, the need to urgently address the climate crisis has never been clearer. Pakistan and Nigeria have experienced devastating flooding this year, Europe sweltered in a record heatwave over the summer, and Kenya and Somalia have been ravaged by a catastrophic drought.

However, at a time when unified global action is required, November’s climate talks are at risk of being overshadowed by other world events – namely, Russia’s invasion of Ukraine, frostier relations between the US and China, energy and food crises, and inflationary pressures.

There are nine measurable key objectives that will need to be addressed during COP27: 1) Paris-aligned 2030 emission targets; 2) Concrete impact of sector-based initiatives; 3) Deal on global goal on adaptation metrics; 4) Progress on adaptation finance targets; 5) Launch of loss and damage network; 6) Dedicated loss and damage finance; 7) \$100B climate-finance target reached by end of 2022; 8) Deal on new finance target; 9) Progress on carbon market mechanisms.

Last year’s COP was very much about good intentions -- 1.5 degrees Celsius, no more coal, zero-emission vehicles, et cetera. But this year’s COP will be about how to deliver on those good intentions.

Please note that all performance figures are showing net data. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product.

Macro Outlook

November proved to be another volatile month as markets tried to find their footing amidst the backdrop of increasing fears over recession, global central bank tightening, weakening economic conditions, and volatile earnings periods. Despite these events, we ended up finishing positive on the month. We had critical events effecting US markets that included a CPI print in the right direction, more Fed talk, and midterm elections.

When it comes to inflation, we saw a lower-than-expected number which helped drive the narrative that we are now through peak inflation. Since the Fed has aggressively hiked rates with blinders set on dampening inflation, it continues to be the key metric that investors are looking at when it comes to monetary policy. We are starting to see several signs that inflation may be easing – whether its oil, gasoline, shelter, and slowly starting with food.

On the jobs front, we continue to see a tighter than expected labour market which is giving the Fed permission to keep higher rates for longer – for now.

Amongst the consumer, we are also starting to see cracks in the system. Consumer credit card balancing are starting to increase while savings rates drop quickly. This will reduce disposable income, ultimately leading to a lowering of consumer spending across the board – but we haven't seen it yet.

The macro narrative continues to be driven by global central banks and their attempt to stamp out inflation. While the market has taken a beating over the course of 2022, we still have several rate hikes to go on top of earnings period uncertainty. While it will be an uphill battle in the H1/23, we could see light at the end of the tunnel come H2.

Please remember that when you invest in ETFs, your capital is at risk.

Clean Energy Performance

As of 30.11.2022

	1M	3M	6M	YTD	12M	SI
HANetf S&P Global Clean Energy Select HANzero™ UCITS ETF	13.08%	-5.26%	8.99%	-3.36%	-15.70%	-19.51%
S&P Global Clean Energy Select	13.18%	-5.19%	9.35%	-2.83%	-15.28%	-18.96%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/11/2022. Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs, your capital is at risk.

Product Details

HANzero™ is Europe's first carbon offset exchange traded fund. It gives environmentally conscious investors the opportunity to target capital growth with the reassurance that any carbon emissions linked to their investment will be offset through HANzero™, HANetf's carbon offset program and South Pole, a certified and audited carbon offset provider.

The HANetf S&P Global Clean Energy Select HANzero™ UCITS ETF will track the S&P Global Clean Energy Select Index, providing pure-play exposure to 30 companies across biofuel, fuel cell technology, geothermal energy, hydroelectricity, solar, and wind.

Please remember that the value of your investment may go down as well as up and your capital is at risk.

Visit the [ZERO Fund Page](#) for more information.

Exchange	Ticker	RIC	SEDOL	ISIN	Valoren	WKN	CCY	Listing Date
LSE	ZERO LN	ZERO.L	BMTR094	IE00BLH3CQ86	-	-	USD	30/06/2021
LSE	ZERP LN	ZERP.L	BMTR0G1	IE00BLH3CQ86	-	-	GBP	30/06/2021
Borsa Italiana	ZERO IM	ZERO.MI	BL6KDJO	IE00BLH3CQ86	-	-	EUR	23/07/2021
Xetra	ZERO GY	ZERO.DE	BL6KDK1	IE00BLH3CQ86	-	A3CPGG	EUR	30/06/2021
Euronext Paris	ZERO FP	ZERO.PA	BPG9N95	IE00BLH3CQ86	-	-	EUR	09/12/2021



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Mr. Mersch has worked in the asset management industry in several capacities over the past 10 years. Areas include private equity, infrastructure finance, venture capital and technology focused equity research. In his current capacity, he is an Associate Portfolio Manager at Purpose Investments focused on long/short equities. Mr. Mersch graduated with a Bachelor of Management and organisational studies from Western University and is a certified financial analyst (CFA) charterholder.

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 - ii. the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority ("FCA") and the relevant final terms of the carbon securities (together, "FCA Carbon ETC Prospectus"); and
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The ETF Prospectus, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from www.hanetf.com.

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