



Investing in Climate Exchange Traded Funds (ETFs)

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1. Introduction

More investors are starting to consider environmental factors within their share portfolios.

In very recent years Climate ETFs have appeared on the Australian ASX share market and increasingly are being recommended as good investments.

2. What are ETFs?

ETF stands for Exchange Traded Fund. ETFs can contain many types of investments that trade on the stock exchange as a basket.

This can be an easier form of investment than trying to analyse individual shares and worry about individual volatility.

ETFs will generally consist of about 30 companies, and are cost-effective.

3. What is a Climate ETF?

Climate ETFs are a fairly recent phenomena and are growing as investors want exposure to climate-change investment., and they want to invest in companies that help the planet, not harm it.

The Climate ETFs offer investors a way to own dozens of global stocks that will profit from climate change technologies and associated demand.

Climate ETFs can include clean energy giants who are making solar panels, wind farms, batteries, renewable technologies, companies supplying raw materials to make renewable energy equipment and some cover companies that derive at least half of their business from 'green revenue' – meaning that they are trying to reduce or avoid emissions.



4. Examples of Climate ETFs

EFTs that have appeared on the ASX recently are:

- *VanEck Vectors Global Clean Energy ETF (CLNE)*

This ETF provides exposure to 29 of the global companies involved in clean energy production, related technologies and equipment.

- *BetaShares Climate Change Innovation (ERTH)*

Provides exposure to 100 global companies which are tackling environmental challenges.

- *Battery Tech and Lithium ETF (ACDC)*

This provides exposure to 31 companies involved in energy storage and production in the renewable energy sector.

And more...Watch this Climate ETF space – it is growing!

Importantly, Climate ETFs are proving to be good investments.

ASX listed clean technology companies have performed well in the last three years.

Every investor wants growth in their portfolio, but people are now saying that this should not be at the cost of the environment.

5. How to invest in Climate ETFs?

Talk to your stock broker or financial adviser about your choice of investment.

Do your research on the companies in the ETF as you should with any investment.

The share market is volatile and although operating an ETF (because it is a basket of shares) will lower some of this volatility always be aware that the value of your investments will fluctuate.



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