

Monthly Solar Energy Market Report

January 2023

HANetf & EQM Indexes

Solar Energy UCITS ETF

TANN

69bps

IE00BMFNWC33

Product Inception Date: 09/06/2021

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 TANN index providers EQM Indexes

Key Takeaways

Solar accounted for over 5% of US electricity generation in first 10 months of 2022, while almost 23% of US' electricity was generated by renewable energy sources in the period. Total renewable electricity generation grew 14.3% in the last 12 months, whilst the total net generation increased by 3.14%. as solar output grew 26.2% year-to-date (YTD), according to data released by the US Energy Information Administration (EIA). Solar saw by far the greatest growth in the period, increasing by over 26% and accounting for 5.1% of total electricity output, and in October alone solar output was 31.7% greater than the same time a year earlier. In March 2016 solar energy's YTD generation reached 1% for the first time, since which time its monthly generation has increased almost six times.

Solar raw input polysilicon prices are expected to continue plummeting until Chinese New Year. Polysilicon prices have fallen steeply since mid-late December and the downward trend is expected to continue until the Chinese New Year, at least. The downturn was likely triggered by an excess supply of solar wafers. Around 329GW of wafers were produced in China alone with an estimated 10GW of additional production elsewhere. As a result of the excess production, 182mm M10 monocrystalline wafer prices fell -27% between mid-November and 21 December, according to Bernreuter Research. Once the price decline began in earnest in the closing days of December M10 wafer prices almost halved since November, falling -48%. The decline has put pressure on polysilicon prices, which have likewise fallen -39% in the same period.

Domestic solar manufacturing is increasing in the U.S. and Europe: 22GW of new domestic PV manufacturing capacity has been planned in the US since the IRA came into force. Perhaps most notable is Enel North America's planned 3GW cell and module factory, which the company directly framed as an antidote to supply chain issues. Further upstream, CubicPV recently announced a 10GW silicon wafer manufacturing facility. Whilst it may have gone the furthest with new policy support so far, the US hasn't been the only player planning to build out a manufacturing base. Despite seeing solar installs jump 47% year-on-year, the EU has been under increasing pressure from the industry to facilitate domestic PV manufacturing growth. It launched the European Solar PV Industry Alliance this month, and with it plans for 30GW of manufacturing capacity by the end of the decade. The situation is perhaps more complex than in the US, as a single unified direction is harder to reach, but the alliance establishes a governmental shift towards domestic manufacturing.

Please remember that all performance figures are showing net data. Past performance is not indicative of future performance, and when you invest in ETFs your capital is at risk.

Macro Outlook

Significant increases in renewable power growth over the next five years is expected by Europe, the United States, China and India.

The EU Solar Strategy outlined under the RePowerEU plan presented in May sets a target of 320 GW of solar generation capacity by 2025 – twice today’s level. Under the plan, the number would almost double again by 2030, to 600 GW. The amount of renewable power capacity added in Europe in the 2022-27 period is forecast to be twice as high as in the previous five-year period, driven by a combination of energy security concerns and climate ambitions.

Global Solar PV capacity is set to almost triple between 2022-2027, surpassing coal and becoming the largest source of power capacity in the world, according to the International Energy Agency (IEA). This will be as much renewable power added in the next five years as on the past twenty, as countries seek to take advantage of the energy security benefits that renewables provide.

Residential solar in America saw a record 5.6 GW of installations in 2022, with Florida, Texas, the Midwest and California leading the trend. Commercial users added ca. 1.9 GW in the year, bringing the total amount of new solar rooftops installed ‘behind the meter’ to 7.5 GW. It is important to emphasize that the full impact of the Inflation Reduction Act will not kick in until 2023, which will give further impetus to this ongoing trend.

In China, as a result of its recent 14th Five-Year Plan, the country is expected to account for almost half of new global renewable power capacity additions over the 2022-2027 period and triple its solar PV capacity. Together with the US and India, the three countries will represent 2/3 of all global solar growth over the period.

Solar Energy Performance

As of 31.12.2022

	1M	3M	6M	YTD	12M	SI
Solar Energy UCITS ETF	-10.62%	-4.59%	-3.57%	-15.75%	-15.75%	-13.67%
<i>EQM Global Solar Energy Index</i>	<i>-10.59%</i>	<i>-4.33%</i>	<i>-3.04%</i>	<i>-14.93%</i>	<i>-14.93%</i>	<i>-12.16%</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

Solar Energy UCITS ETF (TANN) is a UCITS compliant exchange traded fund domiciled in Ireland. The Solar Energy UCITS ETF ‘TANN’ seeks to offer pure-play exposure to the rapidly growing global solar industry.

The TANN Solar ETF tracks the EQM Global Solar Energy Index (SOLARNTR) which is focused on companies that derive significant revenue from solar energy-related business operations including manufacturing of photovoltaic, solar cells, and systems; producers of solar power generation, equipment, and components; providers of solar power system installation, development, and financing; and/or manufacturing of solar-powered charging and energy storage systems.

TANN is scheduled under Article 8 under the Sustainable Finance Disclosure Regulation (SFDR). Companies will be ESG screened for compliance with UN Global Compact principles plus operational business involvement in the fields of oil sands, fossil fuel, or controversial weapons.

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

Trade TANN

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	TANN LN	TANN.L	IE00BMFNWC33	-	BMTR168	USD	0.69%
London Stock Exchange	TANP LN	TANP.L	IE00BMFNWC33	-	BMTR1D5	GBP	0.69%
Borsa Italiana	TANN IM	TANN.MI	IE00BMFNWC33	-	BL6KDR8	EUR	0.69%
Deutsche Boerse Xetra	TANN GY	TANNG.DE	IE00BMFNWC33	-	BL6KDT0	EUR	0.69%

Stephen Derkash



Mr. Derkash leads EQM's Global and ESG Product initiatives. He has over twenty years of global portfolio management, investment banking and equity research experience, and has worked as a Portfolio Manager at Millennium Management, a \$40 billion hedge fund, and at UBS Asset Management. He is the Founder of BlueRunner Global Advisors, a boutique investment advisory firm focused on emerging markets equity investing, and prior to Millennium and UBS, Stephen worked with Nicholas-Applegate Capital Management, in sell-side research with a leading European bank in Brazil, and on the emerging markets investment banking team at Lehman Brothers in New York. He holds an MBA from Wharton, an MA in International Studies from the University of Pennsylvania's Lauder Institute, and a BA from Georgetown University.

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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

- 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”).

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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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