

The Top 3 Ways to Trade Climate Change

Green energy stocks may be the best opportunities of the year.

All as countries around the world race to battle climate change. For example, President Biden just signed an executive order that says 50% of all vehicles must be electric by 2030.

In addition, the U.S. pledged to reduce emissions by up to 52% over the next several years. Europe wants to cut CO2 emissions by up to 55% by 2030. China says it'll stop releasing CO2 in the next 40 years.

However, it may not be enough.

According to a new report from The Climate Action Tracker, as noted by Yahoo Finance, "The recent pledges made by world governments to limit carbon emissions will not be sufficient to meet the goal of keeping global temperatures from rising above 1.5 degrees Celsius, a new report concluded."

In addition, according to Trefis, "The Intergovernmental Panel on Climate Change (IPCC) published an alarming report – which is seen as one of the most detailed reviews of climate change ever conducted – outlining how climate change was accelerating. For instance, the report expects that the Earth's average temperature will reach 1.5 degrees Celsius above preindustrial levels around 2030, a decade earlier than was projected just three years ago. The Secretary-General of the United Nations has deemed the report a 'code red' for humanity, noting that it should serve as a 'death knell' for the fossil fuel industry."

That means we'll see a bigger push for green energy solutions with solar, green hydrogen, green ammonia, electric vehicles, wind power, etc.

While we can always buy solar, hydrogen, and wind stocks, another way to diversify your portfolio is with green energy ETFs. In fact, some of the top ones include:

iShares MSCI Global Climate Select ETF (SDG)

Just under \$100 a share, the SDG ETF offers exposure to "global stocks aiming to advance themes related to the United Nation's Sustainable Development Goals, such as education or climate change," as noted by iShares. Some of its top holdings include Tesla, Vestas Wind Systems, Nio Inc., BYD Ltd., Li Auto, and Enphase Energy to name a few.

Krane Shares Global Carbon ETF (KRBN)

At \$38 a share, the KRBN ETF is "benchmarked to IHS Markit's Global Carbon Index, which offers broad coverage of cap-and-trade carbon allowances by tracking the most traded carbon credit futures contracts. The index introduces a new measure for hedging risk and going long the price of carbon while supporting responsible investing."

iShares MSCI ACWI Low Carbon Target ETF (CRBN)

At nearly \$170 a share, the CRBN ETF tracks stocks that are less dependent on fossil fuels. Some of its top holdings include Apple, Microsoft, Amazon.com, Facebook, Alphabet, Tesla, NVIDIA Corp., and Johnson & Johnson to name a few.