

BBGI Clean Energy 100 Index

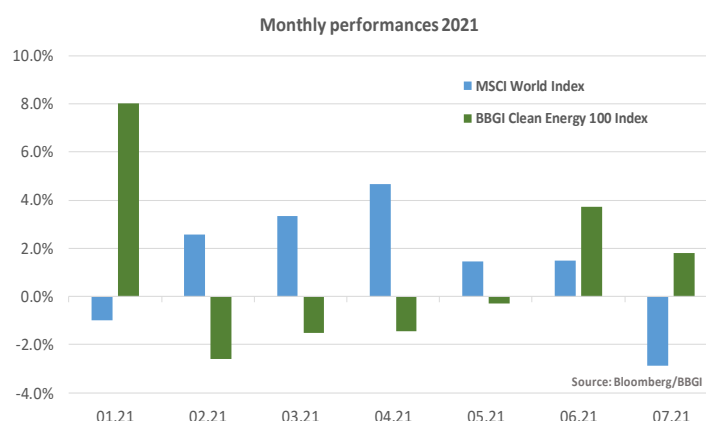
USD

A BBGI exclusivity since 1999

July 2021

Limited profit-taking in July but this does not offset the year-to-date gains made.

	July	YTD
BBGI Clean Energy 100 Index :	-2.89%	+2.58%
BBGI Solar Sector :	-3.42%	+5.14%
BBGI Wind Sector :	-3.87%	-9.54%
BBGI Biofuel Sector :	-0.11%	+23.42%
BBGI Energy Efficiency Sector :	-2.87%	-0.07%

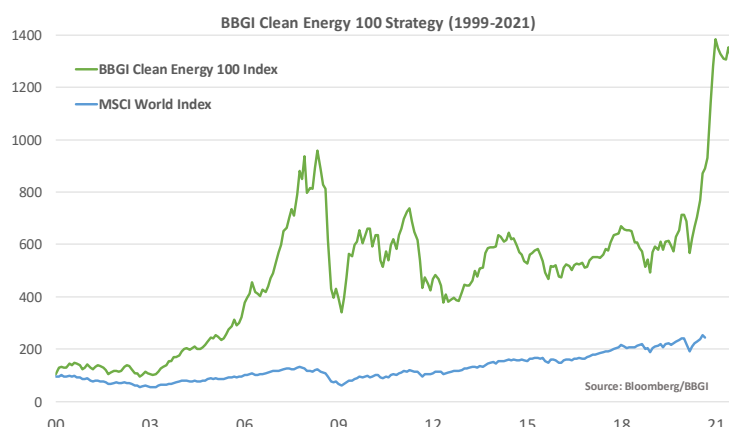
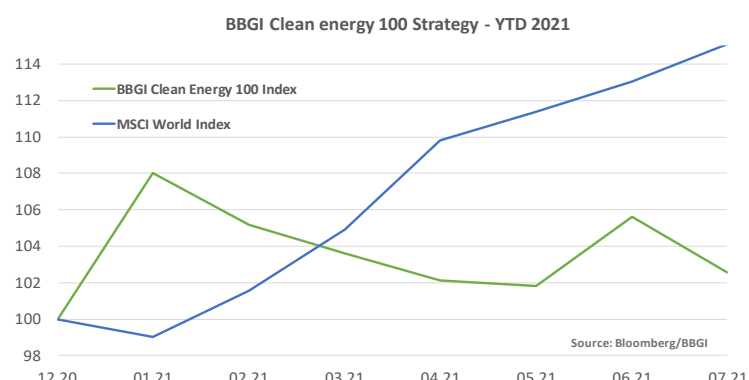


Evolution of the indices:

The month of July was highlighted by some profit taking. The BBGI Clean Energy 100 Index fell by -2.89%, which was not enough to offset the gains of the previous month (+3.73%). All four segments are in negative territory this month. The solar energy sector is down -3.42% after having soared last month by +12.09%. Apart from a handful of Poly Silicon producers, the stock prices of most of the industry's players have weakened for part of these first seven months of 2021. This contributed to a decline in their often very buoyant stock valuations at the end of the rally that the sector experienced during 2020.

These valuations are now averaging 23x earnings, which is again in line with the MSCI World stock market average (18.5x), while the earnings growth projections for alternative energy companies are quite clearly above those of the world indices. This contraction has taken place despite the fact that there still continues to be very strong demand. Indeed, the number of installations increased by +20% last year and this year the number is forecasted to be another +20%. The biofuel sector is still experiencing some pressures this month (-0.11%) due to its high dependency on raw materials such as corn and soybean oil. These commodities have seen their prices rise during the first half of the year, a situation that will most likely return to normal during the remaining part of the year. The energy efficiency (-2.87%) and wind energy (-3.87%) sectors also experienced some profit taking.

Simultaneously, the European Commission has unveiled its "Fit 55" plan for the decarbonization of the old continent's global economy. Thanks to these new legislative proposals, which include a gradual transition to 100% electric car production and carbon adjustments at borders to avoid the relocation of production to countries with more accommodating climate policies, Europe is the first global economy in the world to start implementing its climate change commitments in the form of real and effective legal regulations.



The BBGI Clean Energy 100 Index's systematic diversified strategy delivered annualized returns of +12.67% since 1999.

Comments by sectors :

Solar : -3.42%

This month it is a Japanese company that signs the best performance of our solar segment. Indeed, the company, **West Holding Corp (1407)**, which is active in the installations and the management of photovoltaic systems in addition to the production of electricity, has recorded an impressive increase of **26.71%** in its share price during the month of July. Last month, Japan's prime minister spoke out to announce a substantial improvement in the archipelago's greenhouse gas emissions reductions targets. After initially setting a target for emissions reductions in October of **-46%** compared to **2013** levels, the target has been adjusted to reach a new target of **-60%** by **2030**. To reach these objectives, Japan will have to double the number of solar installations, which seems to be a difficult task given that the archipelago has only approximately **30%** of **flat land areas**, compared to **70%** found in **Germany** for example. For that reason, the Ministry of Energy has declared that it wants to use **50%** of the **rooftop** surfaces of all government buildings to install solar systems, but also to make it mandatory to install these systems on all new residential buildings as well as on office and parking buildings in order to reach the **370 GW** of targeted capacity.

Biofuel : -0.11%

The production of a very important part of the biodiesel produced in the world and in particular in the United States is highly dependent on **soybean oil** as its first component, as the price of this commodity is constantly on the rise, the margins of producers are narrowing. Indeed, soybeans have achieved the highest return of any commodity tracked by Bloomberg over the past 12 months due to the reduced supply, **Chinese consumption** and the ever-increasing use of the crop in the generation of renewable diesel. This pressure on the feedstock price is apparently expected to be persistent, which could be a serious setback for first-generation bio-diesel producers who are currently not equipped to use other commodities due to the scarcity of pretreatment installations. These issues will be at the very center of the bio-energy power industry over the coming years, and we expect that growth will come from the major industry players in Europe who are already positioned in the market for **recycled cooking oil** as a primary component of bio-diesel fuel productions. Indeed, the European continent is the world market leader in the use of the so-called "**yellow grease**", which now accounts for **23%** of the raw materials used for the production of biodiesel. The most important component is rapeseed oil, but this proportion is expected to decrease under the political pressure of the European carbon emission reduction targets, which will favor producers from the old continent, such as the best performer of the month in our index, the German company **VERBIO Vereinigte BioEnergie AG (VBK)** which saw its share price climb by **+6.64%** throughout July.

Energy efficiency : -2.87%

The company with the strongest price increase in our energy efficiency segment is **Covanta Holding Corporation (CVA)**, and this for the second consecutive month this year. **After the stock surged by +19% last month, it continued its ascension and rose by another +14.14% in July.** As a matter of fact, the American company operating in the processing and transformation of waste into energy has reported excellent results at the end of the first quarter of 2021. Profits have increased by **+52** million dollars, an **+11 percent** increase, due to a general improvement in all its business divisions, **service revenues** are up by **+8** million dollars, **material processing** and **recycling** are also up by an additional **+8** million dollars. The **energy** segment also reported an additional growth of **+\$8** million due to **higher** market prices, as well as a significantly higher volume of electricity they supplied. Finally, the **recycled materials** sales business area also increased by a further **+\$18** million. Earlier this month Covanta officially announced that it has entered into a definitive agreement with **EQT Infrastructure** ("EQT"), whereby **EQT bought** all the shares at a price of **USD 20.25** (USD 5.3 billion) a **37% premium** to the share price of June 8th (**USD 14.68**). The transaction is subject to customary conditions and approvals. It is expected to close by year end.

Wind : +3.87%

The **top** performing company in our wind energy segment for July is the Chinese firm **Xinjiang Goldwind Science & Technology Co., Ltd (XJNGF)**, World's leading wind energy company, wind turbine manufacturer, providing onshore & offshore wind power solutions. **Goldwind** reported very good first half year results, the company saw its gross **sales** increase by **+43%** compared to the first half of the year 2020. This increase is partly due to very good results from its turbine manufacturing and development divisions. Their orders backlog is also slightly up compared to the first quarter thanks to a strong improvement in their international sales. The Chinese leader in wind energy saw its share price soar by **+19.83%** following the publication of these results.

