Monthly ESG Copper Miners Report

March 2025

HANetf & Sprott Asset Management
Sprott Copper Miners ESG-Screened UCITS ETF
CPPR
59 bps
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For Professional Clients Only. Capital at risk.
All data as of 28/02/2025
This report was written by, and is the opinion of, the Sprott Asset Management.

ESG Copper Miners ETF Key Takeaways

Copper performed strongly in February 2025, gaining 4.59% and bringing its year-to-date return to 7.92%. In contrast, copper miners, as measured by the Sprott Copper Miners ESG-Screened UCITS ETF, saw a decline of -1.38% for the month, translating to a year-to-date drop of -2.22%. This divergence can be attributed to a complex interplay of currency fluctuations, tariff-related uncertainties, and shifting global demand dynamics. The retreat of the U.S. dollar has generally supported copper's spot price due to the inverse relationship, as a falling U.S. dollar typically makes dollar-denominated commodities attractive to global investors, thereby boosting demand and supporting higher prices. At the same time, anxieties surrounding tariffs are beginning to weigh on the broader economic outlook, yet they have paradoxically benefitted copper itself, as immediate supply risks linked to potential trade barriers overshadow worries about a slowdown in demand.

Expectations on China's possible stimulus measures have further underpinned copper's price strength. Concerned about bolstering growth in the face of ongoing trade tensions, China appears intent on "Trump-proofing" the country's economy, which includes infrastructure projects and industrial spending that rely on metals such as copper. Meanwhile, President Trump's recent directive to investigate the national security implications of copper imports has introduced a new layer of uncertainty. This review, which is scheduled to conclude by November 2025, encompasses all forms of copper, including semi-fabricated products to scrap, and could lead to tariffs, export controls, or incentives to boost domestic production. With China singled out as a particular focus, the investigation underscores how geopolitical factors increasingly shape commodity markets.

Fears about possible restrictions on copper imports have given rise to significant price discrepancies across regions. Copper futures in New York (Comex) now trade at a marked premium over those in London (LME), resulting in vigorous trading activity as participants seek to capitalize on arbitrage opportunities. These gaps have prompted a surge of metal flows into the United States, as traders attempt to exploit higher domestic prices. Orders to withdraw copper from LME-registered warehouses have spiked, and there are indications of copper being shipped out of China, all in pursuit of global arbitrage plays. While the heightened flow of metal reflects genuine concerns about tariffs, it also indicates that market participants remain keen to profit from short-term price distortions.

Underpinning the excitement is a set of strong fundamentals for the copper market. Notably, Treatment Charges and Refining Charges (TC/RCs) have stayed in negative territory since late December. Such depressed TCs, reaching negative $13.60 in mid-February, are historically rare and hint at a sustained shortage of copper concentrate. During typical seasonal patterns, TCs sometimes dip below zero around the Lunar New Year, only to rebound soon after. The absence of a rebound this time points to expanding smelting capacity that is outstripping the available supply of concentrate, a dynamic that typically supports higher copper prices. Nevertheless, despite these favorable conditions for the metal itself, copper-mining stocks have faltered amid the broader market's concerns over economic growth and the possibility of disruptive trade actions.

Should new tariffs or restrictions emerge from the investigation, they could inflate copper costs for U.S. manufacturers, disrupt supply chains, and further stimulate or restrain domestic production, depending on the specific measures imposed. Meanwhile, China's capacity to implement fresh stimulus remains a critical factor in sustaining copper demand. While strong fundamentals and negative TCs point to a tight market that favors higher copper prices, the divergence between the metal's performance and that of copper-mining equities suggests that macroeconomic and political uncertainties continue to wield substantial influence. Despite the turbulence, copper miner's long-term prospects remain anchored by its strong fundamentals, even as global markets navigate the ongoing and unpredictable interplay of trade policy and economic growth.

Macro Outlook

Copper enters 2025 with a strong long-term outlook, supported by structural demand growth and persistent supply challenges. While the second half of 2024 presented headwinds, including macroeconomic uncertainty, a strong U.S. dollar, and investor caution following then-President-elect Trump's proposed trade tariffs, the underlying fundamentals remain firmly bullish.

Copper is a cornerstone of the world's surging energy demand, which we believe positions it strategically for a dynamic 2025. The market faces escalating supply-demand deficits as energy-intensive applications grow in the face of persistent supply-side constraints. In our view, pure-play copper miners are well-positioned to benefit from these trends due to their operating leverage to potential increases in the copper spot price. Additionally, the mining sector remains broadly profitable, supported by healthy margins and robust demand tailwinds.

Copper's evolving narrative in 2025 highlights its central role in the electrified and digitalized future of global economies. As confidence in these sectors grows, restocking through the supply chain may accelerate, further supporting prices. With its strong fundamentals and growing strategic importance, we think copper remains one of the most compelling commodities for the year ahead.

ESG Copper Miners ETF Performance
As of 28/02/2025

	1M	3M	6M	YTD	12M	3Y	SI
Sprott Copper Miners ESG-Screened UCITS ETF	**-1.38%**	**-9.64%**	**-8.56%**	**-2.22%**	**10.36%**	**N/A**	**22.73%**
Nasdaq Sprott Copper Miners ESG Screened Index	*-1.88%*	*-10.37%*	*-8.81%*	*-2.83%*	*10.37%*	*-1.32%*	*23.10%*

Source: Bloomberg / HANetf. Data as of 28/02/2025
Please note that all performance figures are showing net data. Performance before inception is based on back-tested data. Backtesting is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such a strategy would have been. Back-tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs, your capital is at risk.

Product Details

Sprott Energy Transition Materials UCITS ETF (SETM) provides ESG exposure to copper miners.

The fund tracks the Nasdaq Sprott Copper Miners ESG Screened™ Index (NSCOPE).

Visit the CPPR fund page for more information.

Exchange	Ticker	RIC	SEDOL	ISIN	Valoren	WKN	CCY	Listing Date
LSE	CPPR LN	CPPR.L	BP68NH0	IE000IQQEL77	-	-	USD	07/12/2023
LSE	COPP LN	COPP.L	BP6N0M9	IE000IQQEL77	-	-	GBP	07/12/2023
Borsa Italiana	COPR IM	COPR.MI	BR53LS7	IE000IQQEL77	-	-	EUR	11/01/2024
Xetra	ASWD GY	ASWD.DE	BR53LV0	IE000IQQEL77	-	A3EWMH	EUR	07/12/2023

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