

Thematic Investing | Lithium & Battery Technology



Overview

With the global shift in focus to 'get green' as soon as possible, many nations and states are setting carbon reduction targets that are well ahead of wider global goals. Under the IEA Stated Policies Scenario (STEPS), the global outlook for the share of electric car sales based on existing policies and firm objectives has increased to 35% in 2030, up from less than 25% in the previous outlook, causing the market to shift the focus to the battery technology space¹.

The lithium-ion (li-ion) battery commands most of the market share within the battery technology space which has led to a significant increase in physical lithium prices. Supply issues hang over the li-ion space, but the combination of battery innovation and optimised manufacturing are expected to help lighten the supply burden over the coming years as demand continues to ramp up.

Benefits

- **Energy storage revolution:** Lithium batteries enable efficient energy storage, facilitating the integration of renewable energy sources and enabling grid stability.
- **Electric mobility revolution:** Lithium-ion batteries power electric vehicles, contributing to reduced emissions, improved air quality, and accelerating the transition towards sustainable transportation.
- **Technological advancements:** Investing in battery technology drives innovation, leading to improved battery performance, longer lifespans, and cost reductions, benefiting various industries and applications.

Challenges

- **Supply chain dependencies:** Ensuring a stable and sustainable supply of lithium and other key battery materials can be challenging due to geopolitical factors and limited reserves.
- **Technological advancements:** Rapid changes in battery technology require companies to continually invest to remain competitive and address potential obsolescence risks.
- **Safety and environmental concerns:** Managing the safe disposal and recycling of lithium-ion batteries and minimising environmental impact pose challenges in the industry.

Shortlist of ETFs to gain exposure to this theme

Ticker	Name	Net Assets (US\$)*	Holdings	Fee	Link to Factsheet
ACDC AU	Global X Battery Tech & Lithium ETF	\$426m	33	0.69%	ACDC AU
LIT US	Global X Lithium & Battery Tech ETF	\$2,500m	52	0.75%	LIT US
BATT US	Amplify Lithium Battery Tech ETF	\$161m	105	0.59%	BATT US

*Data as at 1 October 2023



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1 – [IEA Global EV Outlook Executive Summary](#)

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