

BBGI CLEAN ENERGY INDEX 100

USD

A BBGI exclusivity since 1999

October 2021

Clear outperformance of renewable energies over international equities in October

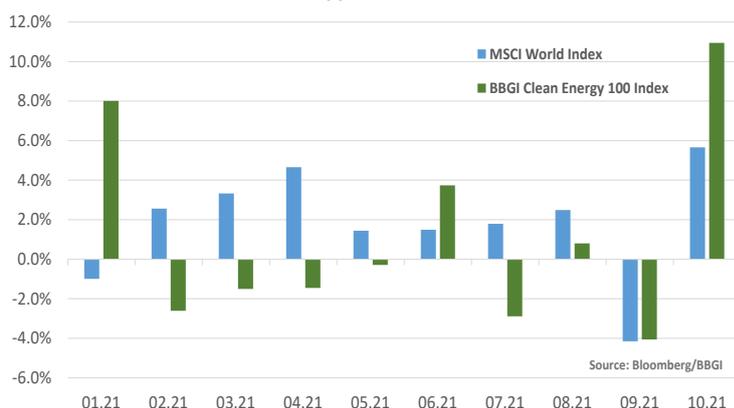
	Oct.	YTD
BBGI Clean Energy Index 100 :	+10.94%	+10.07%
BBGI Solar Sector :	+13.36%	+13.10%
BBGI Wind Sector :	+6.19%	-2.35%
BBGI Biofuel Sector :	+7.25%	+26.58%
BBGI Energy Efficiency Sector :	+11.50%	+17.69%

Evolution of the indices :

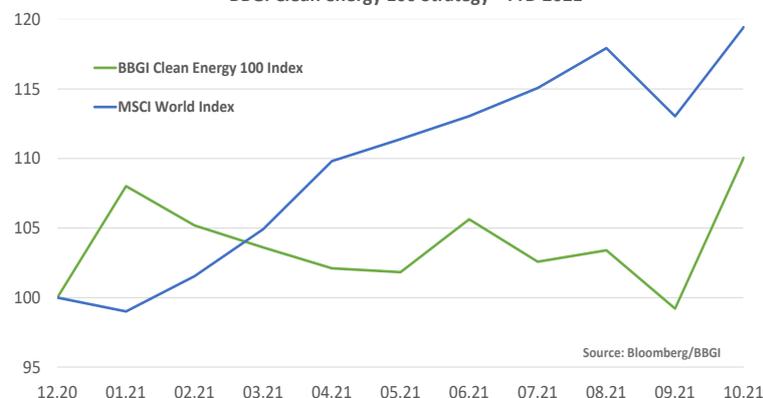
During the month of September, the BBGI Clean Energy 100 Index experienced a large amount of profit taking, as did the vast majority of asset classes. In October, these losses were erased by an excellent performance of +10.94%. In fact, all the components of the index have returned to the path of growth this month. The **energy efficiency** sector climbs strongly by +11.50%. In particular, in October, US hydrogen stocks such as Plug Power and Bloom Energy benefited from a new accommodating tax legislation, as well as positive results coupled with numerous contract ratification agreements. The **Biden administration's infrastructure plan** was finally accepted in early November, which should stimulate new renewable energy production facilities. The **Bio-fuel** sector gained +7.25% and is now up by +26.58% since the beginning of the year. The **solar** energy sector recovered after two consecutive months of decline and jumped by +13.36%, making it the best performer of the month and putting the sector back into positive year to date territory. The **wind** industry is not to be underestimated as it progressed by a further +6.19% in **October**.

COP 26 ended in mid-November after a two-week conference of multiple debates. Several elements emerged from this 26th United Nations climate conference, which was not unanimously supported. Finally, the meeting was prolonged by one day, and the multiple modifications in the proposed resolutions demonstrated the difficulties that the States had in finding a consensus to reach a common approach to the issue. However, hydrocarbons are for the first time mentioned in the final declaration, in an apparent commitment to the reduction of the use of coal and fossil fuels in general. With the tensions between the North and the South being exacerbated in Glasgow, the statement also reveals that the promises of the 100 billion per year by developed countries for 2020 have not been honored. The Glasgow negotiations will nevertheless have delivered a strong message, a signal of distress for certain communities but also a clear promise from the main emitting countries, and they now have to follow up their commitments with action.

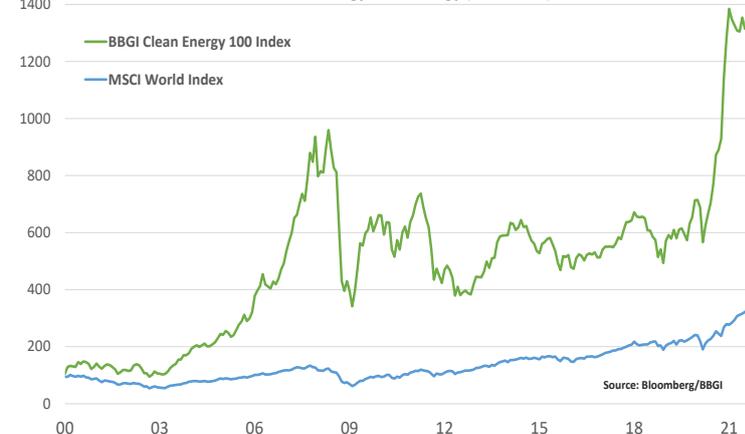
Monthly performances 2021



BBGI Clean energy 100 Strategy - YTD 2021



BBGI Clean Energy 100 Strategy (1999-2021)



The systemically diversified strategy of the BBGI Clean Energy 100 Index has generated annualized returns of +12.89% since 1999 to date.

Comments by sector :

Solar : +13.36%

The current pressures on the price of poly silicon, a key component in the manufacturing of photovoltaic modules, may soon be easing. This commodity has been one of the best performers in its category and has witnessed its market price surging by +250% in 2021 (Bloomberg Commodities Index +40%). This trend could be curtailed by the upcoming expansion of global production capacities. It is projected to expand by +50% during 2022 according to the ongoing projects under construction. If we add to this the number of announced projects that have not yet been undertaken, the overall capacity could double in the coming years. This increase in supply would push prices towards levels that are closer to the variable costs of the manufacturing companies, which are in the range of 6-7 dollars per kilogram. A level that is a very significant contrast to the current prices of around \$36 per kilo. A normalisation of poly silicon prices during 2022 could imply a decrease in the profitability of the manufacturing companies which have enjoyed a very successful year. Notwithstanding an assumption of an approximate 15% increase in demand, if the price were to return to the \$15-20/kg range, the growth in producer profits could be neutral or potentially negative. Inversely, all the other players in the photovoltaic value chain that have suffered this year could benefit greatly from lower raw material costs. The best performer of the month in the solar segment of our index is the US company **Enphase Energy, Inc.** (ENPH), which has seen its share price soar by +54.45%.

Biofuel : +7.25%

The rise in fuel prices at the gas stations in the recent past weeks has raised fears of a weakening of government policies to blend biofuel with conventional gasoline. In fact, traditional fuel can be mixed with two kinds of **additives**, one of which is **ethanol** and the other is what is known as **CBOB** (Conventional Blend stock for Oxygenate Blending). Ethanol is mostly used nowadays because of its higher-octane content and lower emissions during combustion. But recently the price differentiation between CBOB and ethanol has significantly increased. The price of ethanol having risen following the same trend as in crude oil prices, it makes the blend between both even more expensive. With the price of **gasoline** which already increased in the US by +52% during 2021, US lawmakers may be compelled to weaken the ethanol blending mandates in favour of CBOB. This would potentially reduce the price of gasoline, but would come at the cost of increasing environmentally destructive carbon emissions and squeezing the incomes of the maize farms that receive the US government's subsidies. The best performing company in our biofuel segment this month was the US firm **Renewable Energy Group, Inc.** (REGI), which rose by +27.49%.

Energy efficiency : 11.50%

Within the energy efficiency segment of our index, a company active in the hydrogen industry is once again the most performing stock. **Bloom Energy Corporation (BE)** posted a spectacular increase of +66.99%. The company that installs solid oxide fuel cells on the premises of client companies to create electricity without combustion has concluded a very significant partnership with a Korean firm. **Bloom Energy** has been awarded an assignment for more than 500 megawatts of power generation by **SK Ecoplant**. This agreement, which should take shape in 2024, should generate more than 4.5 billion dollars for the company. In addition, SK Ecoplant plans to invest \$500 million in Bloom Energy shares. This agreement followed by a stake in the company's capital can be interpreted as a sign of confidence on the part of the Korean firm in the technology of the Californian company at a time when various countries are preparing to turn to renewable energy sources in a more straightforward fashion.

Wind : +6.19%

The wind industry has suffered substantially during 2021 due to soaring costs of materials, particularly for steel, and all the disruptions in the global supply chain. Most of the major pure-play participants of the sector have been revising their sales revenue projections for the end of 2021. **Vestas'** turbine deliveries could fall by -4% to -6% but the giant is still expected to remain the world leader in its category, well ahead of its closest rival **Goldwind**. The Chinese firm could also see its number of shipments fall by considerably more than -20% during 2021 (it was already -24% between January and June). European steel prices have nevertheless fallen by 20% since their peak in July, but they still remain twice as high as they were during the same period last year. This factor will continue to be a brake on the development of companies in the sector in the short term. The best performer of the month was **American Superconductor Corporation (AMSC)**, which recorded an impressive price appreciation of +26.06%.

