

# Investing amid a European energy crisis

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Europe has spiralled headfirst into the globe's worst energy crisis since the Arab oil embargoes of the 1970s and 1980s

Europe's energy policies have led to astronomical price increases, industry shutdowns, potential energy shortages, and geopolitical vulnerability

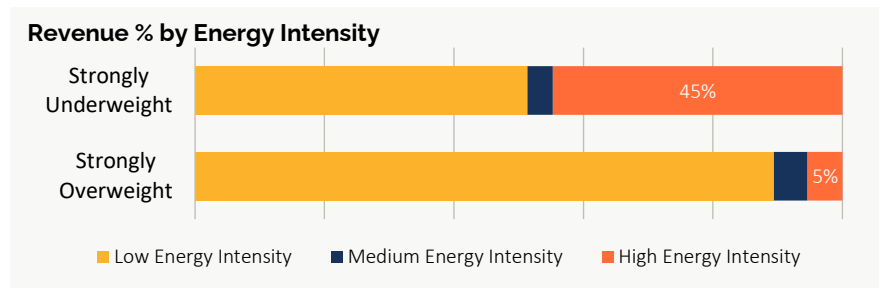
Portfolios with holdings that are less energy intensive or more energy efficient are likely to fare best in the coming months

Russia's war in Ukraine has triggered an energy crisis, the likes of which we have not seen for over forty years. As Russian gas supply to Europe has fallen to about 40% of normal capacity, prices have soared. Against this backdrop, portfolio's with holdings that are less energy intensive are likely to fare best in the coming months.

## Paris-aligned ETFs underweight high energy intensity names and overweight low energy intensity names

The Tabula EUR HY Bond Paris-Aligned Climate UCITS ETF (THEP) provides liquid and diversified exposure to EUR-denominated HY bonds, with a focus on both climate and broader ESG. To meet the criteria for an EU Paris-aligned benchmark, it targets 50% lower GHG emissions than the Euro high yield market (as represented by iBoxx EUR High Yield 3% Issuer Cap Custom Index) and reduces its GHG emissions by 7% per annum. It also excludes issuers in violation of social norms (e.g. the UN Global Compact), involved with controversial weapons, fossil fuels (revenue thresholds) or tobacco or causing significant environmental harm.

As a result, THEP tends to be underweight the most energy intensive companies in its parent index, and overweight the least energy intensive names. This means that energy usage among qualifying companies tends to be reduced and the resulting index members are likely to weather energy price spikes and supply constraints



Notes: Strongly over and underweight means more than 25bps vs parent index

Energy intensity is defined by MSCI ESG and based on estimated energy consumption in BTU relative to sales.

**Capital is at risk.**

The value of your investment may go down as well as up and you may not get back the amount you invested.

## Examples of high energy intensive companies that THEP is underweight vs the parent index

Company	Carnival	ThyssenKrupp	Solvay
Relative weight to parent	-0.29%	-0.50%	-0.43%
Sector	Travel & Leisure	Industrials	Chemicals
Low energy intensity revenue	2.4%	42.0%	0.1%
Med energy intensity revenue	0.0%	0.0%	15.3%
High energy intensity revenue	97.6%	58.0%	84.6%

## Examples of low energy intensive companies that THEP is overweight vs the parent index

Company	Valeo	Ball Corp	Altice France
Relative weight to parent	+0.82%	+1.50%	+0.98%
Sector	Industrials	Industrials	Telecomms
Low energy intensity revenue	100.0%	100.0%	100.0%
Med energy intensity revenue	0.0%	0.0%	0.0%
High energy intensity revenue	0.0%	0.0%	0.0%

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