




AMC Green New Deal

The Energy Transition

July 18, 2023

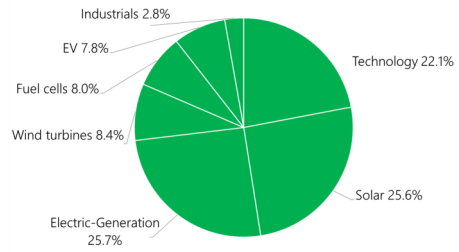
Investments in decarbonized energies to stop the climate warming.

Actively Managed Certificate (AMC) invested in international equities linked to the development of green energies and the sustainable use of Earth. Countries and companies will have to invest in renewable energies to reduce CO2 emissions and fight against the climate warming. Themes covered are : responsible use of Earth, green electricity generation, energy storage, waste management, resources exploitation, energy efficiency, sustainable transport and construction, Smart grids, cities & houses.

Issuer	Société Générale
Adviser	Heravest SA
Inception price	100
Inception date	26.02.2020
Currency	EUR
ISIN	XS2112381517
Liquidity	Daily
Mgt fees	1.5%
Price on 17.07.2023	119
AuM	€ 7 million
# holdings	24

Top 5 holdings

Quanta Services	6.6%
SSE	5.7%
Orsted	4.7%
Sunrun	4.5%
Sunnova	4.4%



Since February 2021, the green transition thematic has underperformed the whole market. Some factors explain that, but expect great return for investors with long term horizon. There is a clear disconnect between green stocks performance and huge spending for energy transition in the coming years.

Since its peak in February 2021, the Wilderhill Clean Energy Index (ECO Index) has declined by 68% whereas the MSCI World increased by 8%. It's very incredible, because huge amount of money is injected for the energy transition in Western countries and China to meet Paris Agreement targets within 2050.

But the thematic entered into a bubble in February 2021 with disconnected valuations, mainly in hydrogen. The OEMs suffered disruption production problems due to Covid, then with Ukraine war. Metal disruptions, higher metal prices, chip disruptions, higher chip prices and big Chinese competition have hurt Western companies.

Performances

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
2023	4.1%	-0.8%	-1.7%	-7.4%	5.3%	-0.8%	-1.3%*						-3.1%
2022	-12.5%	7.9%	11.7%	-10.8%	0.7%	-6.2%	25.0%	0.8%	-11.6%	-1.0%	7.2%	-10.4%	-5.7%
2021	9.7%	-11.6%	-1.9%	-9.8%	-5.3%	12.3%	-5.1%	-0.6%	-5.3%	20.0%	-3.0%	-12.8%	-17.8%
2020	-	-7.4%	-18.3%	11.6%	7.5%	3.3%	8.6%	11.3%	3.2%	0.4%	19.9%	11.9%	57.5%

Inception 26.02.2020

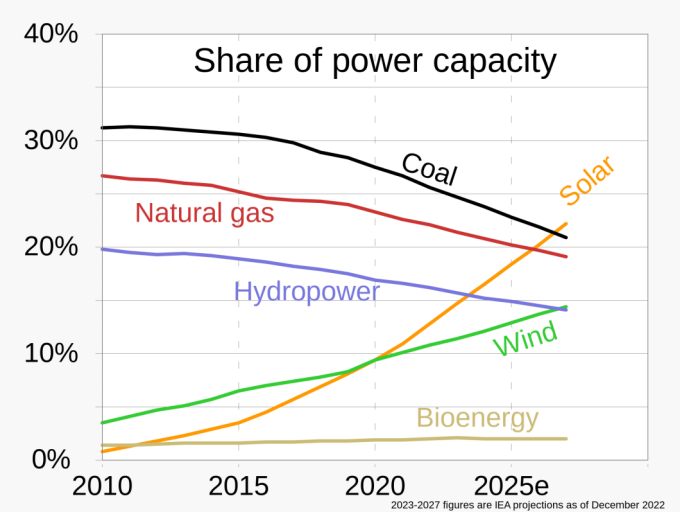
**on July 17, 2023*




Regional US banks crisis impacted the thematic as small/ mid US banks finance many local green projects. SVB was a large player in financing green projects. In the short-term, recession fears and higher interest rates translate in softening demand in US residential markets for solar panels. On April 2023, California changed its net metering policy decreasing the value of solar energy credits by 75% and encouraging customers to purchase solar battery storage with their solar system.

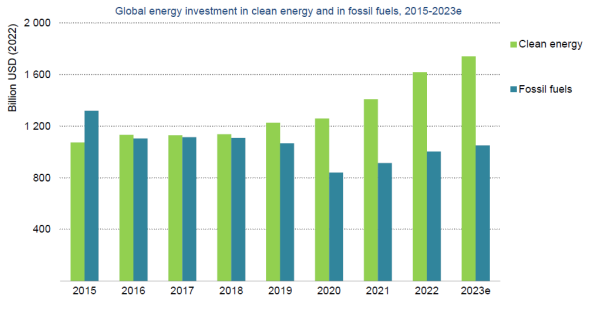
But these incredible negative performances do not fit with huge spending to succeed the energy transition. The US will spend $450 billion through subsidies and Europe the same amount through its €750 bn recovery plan. New installed capacities will be multiplied by 3-5 within 2030. Then, it seems logical that global revenue of OEMs green companies (solar panels, solar micro-inverters, wind turbines, ...) and providers of photovoltaic systems and battery energy storage will see their revenue multiplied by the same magnitude. Simple but pragmatic reasoning. For profits, reasoning is different but with increasing volume and economy of scale, profits and margins should improve.

Solar and wind are set to produce a third of global electricity in 2030. The global solar energy market is forecasted to grow by 20% per year to $620 bn within 2030.



According to IEA (International Energy Agency), about $2'800 bn is set to be invested globally in energy in 2023, of which $1'700 bn is expected to go to clean energy. Solar set to eclipse oil production for the first time. Clean technologies are EV, nuclear power, solar, wind, grids, storage, low-emissions fuels, efficiency improvements, heat pumps,... In the next years, clean energy investment is expected to rise by 24% annually. 90% of these investments will come from advanced economies and China. Clean energy transition needs $35'000 bn investments by 2030 to keep the 1.5°C target.

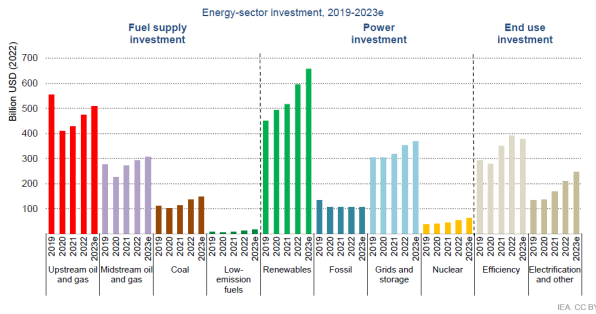
The recovery from the Covid-19 pandemic and the response to the global energy crisis have provided a major boost to global clean energy investment



IEA. CC BY 4.0.

Note: 2023e = estimated values for 2023.

Increases across almost all categories push anticipated spending in 2023 up to a record USD 2.8 trillion



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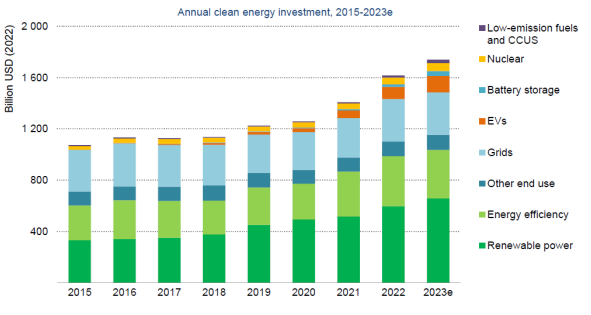
Notes: "Low-emission fuels" include modern liquid and gaseous bioenergy, low-emission hydrogen and low-emission hydrogen-based fuels; "Other end use" refers to renewables for end use and electrification in the buildings, transport and industrial sectors. The terms grids and networks are used interchangeably in this report and do not distinguish between transmission and distribution; 2023e = estimated values for 2023..

Renewables, led by solar, and EVs are leading the expected increase in clean energy investment in 2023



IEA. CC BY 4.0.

Notes: "Low-emission fuels" include modern liquid and gaseous bioenergy, low-emission hydrogen and hydrogen-based fuels that do not emit any CO_2 from fossil fuels directly when used and emit very little when being produced; "Other end use" refers to renewables for end use and electrification in the buildings, transport and industrial sectors. 2023e = estimated values for 2023; CCUS = carbon capture, utilisation and storage; EV = electric vehicle.

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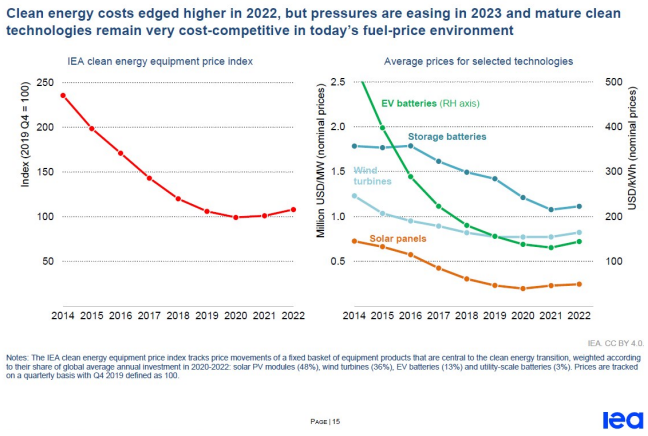
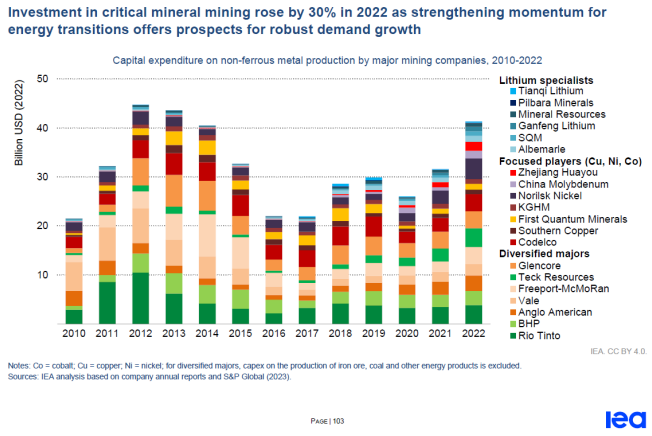
Annual clean energy investment rises much faster than investment in fossil fuels, 24% vs 15% over 2021-2023.

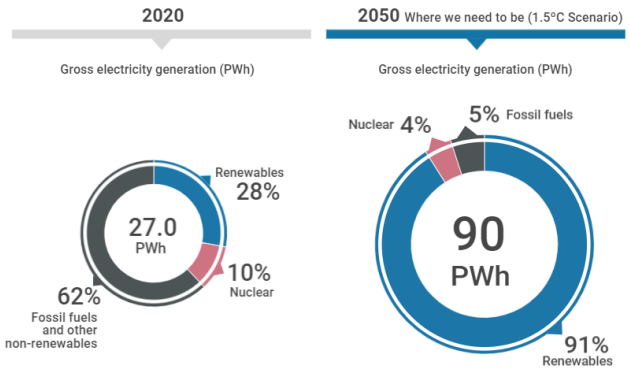
Clean investments will increase as costs decline.



Major players in critical metals for energy transition.



Power generation needs to more than triple by 2050.



From $1,700 bn in 2023, investments in clean energy need to reach $5,000 bn per year by 2030, according to UN, to achieve climate targets.

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