



Hydrogen Certificate (H2C)

April 2023

Strategy

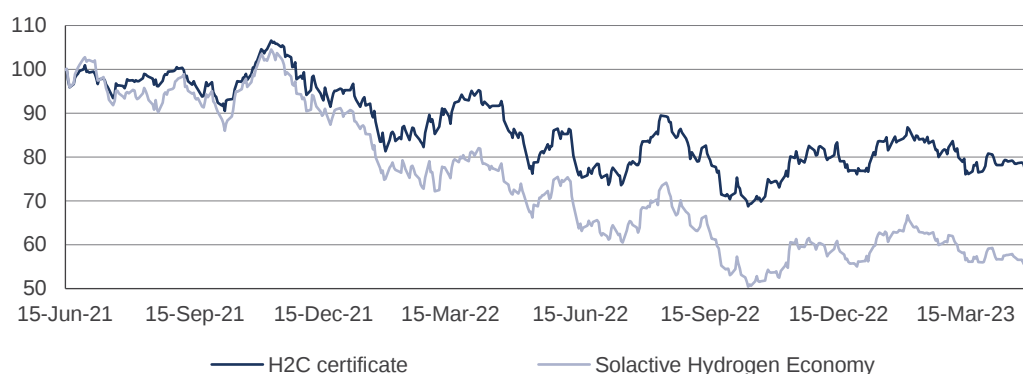
Thematic global equity exposure to best capture the developments of the hydrogen economy.

Concentrated portfolio of 25 - 30 stocks that demonstrate above-average thematic exposure, based on materiality assessment. The stock selection process includes proprietary quantitative screens and qualitative evaluation.

Diversified exposure across 4 hydrogen buckets: Core (direct hydrogen sales, electrolyzers, fuel cells), Infrastructure (clean power – upstream – and H2 transportation – downstream), Decarb users (hydrogen as a feedstock/fuel/heat) and Tech enablers (intangible know how that can facilitate the deployment of hydrogen).

Performance¹

	MTD	YTD	Since certificate inception
H2C certificate	-3.2%	1.7%	-21.8%
Solactive Hydrogen Economy	-3.9%	1.2%	-43.2%



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	10.0%	-3.4%	-1.2%	-3.2%									1.7%
2022	-11.9%	6.9%	5.4%	-8.5%	-1.2%	-11.8%	11.1%	-1.7%	-13.3%	4.7%	8.0%	-4.5%	-19.3%
2021						-0.6%	-2.0%	2.3%	-5.9%	8.8%	-4.0%	-2.7%	-4.8%

Comment

In April the hydrogen strategy posted a negative performance of -3.2%, compared to -3.9% for the benchmark Solactive Hydrogen Economy and +1.8% for the MSCI World.

In USD terms, TotalEnergies (+8.3%), Air Liquide (+7.5%) and ABB (+5.1%) were the top 3 performers. "Pure Plays" (strategy positioning remains underweight versus benchmark) underperformed, with Fuelcell Energy (-34.0%), Powercell Sweden (-25.4%) and Plug Power (-23.0%) the worst 3 performers.

Key Information

Structure

Open-end actively managed certificate (SSPA category: Tracker certificate, 1300)

Issuer

Zürcher Kantonalbank, Zurich (S&P AAA)

Investment Manager

Rothschild & Co Bank AG, Zurich

Asset class

Equities

Portfolio management strategy

Active

ISIN

On request

Currency

USD

Inception date

15-Jun-2021

Dividend policy

Net dividend reinvested

Liquidity

Daily

¹ Risk and return data is calculated net of fees.

Past performance is not a reliable indicator or guarantee of future performance.

Market update

According to Reuters, 7 German energy companies have formed an alliance to connect their hydrogen projects and create a sea-to-inland green hydrogen route.

The alliance for the north to south hydrogen corridor focuses on the deep-sea port of Wilhelmshaven on the North Sea where production and imports will be arranged to eventually reach users via repurposed natural gas pipelines or newly-built hydrogen pipelines, according to a news release.

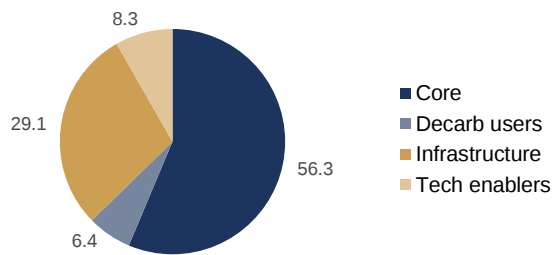
The seven include the German arms of BP and Gasunie, and Nowega, NWO, Salzgitter, Thyssengas und Uniper. A letter of intent has been signed and individual roles cast.

Germany targets 10 gigawatts of green hydrogen capacity by 2030.

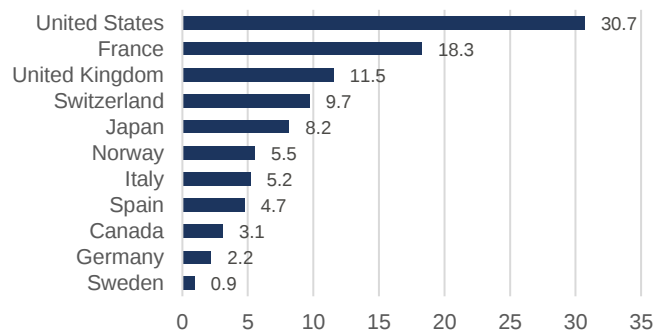
Portfolio rebalancing

No change to the portfolio.

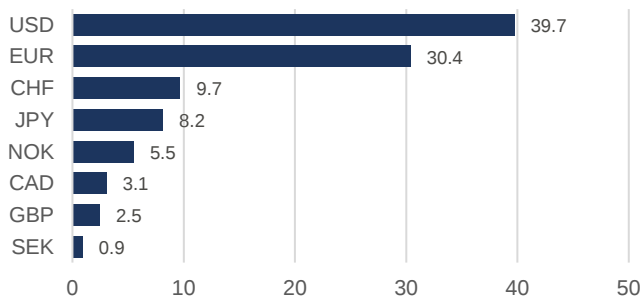
H2 "bucket" allocation (%)



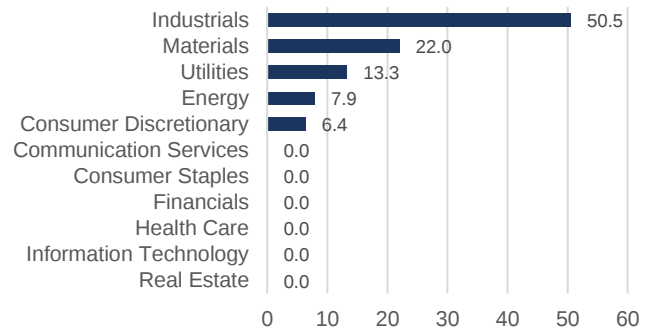
Country allocation (%)



Currency allocation (%)



Sector allocation (%)



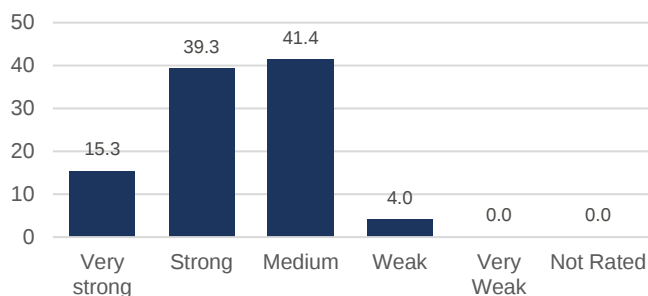
Top 10 holdings

Rank	Company name	Country	Sector	H2 "bucket"	Weight
1	Linde PLC	United Kingdom	Materials	Core	9.1%
2	Air Liquide SA	France	Materials	Core	8.9%
3	ABB AG	Switzerland	Industrials	Core	8.5%
4	IDEX Corp	United States	Industrials	Infrastructure	6.0%
5	Bloom Energy Corp	United States	Industrials	Core	5.4%
6	SNAM S.p.A.	Italy	Utilities	Infrastructure	5.2%
7	AECOM	United States	Industrials	Tech enablers	4.8%
8	Iberdrola SA	Spain	Utilities	Infrastructure	4.7%
9	Emerson Electric Co	United States	Industrials	Infrastructure	4.5%
10	Toyota Motor Corp	Japan	Consumer Discretionary	Decarb users	4.1%

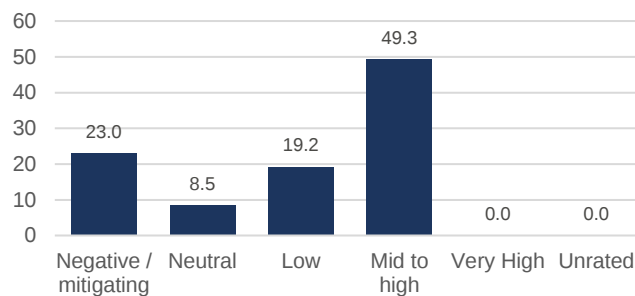
ESG portfolio characteristics

Portfolio ESG track record	Strong	Portfolio carbon exposure	Low
Portfolio average rating	AA	Average CO₂ sales intensity	442.2

ESG – Position distribution (%)



Carbon – Position distribution (%)



Largest positions

Company name	Weight	ESG track record	MSCI ESG rating	Carbon exposure risk	CO ₂ sales intensity
Linde PLC	9.1%	Medium	A	Mid to high	1225.4
Air Liquide SA	8.9%	Medium	A	Mid to high	1491.7
ABB AG	8.5%	Strong	AA	Neutral	14.0
IDEX Corp	6.0%	Strong	AA	Low	16.8
Bloom Energy Corp	5.4%	Medium	BBB	Negative / mitigating	190.3
SNAM S.p.A.	5.2%	Strong	AA	Mid to high	380.9
AECOM	4.8%	Strong	AA	Negative / mitigating	5.5
Iberdrola SA	4.7%	Very Strong	AAA	Low	344.3
Emerson Electric Co	4.5%	Medium	A	Mid to high	43.9
Toyota Motor Corp	4.1%	Medium	A	Mid to high	26.3

Remarks

- The ESG track record and the MSCI ESG Rating measure how well a company performs on environmental, social and governance issues compared to other companies (peers) in the same industry. The importance of the 3 different factors varies by industry. Companies with a below average ESG track record / MSCI ESG Rating are considered riskier since they are more likely to be impacted by factors such as controversies, new social and environmental regulations, bad reputation, litigation risk, poorly motivated work force and financial mis-management.
- The Carbon Exposure Risk measures the probability and severity that a company is negatively impacted by climate change. Climate change exposure can be physical, for example through extreme heat or flooding, policy related, for example through the introduction of a carbon tax, or technological, for example through competitors developing greener products. The risk is a function of the company's exposure to climate change and of how well the company is managing that exposure.
- The CO₂e Sales Intensity measures how much CO₂ equivalents are emitted by a company per USD 1 million sales in the most recent reporting year as reported by MSCI ESG Research. The emissions are direct emissions generated by sources owned or controlled by the company and those from the generation of purchased energy.
- The ESG distributions in the charts exclude money market and derivative positions such as foreign currency forwards.

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