

Monthly Clean Energy Market Report

April 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 31/03/2023

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

Key Takeaways

US residential demand tracking better than expected. Amid concerns about a drop in US demand, particularly in California, we believe demand continues to track to ~10%+ growth in 2023 with potential for upside as IRA-related credits are clarified. The industry is using the NEM 3.0 transition effectively to drive backlog. The shift in selling strategies toward lease products is helping manage the cost of capital headwinds, supporting bookings activity. With US Treasury guidance for solar likely not out until May, we believe some investors are waiting to see about any related unexpected limitations. Income caps for consumers buying electric vehicles is an example that may shift the impact of the incentives and investor perception.

Energy security remains a key driver of EU demand. Our conversations on EU demand continue to be more nuanced. Lower natural gas prices are trimming solar paybacks offset by a warm winter supporting better than seasonal install activity. The threat of a cutoff of Russian natural gas is a key driver of solar + storage adoption; demand should prove more resilient in 2H23 than bearish scenarios suggest.

Accelerated battery demand. We continue to expect product performance evolution to help drive demand, particularly in the residential market. We view current offerings as the first real generation of grid-tied products, particularly for residential applications.

Macro Outlook

March was a volatile month, as markets initially pushed lower due to solvency concerns across the U.S and European banking sectors. However, having learned their lessons in 2008, central banks stepped in decisively to ward off spreading contagion risks by fully backstopping depositors and adding liquidity to the system. Despite the Fed hiking an additional 25bps at March's FOMC meeting, the market began to price a lower terminal rate given the fact that the Fed would be handcuffed by the weakened financial backdrop. This, combined with slightly softer inflation data, bolstered stocks and helped drive a rebound into positive territory by month end.

The banking crisis out of Silicon Valley Bank and Signature Bank led to an exodus in clean tech names as markets started pricing in a potential scenario of contagion. Funding risks became key investor questions as many of these names had deposits at the now-defunct bank, as well as credit lines that had historically been important for funding many of the cleantech projects. As the banking crisis unfolded, the market increasingly priced in a recession scenario. Lending conditions are likely to tighten, which will have broad macroeconomic implications.

Despite the market uncertainty that prevailed in Q1, there were many positives at play. For example, the Fed took historic measures in backstopping deposits at the defunct banks, which boosted confidence in the U.S. financial system. Fed lending programs from the week of March 15th stabilized, which indicated limited contagion thus far. Moreover, the economics of renewables remain attractive, factoring in the Inflation Reduction Act (IRA) tax credits. So, well-capitalized developers are still on track to build out their backlog. Energy transition remains a long-term existential objective for the world with the International Energy Agency reporting another 0.9% growth in carbon dioxide emissions to record high of 36.8 Gt.

Sources available upon request. **Please note that all performance figures are showing net data.** Past performance is not an indicator for future results and when you invest in ETFs your capital is at risk.

Clean Energy Performance

As of 31.03.2023

	1M	3M	6M	YTD	12M	SI
HANetf S&P Global Clean Energy Select HANzero™ UCITS ETF	2.26%	1.10%	3.66%	1.10%	-9.73%	-24.12%
<i>S&P Global Clean Energy Select</i>	<i>2.28%</i>	<i>1.24%</i>	<i>3.98%</i>	<i>1.24%</i>	<i>-9.23%</i>	<i>-23.48%</i>

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/03/2023
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
 - 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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