

# ZCLN – BMO Clean Energy Index ETF

## Making “cents” of Clean Energy

Our world runs on energy. Largely fueling our daily habits are resources like coal, crude oil and other fossil fuels. These resources, however, have a limited supply, and have large costs associated with them both in terms of expenses and on the health of our environment.

### THE PROBLEM

Resource Scarcity → High Costs → Huge Impact on Environment

Renewables play an important role in our future. Whether that be solar, wind, geothermal or hydro these carbon neutral options have unlimited supply and will help create a cleaner, healthier society. Countries around the globe are investing heavily in green energy development including areas like clean transportation, energy efficiency, deployment, and R&D which is having a great impact on job growth and emissions reductions. Climate change remains a hot topic in the political landscape with a Biden presidency in the U.S. signaling a tougher stance will be adopted.

**Clean energy provides growth potential far and above traditional energy with renewables having the opportunity to power the green revolution.**

In April 2019, for first time ever, renewable energy outpaced coal by providing 23 percent of US power generation, compared to coal’s 20 percent share.<sup>1</sup>

To enable the power system of the future, \$14 trillion in grid investment is needed between now and 2050.

Wind and PV grow to meet 56% of world electricity demand in 2050<sup>2</sup>

**BMO Clean Energy Index ETF**

**ZCLN**

Mgmt. Fee: 0.35%

**Risk Rating: High**

### Why now?

- Cost reductions and Increasing policy certainty in key markets could significantly boost renewables deployment
- Economic stimulus measures focused on clean energy can directly or indirectly support renewables.
- Net-zero emission targets in key markets are expected to accelerate the deployment of renewables

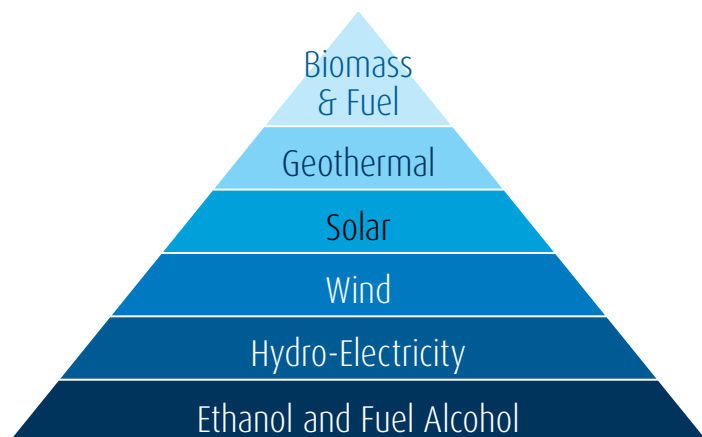
<sup>1</sup> <https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/renewable-energy-outlook.html>

<sup>2</sup> <https://about.bnef.com/new-energy-outlook/>

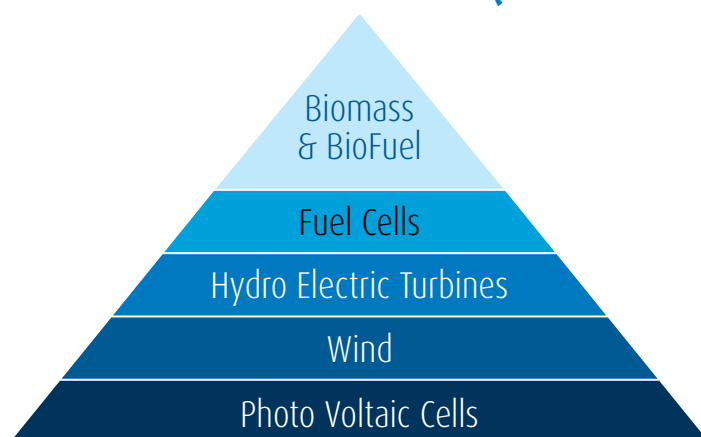
## BMO S&P Global Clean Energy ETF (ZCLN) Methodology

ZCLN tracks the **S&P Global Clean Energy Index** providing liquid and tradable exposure to up to 100 companies from around the world that are involved in clean energy related businesses. The ETF provides a diversified mix of the businesses below.

### CLEAN ENERGY PRODUCERS



### CLEAN ENERGY TECH & EQUIPMENT



Eligible businesses are selected based on company's business description and its most recent reported revenue by segment. The index must have weighted average exposure score of 0.85% as defined by S&P (see table below outlining exposure scores).

Exposure Score	Definition
0	Eliminated, no exposure.
0.5	Moderate clean energy exposure
0.75	Significant clean energy exposure
1	Maximum clean energy exposure

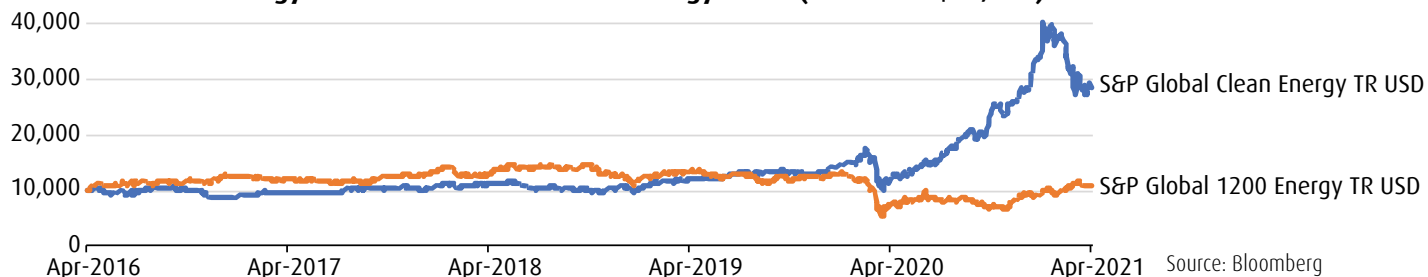
## Key Facts

Index Name	S&P Global Clean Energy
Number of Stocks	max 100
Weighting	Market caps are adjusted by clean energy exposure scores. Max weight of 8% per security. The cumulative weight of all constituents which have a weight greater than 4.5% cannot exceed 40%.
Total Market Capitalization	Greater than or equal to US\$ 300 million
Float Market Capitalization	Greater than or equal to US\$ 100 million
Liquidity Thresholds	6-month Average Daily Value Traded of US\$ 3 million (US\$ 2 million for current constituents)
Domicile/Trading Location	Stocks must be trading on a developed market exchange.
Rebalance	Semi-Annual (April and October)

## Performance

Clean energy showed resilience in 2020. Long term contracts, priority access to the grid and continuous installation of new plants means renewable electricity saw much stronger growth over the past year relative to traditional energy.

### S&P Global Clean Energy Index vs. S&P Global 1200 Energy Index (Growth of \$10,000)



	1 Year	3 Year	5 Year	10 Year
S&P Global 1200 Energy Index	51.78	-5.09	1.12	-1.82
S&P Global Clean Energy Index TR (USD)	153.13	39.49	24.01	4.63

\*as of Mar 31 2021

### ESG Carbon Characteristics (as of Mar 31, 2021)

	S&P Global Clean Energy Index	S&P Global 1200 Energy Index
Carbon to value invested (metric tons CO2e/\$1M invested)*	62.44	493.76
Carbon to revenue (metric tons CO2e/\$1M revenues)*	261.45	562.73
Weighted average carbon intensity (metric tons CO2e/\$1M revenues)*	282.49	661.42
Fossil fuel reserve emissions (metric tons CO2/\$1M invested)	0	21,770.96

\*Operational and first-tier supply chain greenhouse gas emissions. For more information, please visit: [www.spdji.com/esg-carbon-metrics](http://www.spdji.com/esg-carbon-metrics)



- Renewable Electricity ... 33%
- Electrical Components and Equipment ..... 13.11%
- Semiconductor Equipment ..... 18.92%
- Electric Utilities ..... 16.26%
- Heavy Electrical Equipment ..... 8.88%
- Semiconductors ..... 6.11%
- Oil and Gas Refining & Marketing ..... 3.73%

### Top 10 Holdings

Name	Weight (%)
Plug Power Inc	7.27
Enphase Energy Inc	5.54
Siemens Gamesa Renewable Energy SA	5.25
Verbund AG	5.05
Vestas Wind Systems A/S	4.77
Meridian Energy Ltd	4.52
Xinyi Solar Holdings Ltd	4.43
First Solar Inc	4.19
Contact Energy Ltd	4.15
Orsted AS	4.12

Source: Bloomberg, as of Mar 31 2021

Commissions, management fees and expenses all may be associated with investments in exchange traded funds. Please read the ETF Facts or prospectus of the BMO ETFs before investing. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

For a summary of the risks of an investment in the BMO ETFs, please see the specific risks set out in the BMO ETF's prospectus. BMO ETFs trade like stocks, fluctuate in market value and may trade at a discount to their net asset value, which may increase the risk of loss. Distributions are not guaranteed and are subject to change and/or elimination.

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