Monthly ESG Copper Miners Report

January 2025

HANetf & Sprott Asset Management
Sprott Copper Miners ESG-Screened UCITS ETF
CPPR
59 bps
IE000IQQEL77
Product Inception Date: 06/12/2023

For Professional Clients Only. Capital at risk.
All data as of 30/09/2024
This report was written by, and is the opinion of, the Sprott Asset Management.

ESG Copper Miners ETF Key Takeaways

Copper prices declined -2.69% in December, while the underlying index for the ESG Copper Miners fell -7.76%. Broader macroeconomic concerns weighed on cyclically sensitive equities. Investor fears over inflation, the potential for trade tariffs, and uncertainty surrounding the incoming U.S. administration's policies dampened market sentiment. The Federal Reserve's 25-basis-point rate cut in December was perceived as a hawkish cut, as officials signaled a slower pace of future cuts, suggesting the likelihood of higher inflation and "higher-for-longer" neutral rates, a dynamic that mining stocks reacted to negatively.

Despite these near-term pressures, copper ended 2024 with a modest annual gain of 2.23%, outperforming many other commodities that saw steeper declines. The year began on a strong note, supported by solid fundamentals and positive investor sentiment, but momentum slowed in the second half as macroeconomic headwinds and policy uncertainty increased. Copper prices received some support from China's Politburo meeting in December, where policymakers released a statement that said the body would "implement more proactive fiscal policies and moderately loosen monetary policies". The phrase "moderately loose" replaces the term "stable," which had been in place since 2011. This change supported copper prices. That said, concerns over a strong U.S. dollar and the potential impact of trade tariffs proposed by President-elect Donald Trump kept prices in check.

Supply-side challenges remained a defining feature of the copper market in 2024, with mine output disruptions in key producing regions. The resulting supply constraints were reflected in historically low treatment and refining charges for 2025, which fell by over 70% year-over-year and represent a clear sign of a tight concentrate market. Meanwhile, copper inventories at global exchange warehouses continued to decline from the mid-year highs, particularly in China. These falling inventories are shrinking the industry's buffer and heightening the risk of sudden price surges.

While demand for copper remained structurally strong, particularly from sectors such as artificial intelligence, the energy transition, and grid upgrades, traditional drivers such as China's property sector weakened. However, China's infrastructure investments, focused on electric vehicles, power grids, and renewable energy, continued to support copper consumption, helping to more than offset softness in construction-related demand.

Looking ahead, copper's role in the energy transition and digital economy continues to evolve, reinforcing its long-term importance. Grid modernization, AI-driven infrastructure expansion, and rising industrial activity in emerging markets are expected to drive sustained demand growth. However, the market still faces supply-side constraints, including declining ore grades, project delays, and geopolitical risks, which could further tighten availability. Trade policies under the incoming U.S. administration, particularly proposed tariffs on critical minerals, remain a key uncertainty that could shape market dynamics in 2025.

Source of all performance data: Bloomberg / HANetf as of 31.12.2024. All performance figures are showing net data. Past performance is not indicative of future performance and when you invest in ETFs your capital is at risk.

Despite a challenging second half, 2024 reinforced copper's strategic importance and bullish long-term fundamentals. While prices struggled to gain momentum late in the year, the market's tight supply conditions and growing structural demand drivers suggest copper remains one of the most compelling commodities heading into 2025.

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 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 31/12/2024

	1M	3M	6M	YTD	12M	3Y	SI
Sprott Copper Miners ESG-Screened UCITS ETF	**-7.58%**	**-14.94%**	**-9.55%**	**11.02%**	**11.02%**	**N/A**	**25.52%**
Nasdaq Sprott Copper Miners ESG Screened Index	*-7.76%*	*-14.89%*	*-9.14%*	*11.84%*	*11.84%*	*12.17%*	*26.69%*

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/12/2024

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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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