

Strategic metals are poised for growth

Published January 14, 2025

Nitesh Shah

Head of Commodities and Macroeconomic Research, WisdomTree Europe

Key Takeaways

- **New ETF Launch:** The WisdomTree Strategic Metals UCITS ETF (WENU) targets metals critical to clean technology, energy storage, and electrification using a forward-looking intensity rating for demand and supply analysis.
- **Global Energy Demand:** Energy demand rose 106 EJ (2010-2023), driven by population growth, industrial expansion, and development, especially in emerging markets.
- **Energy Transition Metals:** Electric vehicles (EVs) and renewables require high metal intensity, with demand for lithium, nickel, and cobalt expected to surge.
- **Energy Security:** Energy independence is vital; geopolitical risks highlight the need for renewables and storage solutions as Europe and China reduce reliance on hydrocarbon imports.
- **Investment Opportunity:** The WisdomTree Strategic Metals UCITS ETF (WENU) offers targeted exposure to metals driving the energy transition, including EVs, energy storage, solar, wind, and hydrogen production, adapting to dynamic market conditions.
- Related Products WisdomTree Strategic Metals UCITS ETF - USD Acc, WisdomTree Strategic Metals UCITS ETF - GBP Hedged Acc, WisdomTree Strategic Metals UCITS ETF - EUR Hedged Acc, WisdomTree Battery Solutions UCITS ETF - USD Acc Find out more

WisdomTree has launched the [WisdomTree Strategic Metals UCITS ETF \(WENU\)](#), offering investors access to the clean technology and battery metals sectors. This exchange-traded fund (ETF) utilises a rolling-futures strategy to track strategically important metals that are integral to the energy transition.

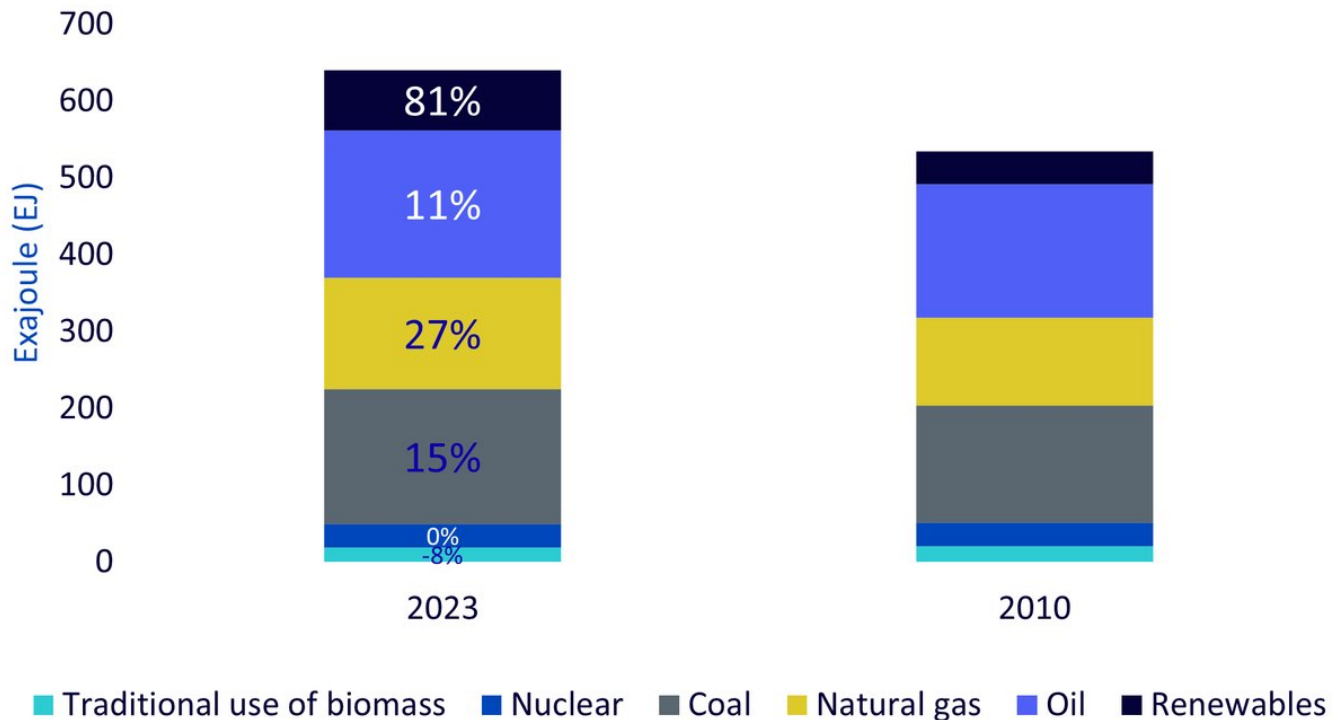
Addressing concerns about momentum

Recent shifts in the global political landscape and disappointing outcomes from COP29 have left some investors sceptical about the energy transition's progress. Five years ago, WisdomTree introduced the [WisdomTree Battery Solutions UCITS ETF \(VOLT\)](#), driven by the belief that cleaner energy would displace fossil fuels. While renewable energy has grown significantly, fossil fuel demand has not diminished, and the so-called 'transition' remains elusive. Nonetheless, renewable energy remains the fastest-growing energy segment, and we anticipate its expansion will need to accelerate to meet surging global energy demands.

The reality of energy demand

Global energy output increased from 536 Exajoules (EJ) in 2010 to 642 EJ in 2023, a rise of 106 EJ. During this time, renewable power generation grew by 35 EJ, an 81% increase, but not enough to offset the demand growth. This gap allowed natural gas to grow 27%, oil by 11%, and coal by 15%. In short, electrons and molecules⁴ have been growing side-by-side. Our increasing energy needs promote all forms of energy production. With energy demand likely to continue rising, renewable energy supply must expand rapidly to keep pace.

Global Energy Supply



Source: International Energy Agency World Energy Outlook 2024. Label shows the cumulative growth between 2010 and 2023.

Energy demand drivers

Energy demand has evolved differently across regions. Advanced economies saw a 0.5% annual decline over the past decade, while emerging markets and developing economies, home to 85% of the global population, experienced a 2.6% annual increase⁵. Key drivers include a population increase of over 720 million, a 50% rise in economic activity, and a 40% expansion in industrial output⁶. The addition of 40,000 square kilometres of building floorspace, equivalent to the size of the Netherlands, further underscores the rapid development.

Despite these gains, developing economies have not reached peak energy demand. Approximately 750 million people lack electricity, and 2.6 billion rely on polluting biomass fuels for heating and cooking. Average energy consumption per capita in regions like Africa and South Asia remains at 30 Gigajoules (GJ), far below North America's 180 GJ and the global average of 77 GJ⁷. Even in advanced economies,

demand could rise as data centres and artificial intelligence (AI) investments drive electricity consumption. For instance, data centre usage alone accounted for 1-1.3% of global electricity consumption in 2022, and with rapid buildout of more facilities we expect a strong gain.

Energy security and strategic independence

Energy security concerns bolster the case for reducing reliance on hydrocarbons. While the US has achieved energy independence through hydrocarbon investments, regions like Western Europe and China remain dependent on imports. The Russia-Ukraine war and Middle East instability have heightened the urgency for renewable energy and storage solutions. China has built a robust clean tech production value chain, while the European Union is pursuing initiatives like the REPowerEU and Critical Raw Materials Act to achieve similar independence.

Metals: the new energy commodity

Renewable energy sources and electric vehicles (EVs) are significantly more metal-intensive than traditional technologies. A 60-kilowatt-hour (kWh) EV battery, for example, requires 30kg of nickel, 8kg of cobalt, 10kg of lithium, and 66kg of copper—far exceeding the metal needs of internal combustion engine vehicles. As EV adoption accelerates, metal demand is expected to skyrocket. BloombergNEF projects lithium demand will increase tenfold by 2030, cobalt demand will double, and nickel demand could rise by 40-70%.

Evolving technology and investment strategies

The energy transition continues to evolve. Early battery technologies favoured nickel-heavy chemistries, but Lithium Iron Phosphate (LFP) batteries, which contain no nickel, now dominate China's EV market. With China accounting for over 70% of global EV sales, LFP batteries are gaining traction worldwide. This shift underscores the importance of a nimble investment strategy in strategic metals. Supply can respond quickly to price signals, as seen with recent surpluses in lithium, cobalt, and nickel following price spikes.

WisdomTree Strategic Metals UCITS ETF

The [WisdomTree Strategic Metals UCITS ETF \(WENU\)](#) tracks the WisdomTree Energy Transition Metals Commodity UCITS Index. This index reflects the price of commodity futures linked to the energy transition, including sectors such as EVs, transmission, charging, energy storage, solar, wind, and hydrogen production. The ETF provides targeted exposure to a range of essential metals like copper, nickel, aluminium, silver, zinc, tin, platinum, lithium, and cobalt.

The selection and weighting of metals in the index are guided by a forward-looking Intensity Rating, developed with Wood Mackenzie⁸. This rating combines an Energy Transition Demand Rating (forecasting metal demand growth) with a Market Balance Rating (assessing supply conditions). With a two-thirds emphasis on demand and one-third on supply balance, this approach ensures a comprehensive evaluation of market dynamics.

WisdomTree's focus remains on providing investors with adaptable, data-driven strategies to capitalise on the opportunities presented by the energy transition.

Conclusion

To meet future energy demands, growth in electrons and molecules can coexist and complement each other, each playing a crucial role in expanding energy production to satisfy our expanding needs.

The [WisdomTree Strategic Metals UCITS ETF \(WENU\)](#), which provides targeted exposure to the metals needed in electrification and energy storage solutions, demonstrates agility and a keen awareness of both demand and supply dynamics.

1 An annual United Nations (UN) climate change conference.

2 & 3 International Energy Agency, World Energy Outlook 2024.

4 Electricity is the flow of **electrons** through a conductor, which powers everything from lighting to industrial machinery. Electrons are the carriers of electrical energy in an electric circuit. Hydrocarbon fuels like oil, natural gas, and coal store energy in the chemical bonds of their **molecules**. When burned, these molecules react with oxygen to release energy in the form of heat, which can be used for various applications such as powering internal combustion engines, heating, and electricity generation. This distinction highlights the difference between the *direct, instantaneous energy transfer of electricity and the stored, chemical energy in hydrocarbons*.

5 & 6 International Energy Agency, World Energy Outlook 2024.

7 The Energy Institute Statistical Review of World Energy 2024.

8 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 and natural resources industry for nearly 50 years.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area (“EEA”): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or

distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

WisdomTree Issuer ICAV

The products discussed in this document are issued by WisdomTree Issuer ICAV ("WT Issuer"). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland ("CBI"). WT Issuer is organised as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the laws of Ireland and shall issue a separate class of shares ("Shares") representing each fund.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer ("WT Prospectus"). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares.

The summary of investor rights associated with an investment in the fund is available in English on WisdomTree Europe's website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.

Notice to Investors in Switzerland – Qualified Investors

This document constitutes an advertisement of the financial product(s) mentioned herein.

The prospectus and the key investor information documents (KIID) are available from WisdomTree's website: <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports>

Some of the sub-funds referred to in this document may not have been registered with the Swiss Financial Market Supervisory Authority ("FINMA"). In Switzerland, such sub-funds that have not been registered with FINMA shall be distributed exclusively to qualified investors, as defined in the Swiss Federal Act on Collective Investment Schemes or its implementing ordinance (each, as amended from time to time). The representative and paying agent of the sub-funds in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent.

For Investors in France: The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto.

For Investors in Malta: This document does not constitute or form part of any offer or invitation to the public to subscribe for

or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.

For Investors in Monaco: This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.