

# Monthly Clean Energy Market Report

January 2023

## HANetf & Purpose Investments

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

ZERO

55 bps

IE00BLH3CQ86

Product Inception Date: 28/06/21

For Professional Clients Only. Capital at risk.

All data as of 31/12/2022

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

## Key Takeaways

December wrapped up one of the most challenging years in recent history for investors throughout “The Great Inflation.” Over the course of 2022, the S&P had its worst year since 2008, the NASDAQ had its worst year since the dot-com bubble of 2000-2001, and the 60/40 portfolio had its worst year...ever. There seemed to be nowhere to hide in 2022 except for energy stocks as investors battled a rising rate environment to temper runaway inflation.

Many analysts believe we will have a recession in the latter half of 2023 as the 2023 Outlooks came out in droves over the last couple of weeks. 2023 target prices for the S&P had very wide ranges but the average is around a flat year, which makes for a lot of dispersion amongst subsectors. In favour are value and defensive, as well as bonds over stocks as investors look to weather the storm.

However, we are starting to see some encouraging signs. Global supply chains are easing as freight and cargo price indexes continue to drop, excessive inventory builds are still forcing retailers to discount as we are seeing goods prices retreat, and WTI and Natural gas prices continue to normalize after spiking in the first half of the year. All of these are a good sign for easing inflation.

When it comes to rates, it looks like the federal funds rate will exceed CPI prints around April, at which point the Fed may be able to conclude that they are appropriately restrictive, and a pause could be in order. This will restore stability when it comes to market expectations around changes in rates.

Since the Fed will remain data-dependent, they will closely monitor leading economic indicators when deciding the rate path going forward.

We know that the Fed has two jobs – Prices (inflation) and jobs (wages). As long as the labour market remains this strong, they have full permission to hike rates in order to stamp out inflation. There still needs to be a crack in labour.

**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

We believe that this year will mark a key inflection point when it comes to renewable energy. The previous year marked several shocks to the system that have brought to light the lack of security in our current energy infrastructure. As we face an era of deglobalization, onshoring everything – from manufacturing to energy is going to occur which will result in large capex buildout.

Renewable Energy will be a main beneficiary of infrastructure buildout, as the world goes green. The Inflation Reduction Act (IRA) provide the US 10+ years of policy direction. The IRA's top-line investment funding of \$369B for domestic producers and equipment manufacturers associated with renewable and transitional energy

technologies serves as a force-multiplier to turbocharge the \$60B direct clean energy and transportation funding created by the '21 US Bipartisan Infrastructure Law.

The growth in sustainability-themed debt financing vehicles has been particularly pronounced, and “green bonds” have risen in popularity over the last decade, exceeding \$600 billion in issuance in 2021. These instruments are typically backed by the issuer’s entire balance sheet, but are structured to separate proceeds to exclusively provide for deployment of defined sustainability related projects, such as green buildings, renewable energy facilities, pollution prevention initiatives, substantial plan retrofits, and other projects meeting specifications set out in the governing bond documents.

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

## Clean Energy Performance

As of 31.12.2022

	1M	3M	6M	YTD	12M	SI
HANetf S&P Global Clean Energy Select HANzero™ UCITS ETF	-6.75%	2.53%	5.01%	-9.89%	-9.89%	-24.95%
<i>S&amp;P Global Clean Energy Select</i>	<i>-6.74%</i>	<i>2.70%</i>	<i>5.36%</i>	<i>-9.38%</i>	<i>-9.38%</i>	<i>-24.42%</i>

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 31/12/2022

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



### Nicholas Mersch, CFA

Portfolio Manager, Purpose Investments

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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#### Communications issued in the EEA relating to ETCs

The content in this document is issued by the relevant Issuer.

### The Issuers

- HANetf ICAV, an open-ended Irish collective asset management vehicle issuing under the terms in the Prospectus and relevant Supplement for the ETF approved by the Central Bank of Ireland ("CBI") ("ETF Prospectus") is the issuer of the ETFs. Investors should read the current version of the ETF Prospectus before investing and should refer to the section of the ETF Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETFs. Any decision to invest should be based on the information contained in the ETF Prospectus.
- HANetf ETC Securities plc, a public limited company incorporated in Ireland, issuing:
  - the precious metals ETCs under the terms in the base prospectus approved by both the Central Bank of Ireland ("CBI"), the UK Financial Conduct Authority ("FCA") and the final terms of the precious metals (together, "Metals ETC Prospectuses");

- 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
- iii. the carbon securities ETCs under the terms in the base prospectus approved by the Central Bank of Ireland (“CBI”) and the final terms of the carbon securities (together, “CBI Carbon ETC Prospectus”).

Investors should read the latest versions of the relevant ETC prospectus before investing and should refer to the section of the relevant ETC prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETCs. Any decision to invest should be based on the information contained in the relevant ETC prospectus.

3. ETC Issuance GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”) and the final terms (“Cryptocurrency Prospectus”) is the issuer of the ETCM ETCs. Investors should read the latest version of the Cryptocurrency Prospectus before investing and should refer to the section of the Cryptocurrency Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETCs contained in the Cryptocurrency Prospectus. Any decision to invest should be based on the information contained in the Cryptocurrency Prospectus.

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](http://www.hanetf.com).

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