

New Energy

Build a cleaner future

Access to energy for all is essential, be it for jobs, security, climate change mitigation, or food production. Alternative energy will represent an increasing share of the global electricity production mix in the years ahead. This huge potential should benefit companies investing in renewable energy generation and distribution, and in energy storage technology.

Key facts and figures:¹

- ▶ Energy is the dominant contributor to climate change, accounting for around **60%** of total global greenhouse gas emissions
- ▶ Approx. **3bn** people lack access to clean-cooking solutions and are exposed to dangerous levels of air pollution
- ▶ Just under **1bn** people are functioning without electricity
- ▶ Indoor air pollution from using combustible fuels for household energy caused **4.3 million** deaths in 2012

Countries can accelerate the transition to sustainable energy by:²

- ▶ Investing in renewable energy resources
- ▶ Prioritising energy efficient practices
- ▶ Adopting clean energy technology/infrastructure

Index and fund details²

Index name	World Alternative Energy Return Index
Index Bloomberg ticker	WAEXC
Number of holdings	40
ETF Name	Lyxor New Energy UCITS ETF
ETF Bloomberg ticker	NRJ
Replication	Swap-based*
TER	0.60%
AuM	€191m

*Wherever legally possible and at its discretion, Lyxor applies exclusions on the fund holdings of its synthetic ETFs based on a) companies that deal with controversial weapons (e.g. anti-personnel mines, cluster bombs, depleted uranium munitions, and biological, chemical, nuclear or radiological weapons), and b) companies associated with serious and repeated breaches of the UN Global Compact principles.

Clean energy drivers

Factors driving demand for alternative energy

Investor appetite

Strong growth potential in renewables fuelled by \$ trillions in expected investments over the coming decades



Government support

Governments support clean energy through feed-in tariffs and subsidies³

Cost effectiveness

Declining costs and increasing efficiencies (e.g. in solar) has increased adoption³

Volatility in fuel prices

Uncertain fossil fuel prices support the growth of alternative energy³

¹Source: UN SDG website, as at June 2019.

²Source: Lyxor International Asset Management. Data as at 19/12/2019.

³Source: RobecoSAM Alternative Energy update Q1 2019.

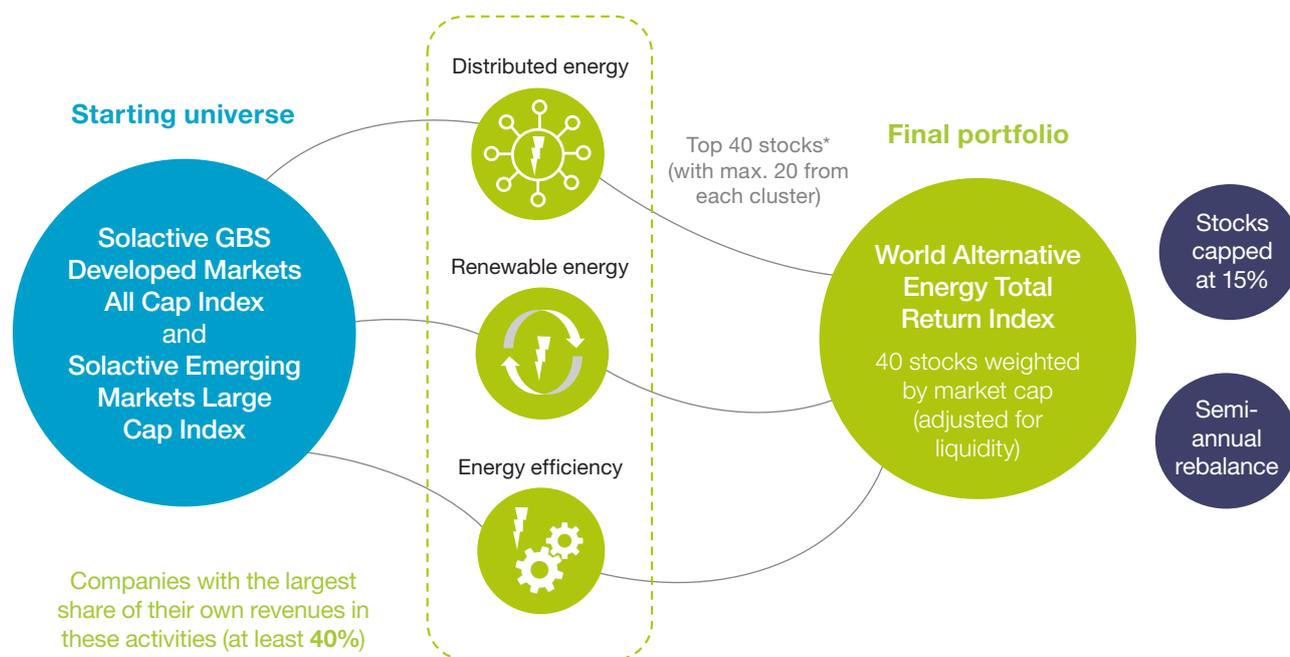
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Find us online
www.lyxoretf.com

Why we partnered with RobecoSAM’s ESG research team

- ▶ As a pioneer of sustainability investing in clean energy, **RobecoSAM** benefits from unique, long-term experience
- ▶ Based on a quantitative stock selection model designed by RobecoSAM, Societe Generale’s World Alternative Energy Total Return Index tracks the world’s **40 largest companies** operating in the renewable energy, distributed energy or energy efficiency sectors
 - ▶ Each company must derive 40% to 100% of its revenue from clean energy related activities

How our chosen clean energy index works



*Based on free-float adjusted market capitalisation
Source: Lyxor International Asset Management, December 2019.

About the clean energy sector clusters⁴



- ▶ **Renewable energy**
Energy collected from renewable resources such as solar, wind, offshore, hydro, geothermal, and biofuels (e.g. **NextEra Energy**)



- ▶ **Distributed energy**
Decentralised energy resources like local small-scale grids (e.g. **Vestas**)



- ▶ **Energy efficiency**
Reducing energy losses using for example smart meters and smart grids (e.g. **Schneider Electric**)

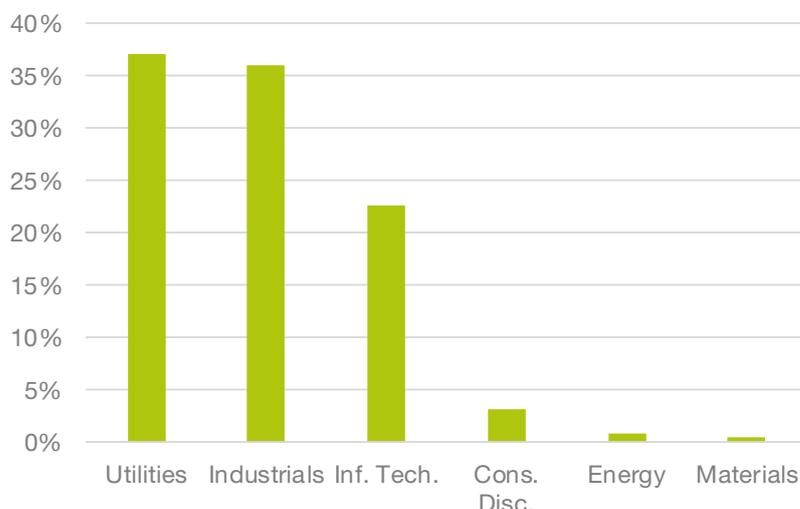
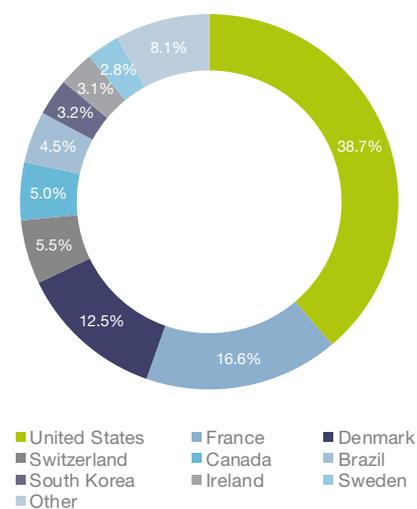
⁴Examples of companies were constituents of the World Alternative Energy index as of 19/12/2019

Index snapshot

World Alternative Energy Total Return index – Top 10 holdings⁵

Company name	Currency	Weight %
NextEra Energy Inc	USD	16.0%
SCHNEIDER ELECTRIC SA	EUR	15.8%
VESTAS WIND SYSTEMS A/S	DKK	7.0%
Orsted A/S	DKK	5.6%
STMICROELECTRONICS NV	EUR	5.5%
BORGWARNER INC	USD	3.2%
SAMSUNG SDI CO LTD	KRW	3.2%
KINGSPAN GROUP PLC	EUR	3.1%
ON SEMICONDUCTOR CORP	USD	3.0%
UNIVERSAL DISPLAY CORP	USD	2.9%
Total		65.2%

Breakdown by country and sectors⁵



Did you know?

In 2015, Vestas built the first ever wind farm in Guatemala. It produces 150,000 MWh, saving the environment from over **40,000 tons** of CO2 emissions annually, and providing Guatemala with enough electricity to cover over **178,000** households.

⁵Source: Lyxor International Asset Management, as at 05/12/2019

Why Lyxor for New Energy



Pure

Companies derive **40-100%** of their revenues from clean energy related activities, ensuring pure sector exposure



Impactful

Help build a cleaner, sustainable future by directing capital towards the sector



Dependable

Stock selection model designed by **RobecoSAM**, a leader in sustainability investing with decades of experience



Performance

Our ETF has delivered a return of **80%** over the past 5 years⁶



Accomplished

Over **€180m** in assets and over **12 years'** track record⁶

⁶Source: Lyxor International Asset Management, as at 05/12/2019. AUM correct as at 05/12/2019. Past performance is not a reliable indicator of future results.

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Knowing your risk

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Capital at risk

ETFs are tracking instruments: Their risk profile is similar to a direct investment in the Underlying index. Investors' capital is fully at risk and investors may not get back the amount originally invested.

Replication risk

The fund objectives might not be reached due to unexpected events on the underlying markets which will impact the index calculation and the efficient fund replication.

Counterparty risk

With synthetic ETFs, investors are exposed to risks resulting from the use of an OTC swap with Societe Generale. In-line with UCITS guidelines, the exposure to Société Générale cannot exceed 10% of the total fund assets. Physically replicated ETFs may have counterparty risk if they use a securities lending programme.

Concentration risk

Thematic ETFs select stocks or bonds for their portfolio from the original benchmark index. Where selection rules are extensive it can lead to a more concentrated portfolio where risk is spread over fewer stocks than the original benchmark.

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Underlying risk

The Underlying index of a Lyxor ETF may be complex and volatile. For example, when investing in commodities, the Underlying index is calculated with reference to commodity futures contracts exposing the investor to a liquidity risk linked to costs such as cost of carry and transportation. ETFs exposed to Emerging Markets carry a greater risk of potential loss than investment in Developed Markets as they are exposed to a wide range of unpredictable Emerging Market risks.

Currency risk

ETFs may be exposed to currency risk if the ETF is denominated in a currency different to that of the Underlying index they are tracking. This means that exchange rate fluctuations could have a negative or positive effect on returns.

Liquidity risk

Liquidity is provided by registered market-makers on the respective stock exchange where the ETF is listed, including Societe Generale. On exchange, liquidity may be limited as a result of a suspension in the underlying market represented by the Underlying index tracked by the ETF; a failure in the systems of one of the relevant stock exchanges, or other market-maker systems; or an abnormal trading situation or event.

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