Thematic Opportunities

What Does the $369 Billion Cleantech Catalyst Mean for Investors?

It may be called the Inflation Reduction Act (IRA), but the landmark bill just signed into law has the potential to be the most significant piece of climate legislation in U.S. history. Roughly 85% of the bill's planned expenditures, or $369 billion, is allocated to clean energy technology. It's a catalyst that cleantech watchers have been anxiously looking forward to for years.

The IRA bill provides incentives for both companies and consumers, including:

- $60 billion of incentives for clean energy manufacturing, including tax credits for solar panels, wind turbines, batteries, critical mineral processing, electric vehicles (EVs) and more.
- Consumer incentives, including $9 billion for home energy rebate programs and tax credits for lower- and middle-income EV buyers ($7,000 for new EVs and $4,000 for used).

Cleantech company executives have been quick to tout the opportunity:

- Andy Marsh, CEO of leading fuel cell manufacturer Plug Power, commented, "With the passage of the act, we expect a boom for our electrolyzer and green hydrogen business."[1]
- Mary Powell, CEO of leading residential solar panel and battery provider Sunrun, commented, "With subsidies in place for electric vehicles and heat pumps, more homes will need additional electric power, and the value proposition of solar will only grow."[2]

Wall Street analysts have been quick to note the opportunity as well:

- Bank of America upgraded their rating of First Solar, a leading solar modules manufacturer. Exposure to favorable policy catalysts may potentially support up to $570 million in production tax credits tied to First Solar's 3.3 GW Ohio factory.[3]
- JPMorgan upgraded their rating of TPI Composites—a leading wind blade manufacturer. The Inflation Reduction Act may benefit this domestic company, which already has existing manufacturing infrastructure.[4]

[1] Plug Power Inc. Q2 2022 earnings call, 8/9/22.
[2] Barrons.com, 8/8/22.
[3] Seeking Alpha, 8/1/22.
[4] 247wallst.com, "3 Big Investment Ideas from JPMorgan with Up to 40% Upside," 8/8/22.

Seek Well-Targeted Cleantech Solutions

Many investors don't know what green hydrogen is, how First Solar's 3.3 GW factory works, or how to rank cleantech companies by percentage of domestic manufacturing. Most are simply looking for a well-targeted cleantech investment solution. For those investors, ProShares S&P Kensho Cleantech ETF (ticker: CTEX) may fit the bill. This ETF tracks the S&P Kensho Cleantech Index, which focuses on the companies that manufacture solar arrays, turbine blades, storage batteries, and more—companies that are directly in the focus of the Inflation Reduction Act.

Anticipation of this legislative catalyst has indeed already been reflected in stock prices. The S&P Kensho Cleantech Index is up approximately 62% since the recent low in May. Investors worried about timing should note that the index is still down nearly 45% from its high in February 2021.[5]

S&P Kensho Cleantech Index

Energy Capture
Hardware, software or materials technologies used for clean energy capture from sources such as solar, wind, geothermal and hydro.

Energy Storage
Advanced energy storage devices.

Installation
Installation of clean energy capture technology for use in residential or commercial applications.

Generation and Production
Technologies used for green hydrogen production and energy generation, including electrolyzers and stationary fuel cells.

ProShares S&P Kensho Cleantech ETF

Access the Companies Behind the Clean Energy Wave

ProShares S&P Kensho Cleantech ETF (CTEX) tracks the S&P Kensho Cleantech Index. CTEX provides a one-step, convenient way of tapping into the companies at the forefront of the clean energy revolution—companies that develop, produce and supply the technology essential to producing clean power.

CTEX gives investors the convenience of owning a basket of companies providing exposure to this evolving industry and its increasing global demand—all within a single ETF.

[5] Bloomberg, 2/9/21–8/10/22 (-44.1%); 5/11/22-8/10/22 (+62.8%).

Have Questions?

Financial professionals can contact ProShares at **866-776-5125** or email **info@proshares.com** for additional information about CTEX and our other ETFs.

Fund performance and index history Fund inception 9/29/21–6/30/22		1-Year	3-Year	5-Year	Since Fund Inception
ProShares S&P Kensho Cleantech ETF	NAV Market Price	–	–	–	-27.55% -27.78%
S&P Kensho Cleantech Index		–	–	–	-27.39%

Source: ProShares, Bloomberg.

Operating expenses are 0.58% **The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Shares are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. ET (when NAV is normally determined for most funds) and do not represent the returns you would receive if you traded shares at other times. Brokerage commissions will reduce returns. Current performance may be lower or higher than the performance quoted. Standardized returns and performance data current to the most recent month end may be obtained by visiting ProShares.com.**

As of 6/30/22, CTEX included allocations to the following companies: Plug Power Inc. (3.43%), Sunrun Inc. (3.43%), First Solar, Inc. (3.51%) and TPI Composites Inc. (3.11%). Holdings are subject to change.

This information is not meant to be investment advice. There is no guarantee that the strategies discussed will be effective. Investment comparisons are for illustrative purposes only and not meant to be all-inclusive.

Any forward-looking statements herein are based on expectations of ProShare Advisors LLC at this time. ProShare Advisors LLC undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Investing is currently subject to additional risks and uncertainties related to COVID-19, including general economic, market and business conditions; changes in laws or regulations or other actions made by governmental authorities or regulatory bodies; and world economic and political developments.

Investing involves risk, including the possible loss of principal. This ProShares ETF is subject to certain risks, including the risk that the fund may not track the performance of the index and that the fund's market price may fluctuate, which may decrease performance. Please see the summary and full prospectuses for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

Investments in cleantech are subject to risks associated with a developing industry and there is no guarantee that these companies will be successful.

Cleantech companies may have limited product lines, markets, and resources. Such companies are subject to risks such as rapid changes in technology; intense competition; impairment of intellectual property rights; changing consumer preferences and product obsolescence; evolving industry standards and regulations; security and privacy failures or constraints; dependence on third-party vendors; fluctuations in pricing, and supply and demand, for renewable and conventional energy generation and commodities; reduction or elimination of economic incentives or policies; changes to exchange rates, imports, and availability of materials for production. The index theme may not be the primary driver of company, index or fund performance. Companies in the index may have significant unrelated business lines, which could have a significant negative impact on company, index and fund performance.

This fund may be subject to risks associated with the semiconductor and semiconductor equipment industry. A more complete discussion of risks is found in the prospectus. This fund is non-diversified and concentrates its investments in certain sectors. Non-diversified and narrowly focused investments typically exhibit higher volatility. Investments in non-U.S. securities may involve risks different from U.S. securities, including risks from geographic concentration, differences in valuation and valuation times, unfavorable fluctuations in currency, differences in generally accepted accounting principles, and from economic or political instability.

Investments in emerging markets generally are less liquid, more volatile and riskier than investments in more developed markets and are considered to be speculative.

Carefully consider the investment objectives, risks, charges and expenses of ProShares before investing. This and other information can be found in their summary and full prospectuses. Obtain them from your financial professional or ProShares.com. Read them carefully before investing.

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