

WisdomTree Strategic Metals UCITS ETF

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WisdomTree.eu
+44 (0) 207 448 4330

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The WisdomTree Strategic Metals UCITS ETF offers investors a gateway into the clean tech and battery metals sectors. As the energy transition gains momentum, and demand for energy from data centres and new artificial intelligence applications increases, this ETF offers a refined and targeted access point to strategic metals including cobalt and lithium which are essential for building the energy systems of tomorrow.

Beyond decarbonisation

The energy transition begun with the goal to decarbonise. Today, energy security and affordability also play a key part role in the transition to a more diversified energy base. The materials used in renewables energy and batteries are thus considered strategically important.

The 2015 Paris Agreement set an ambitious goal: limit greenhouse gas emissions to keep global warming below 1.5 degrees Celsius this century. Throughout history, energy systems have evolved, but the current low carbon phase is extraordinary. It brings fresh commodity demand, opening avenues for investors to support decarbonisation.

Beyond just environmental targets, the agreement has underscored societal ambitions in the global energy framework. The mission now is twofold: ensuring energy security and access for a population projected to reach 10 billion by 2050 and cutting greenhouse gas emissions by over 100%. Simultaneously, there's a significant drive across electric vehicles, energy storage, and renewable sources, spurring demand for certain mined commodities.

Figure 1: Energy transition commodities and applications



Aluminium	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cobalt	Yes	-	-	Yes	-	-	-	-
Copper	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lead	Yes	-	-	Yes	Yes	Yes	-	-
Lithium	Yes	-	-	Yes	-	-	-	-
Nickel	Yes	-	-	Yes	Yes	Yes	-	-
Platinum	-	-	-	-	-	-	Yes	-
Silver	-	-	-	-	Yes	-	Yes	-
Tin	Yes	-	-	-	Yes	-	-	-
Zinc	Yes	-	Yes	Yes	Yes	Yes	-	-

Source: Wood Mackenzie, 2024

A new renewable energy race has begun

Policymakers around the world have committed to the net-zero goal, with some regions ramping up their policy undertakings. China is leading the effort in deployment, with close to half of car sales moving to a New Energy Vehicle drivetrain. China accounts for close to 80% of global photovoltaics production (most of which are used in China). The US Inflation Reduction Act (IRA) and the European Union's REPowerEU (REU) and Critical Raw Materials Act indicate that the US and European Union would like to catchup. They present not just regulatory support for the energy shift but also boost the prospects of commodities used in the renewable energy sector.

2050 demand forecasts point to energy transition dominating growth for various metals

Mined commodities are present in several energy transition sectors and the energy transition could be the largest driver of metal demand. According to Wood Mackenzie (2024), an accelerated energy transition will boost demand for some mined commodities and circa US $325 billion needs to be invested by 2030 to overcome the expected supply gaps.

Partnership to embed energy transition expertise

WisdomTree has leveraged its strong partnership with Wood Mackenzie in the energy transition space to offer investors a unique and thoughtfully crafted basket of energy transition metals.

Wood Mackenzie is a leading energy transition research and consulting firm that has been providing quality data, analytics, and insights used to power the energy, renewables, and natural resources industry for nearly 50 years. The company has more than 35 offices, which are home to 500 researchers and 150 specialised consultants. Wood Mackenzie operates at the nexus of current energy industry tailwinds, offering clients leading energy data and analytics with the bold purpose of transforming the way the planet is powered. Wood Mackenzie is a portfolio company of Veritas Capital, a leading investor at the intersection of technology and government.

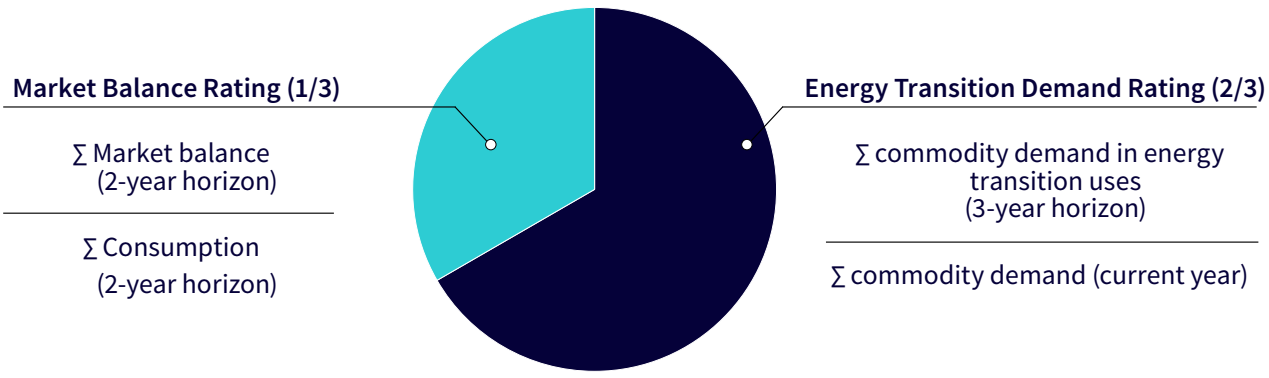
Investment methodology

The WisdomTree Strategic Metals UCITS ETF seeks to track the WisdomTree Energy Transition Metals Commodity UCITS Index. The index is designed to replicate the price of commodity futures exposed to the energy transition theme, which include, but are not limited to electric vehicles, transmission, charging, energy storage, solar, wind, and hydrogen production. It provides targeted exposure to a wide range of metals essential for the energy transition, such as copper, nickel, aluminium, silver, zinc, tin, platinum, lithium, and cobalt.

The selection and weighting of the underlying metals is based on a forward-looking Intensity Rating, which is driven by our expert partner Wood Mackenzie. The intensity rating combines an Energy Transition Demand Rating (reflecting the demand growth forecast for the metal in Energy Transition) with a Market Balance Rating (reflecting whether the metal is under or over supplied). More emphasis is placed on the Demand Rating (with a two-third weight).

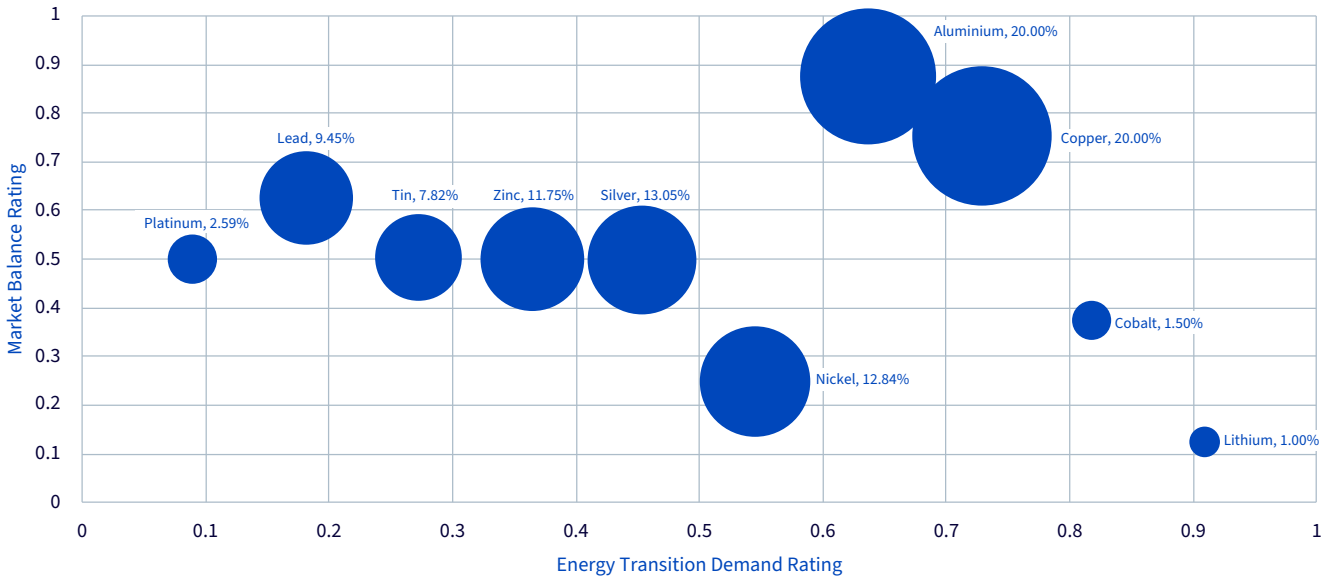
Metal futures also need to be liquid for them to be included in the strategy. The least liquid futures, cobalt and lithium, are capped at 5% and 2% respectively so as not to compromise the liquidity of the basket. However, target weights may be set at a lower level due to liquidity considerations.

Figure 2: Target weights



Source: WisdomTree, September 2024. Indices went live on 14 August 2024.

Figure 3: WisdomTree Energy Transition Metals Commodity UCITS Index Target Weights



Source: WisdomTree, Wood Mackenzie, based on forecasts created in December 2024. Bubble size represents the target weight. Market balance ratings not considered for precious metals and not available for tin. For purpose of the chart, we set the Market Balance rating at the mid point (0.5) for these metals. Cobalt and Lithium weights are capped due to liquidity considerations. .
Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.

Why WisdomTree Strategic Metals UCITS ETF?

+ Marco tailwind: The energy transition - the electrification and decarbonisation of the energy system - has become a large driver of demand for metal commodities.
+ Diversified exposure: It provides diversified and targeted access to key metal commodities that are involved in energy transition technologies.
+ Expert-driven approach: Developed in collaboration with Wood Mackenzie, the ETF leverages industry insights, offering informed and forward-looking market assessment, ensuring the portfolio remains focused and relevant.
+ Incorporates both supply and demand considerations in the weighting methodology.
+ The ETF is UCITS compliant.

Listing information: WisdomTree Strategic Metals UCITS ETF

Share Class	Base Currency	Ticker	Exchange	ISIN	BBG Code	Listing Currency	TER%
Unhedged Acc	USD	WENU	LSE	IE0007UE04X9	WENU LN	USD	0.50
		NRUC	LSE		NRUC LN	GBx	
		WENU	Borsa Italiana		WENU IM	EUR	
		WENU	Xetra		WENU GY	EUR	
		WENU	Paris		WENU FP	EUR	
		WENU	SIX		WENU SW	USD	
EUR Hedged Acc	EUR	WENH	Xetra	IE000611IJM3	WENH GY	EUR	
GBP Hedged Acc	GBP	WENG	LSE	IE0003XI1PW0	WENG LN	GBx	
GBP Hedged	GBP	WENP	LSE	IE0000T4S954	WENP LN	GBx	

TER: Total expense ratio

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