

Global X Lithium & Battery Tech ETF

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LIT Background

NASDAQ: LIT

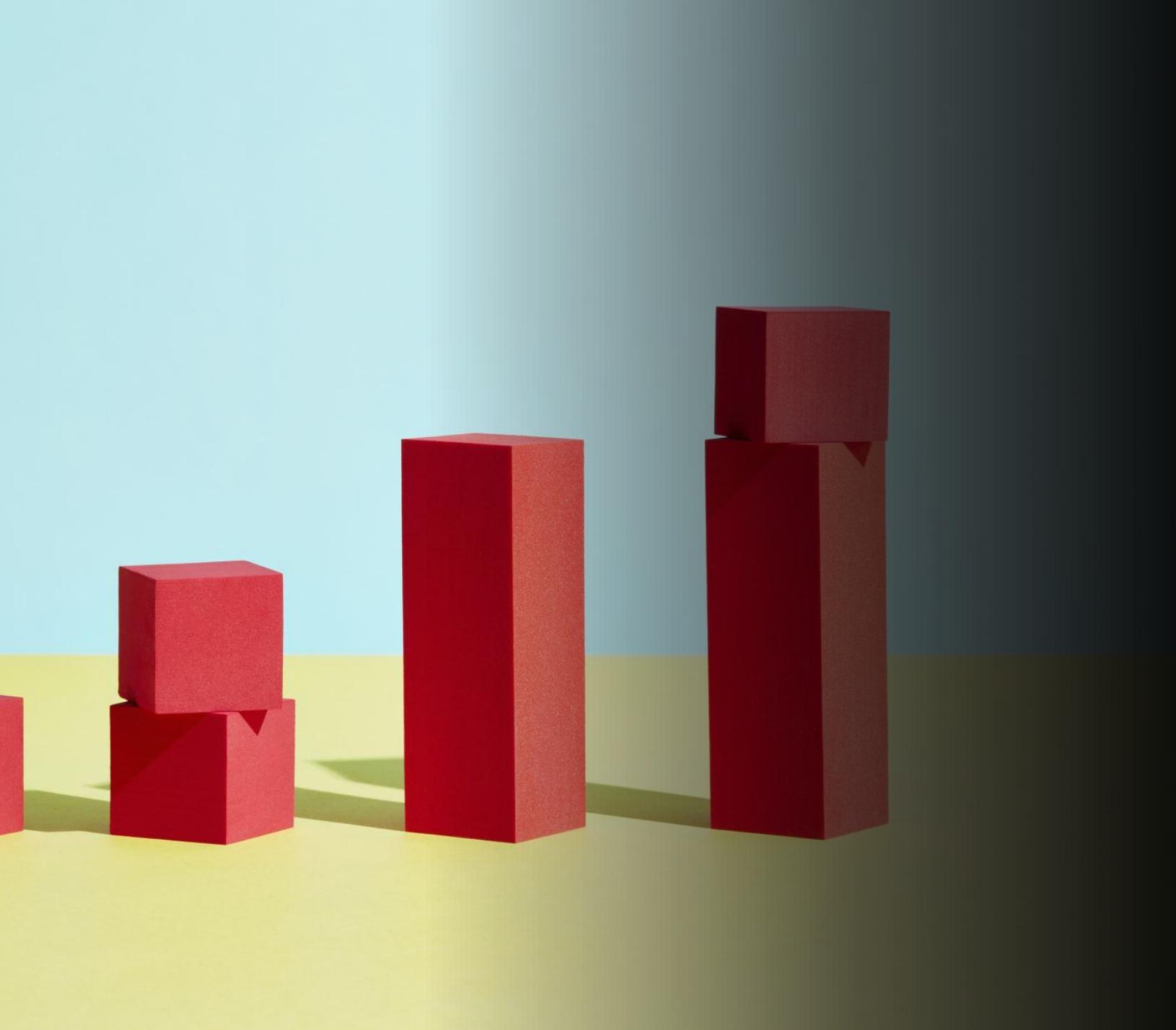
Tracks a market-cap-weighted index of global lithium miners and battery producers

Lithium batteries are an important input for electrical vehicles, and have seen skyrocketing demand for years

Main holdings: Albemarle Corporation, Panasonic, Samsung SDI, TDK Corporation

The lithium-ion battery market will reach to \$165847.8 million by 2030

Lithium Battery Market cap: Around \$42.5 Billion USD



Top Holdings, Products and Revenue Breakdown

-
- Background
 - Main Companies
 - What do these companies do and what are their sources of revenue?

(Sources: Company websites, TradingView, ETF.com, Yahoo Finance, Reuters)

SWOT ANALYSIS

STRENGTHS

- Projected growth in the global lithium-ion battery market is set to grow 98% from 2021 to 2026 (Statista 2022).
- LIT is set to benefit from the booming EV industry as it tracks the top 40 companies in the sector.
- Lit has seen its stock price fall 29.61% YTD drop in the last year, which has made the stock less overvalued and more affordable boasting a PE ratio of

WEAKNESSES

- Lithium mining is seen to have high CO2 emissions which has made it a controversial method of sustaining sustainable clean energy.
- On going geopolitical issues around the world still create issues in supply chain.

THREATS

- Supply chain issues are causing a lithium deficit which varies around 50,000 tonnes per annum. These issues are slowing down the progress of lithium battery projects which may push companies to look for alternatives.
- Environmental protests have blocked new lithium mines in Serbia from being opened which is further constricting the supply of lithium to the world.

OPPORTUNITIES

- Key players at the United Nations climate change conference have set new clean energy goals which are driving demand in the lithium battery market as countries are trying to meet the objectives set for 2030.
- The Chinese government has recently announced its new goal of transitioning 40% of its vehicles sold in the country to electric by 2030. China currently has 400 million registered drivers in 2022.
- Lastly, electrification of delivery vehicles and pickups is expected to raise the demand for these lithium batteries as these sectors seek to cut down on carbon emissions targets.

Upcoming News/ Events

Profit From the Lithium Boom With These Stocks

The burgeoning EV industry is seeing demand for lithium soar to previously unseen levels

Panasonic Energy Co., Ltd., a Panasonic Group Company, announced that it has entered an agreement with Redwood Materials Inc. (“Redwood”; Carson City, Nevada), a sustainable battery materials manufacturer, for the purchase of cathode active materials and copper foil for EV lithium-ion batteries.

Redwood’s recycled cathode active materials will be used in lithium-ion batteries to be manufactured at a new facility in De Soto, Kansas starting in 2025, and its recycled copper foil will be used in lithium-ion batteries to be manufactured at Panasonic Energy of North America (PENA)’s facility in Sparks, Nevada starting in 2024.



Corporate ESG Pillars (lower scores = lower risk)



11.61

Environmental

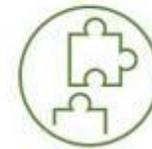


7.20
Social



7.94

Governance



2.01

Unallocated



ESG (Environmental)

- The fund's involvement in fossil fuels is negligible and compares favourably with 18.28% for its average peer.
- Asset-weighted Carbon Risk Score of 16.77 is at the lower end of the medium carbon risk band.
- Lithium battery technology is essential to the rise of electric vehicles (EVs), renewable energy storage, and mobile devices. EVs produce zero direct emissions, meaning broader adoption could result in reduced greenhouse gas emissions and improved urban air quality.
- LIT circumspect in firms' (from holdings') environmental sustainability report: Albemarle Corporation (Largest Holdings, 10.84%): On track to meet existing targets for GHG Emissions + Freshwater Reductions

ESG (Social)

- Gender Equality and Controversies are incidents that negatively affect stakeholders, the environment or other company's operations, in comparison to issues from bribery and corruption TO workplace discrimination and Environmental Incidents.
- From their holdings, LIT also pays attention to the firms' social sustainability report: Albemarle Corporation (Largest Holdings, 10.84%): Target to increase global gender diversity by 1% and also integrate DE&I in decision making, enhance organizational effectiveness, and meet future challenges and needs.

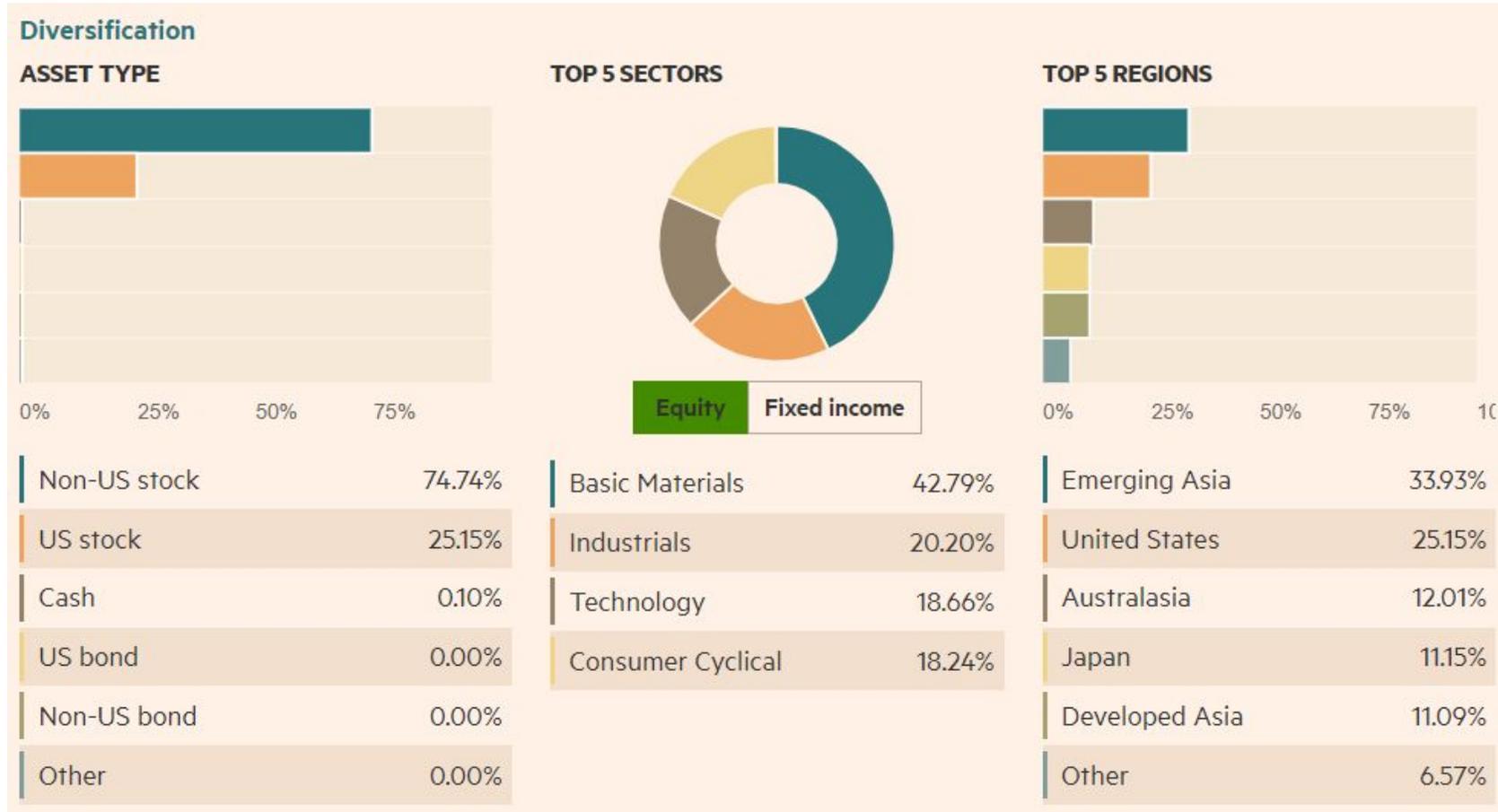
ESG (Governmental)

- One potential issue for a sustainability-focused investor is that Global X Lithium & Battery Tech ETF doesn't have an ESG-focused mandate. A fund with an ESG-focused mandate would have a higher probability to drive positive ESG outcomes.
- Albemarle Corporation (Largest Holdings, 10.84%): Provide forecasts with risks noted, follow governmental law, no limitations or restrictions hidden.

Financials – LIT

- Net asset value : 67.60
- Dividend yield : 0.31%
- Annual Dividend : 0.21
- Return on equity : 30.90%
- Assets under management : 3.99 billion
- Weighted average market cap : 48.21 million
- Share outstanding : 58.6 million
- Management Fee : 0.75%
- P/E ratio : 18.04
- Number of holdings : 40
- Inception date : 22 July 2010

Financials – Diversification



Performance & Top 10 holdings

PERFORMANCE (%)

	1M	YTD	1Y	3Y	5Y	10Y	Since Inception
NAV	1.17%	-20.46%	-26.03%	39.89%	13.33%	10.44%	7.89%
Market Price	1.10%	-20.80%	-27.11%	39.93%	13.17%	10.47%	7.84%
Index	1.33%	-20.12%	-25.65%	40.29%	13.53%	10.96%	8.40%

TOP 10 HOLDINGS (%) *Holdings Subject to Change*

Albemarle Corp	11.11%	Quimica Y-sp Adr	4.54%
Samsung Sdi Co Ltd	5.73%	Tianqi Lithium Corp-a	4.26%
Rivian Automotive Inc-a	5.31%	Byd Co Ltd-h	4.25%
Tesla Inc	4.84%	Eve Energy Co Ltd-a	4.16%
Panasonic Holdings Corp	4.77%	Tdk Corp	4.02%



Risk



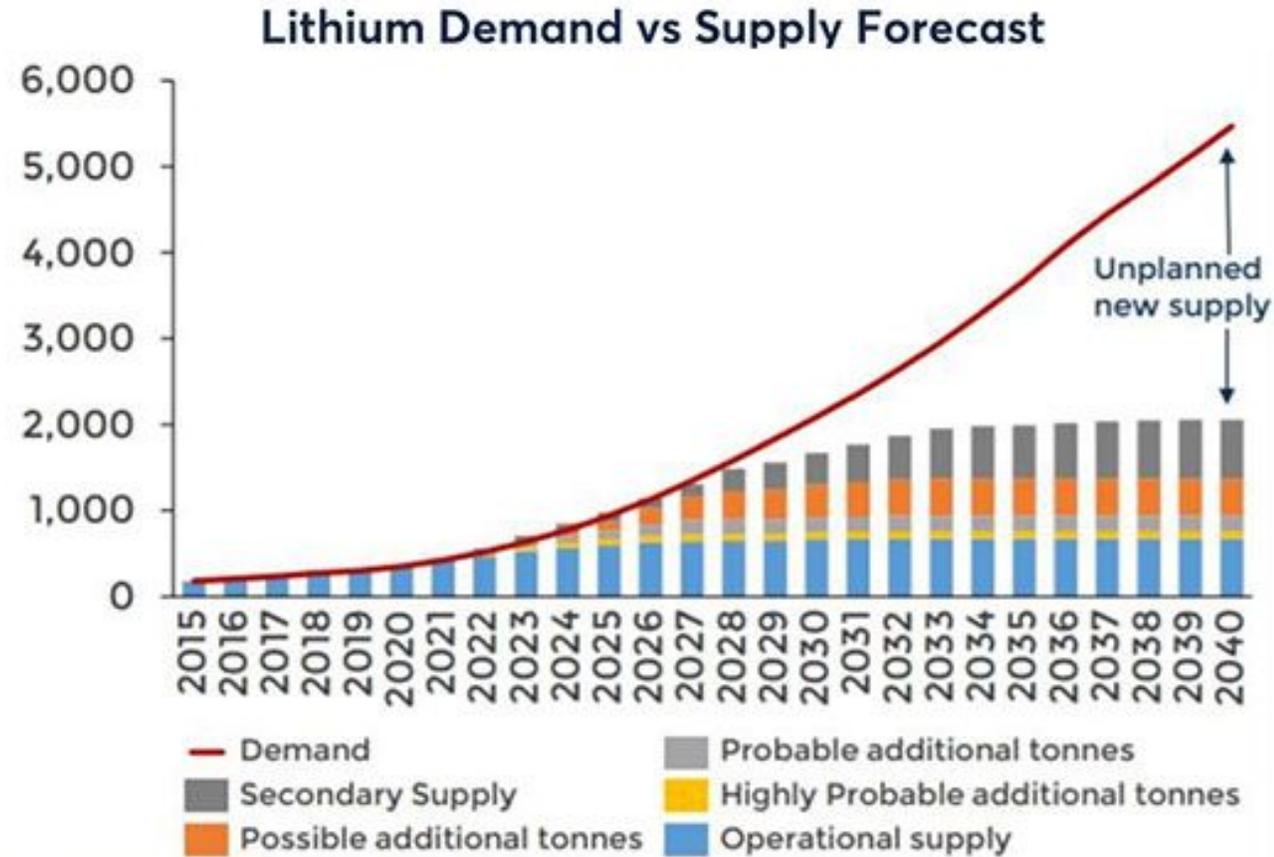
Lack of Diversification



SECTOR	WEIGHT (%)
● Materials	46.7
● Consumer Discretionary	21.3
● Information Technology	16.4
● Industrials	15.6

Source: AltaVista Research, LLC

Lithium Shortage/Problems



source: Benchmark Minerals

Geopolitical/Political Risks

- Rumors of Russia to produce Lithium
- Expected new supply from Argentina, Chile and Brazil
- Geopolitical risks leading to complications in mining operations

Stop Loss

Assuming entry at current prices around 66.5, we can enter the position with a risk reward ratio of 2.8:1.

This predicts a 50% growth within the next year.





Why should Oakwood invest in LIT?





Recommendation
: 12-24 Month
Buy/Hold

P/E ratio is 18.04, therefore it is not too high and is a value stock



Other Analyst Forecasts

- Yahoo Finance:

52 Week Range – 61.67 to
90.74

High – 90.74

Medium – 76.21

Low – 61.67