Carbon Streaming offers ESG investors exposure to the carbon credits market

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Environmental, Social, and Governance ("ESG") investing has become a key theme this decade as companies and governments face greater scrutiny on their behavior by investors. One key part of ESG investing is the environment, and in particular, carbon credit trading.

A 'carbon credit' (also called 'carbon offset' or 'emission credit/offset') is a term for any tradable certificate or permit representing "the right to emit one tonne of carbon dioxide or the equivalent amount of a different greenhouse gas". Essentially corporations, governments and individuals purchase carbon credits to offset their emissions from other companies that have earned credits from the government for reducing CO2 emissions. One well-known example of carbon credit trading occurred with Fiat Chrysler purchasing about US$2.4 billion worth of carbon credits from EV manufacturer Tesla from 2019 through 2021.

It is quite clear that carbon credit trading is rapidly growing to be a large industry in itself. Over 1,500 companies have announced plans to be "net–zero" by 2050 or sooner. Carbon credits are anticipated to be integral to meet these goals, especially in hard to abate sectors such as oil, aviation, steel and cement. Even better is that retail investors can now invest in a carbon credit streaming business.

Today's company is a listed company that offers a way for investors to invest into the growth of the carbon credit market.

They act like an investment vehicle purchasing carbon credit revenue streams in return for an upfront payment. If the value of the carbon credits goes up or can be sold later at a profit then the stream becomes more valuable, thereby potentially boosting the value of the carbon streaming company. Revenues and profits will also depend on the quality and return on investment ("ROI") of the streaming deals that are made.

How carbon emission trading works and the market size (US$261 billion in 2020) currently dominated by Europe

Source: Carbon Streaming Corporation investor presentation

Carbon Streaming Corporation (NEO: NETZ) ("Carbon Streaming") is an ESG principled investment vehicle offering investors exposure to carbon credits. Carbon Streaming is among the first publicly traded carbon offset investment companies on any exchange in the world. Carbon Streaming listed on Canada's NEO exchange on July 26, 2021, the Frankfurt Stock Exchange on July 30, 2021 and intends to list on a U.S. stock exchange, such as NASDAQ or the New York Stock Exchange, prior to the end of the year.

Carbon Streaming's business model is to focus on acquiring, managing and growing a high-quality and diversified portfolio of investments in projects/companies that generate or are actively involved, directly or indirectly, with carbon credits.

The Company states: "Carbon Streaming is actively pursuing streaming arrangements with individuals, companies and governments to stream carbon credits from their assets or properties. We intend **to provide investors with a diversified portfolio of carbon credit streams for long-term appreciation without the operational risk.** We intend to participate in both the voluntary and compliance carbon markets, and also may make investments related to carbon credits.”

Carbon Streaming has sourced a potential deal pipeline of over US$585 million with its near–term pipeline valued at approximately US$165 million at target IRRs of 15%+.

Carbon Streaming Corporation near term opportunity pipeline

Source: Carbon Streaming Corporation investor presentation

In recent news on August 3, 2021, Carbon Streaming announced a Carbon Credit Stream Agreement on the Rimba Raya Biodiversity Reserve (a 64,500-hectare peat forest in Central Kalimantan, Indonesia) and Strategic Partnership with Infinite-EARTH Founders. The Rimba Raya Project, for which InfiniteEARTH has exclusive carbon and marketing rights, is expected to create over 70 million credits over its remaining 20-year crediting period (approximately 3.5 million carbon credits per annum).

Carbon Streaming has now closed the above agreement paying an upfront cash investment of US$26.3 million consisting of US$22.3 million for the Carbon Stream with InfiniteEARTH and US$4.0 million for the strategic alliance agreement with the Founders (for consulting services, carbon project advisory, carbon credit marketing and sales). In return Carbon Streaming will receive:

“InfiniteEARTH will deliver 100% of the carbon credits created by the Rimba Raya Project, expected to be 70 million credits over the next 20 years, less up to 635,000 carbon credits per annum which are already committed to previous buyers. **For the first four years, the amounts delivered under the Carbon Stream include 1,000,000 carbon credits per annum at a pre-agreed gross sale price of US$8.50……”**

InfiniteEARTH is a Hong Kong-based project development company that develops and manages conservation land banks and provides environmental offsets and corporate social responsibility (CSR) solutions to companies across the globe. The full details of the deal can be viewed here.

Governments have pledged to reduce carbon emissions but as shown on the graph there is still a long way to go

Source: Carbon Streaming Corporation investor presentation

Closing remarks

Carbon credits is already a large business in Europe and it is likely to accelerate globally as governments get tougher on CO2 emissions and investors demand strong ESG efforts from companies. For investors that want to focus on ESG or simply invest money towards supporting carbon credits and hence the environment, then consider Carbon Streaming Corporation.

A self-confessed stock nerd recommends that investors swallow the NEO Exchange red pill

written by InvestorNews | August 9, 2021
I am a self-confessed stock nerd. Digging through a company's quarterly MD&A, Annual Information Form and corporate

presentation entertain me, at least when I'm not fishing, playing hockey or drinking beer. The latest example of this geekiness was when I was recently asked if I had heard about the NEO Exchange. I'm guessing the person who asked was anticipating that, like most people they had brought it up with before, I would have no idea and they would go on to give me some quick insight into this unique, but not so new Canadian Tier 1 stock exchange. Instead, their question may have backfired, as I went on to talk about the first stocks I bought, things I liked about the exchange and other innovations I found interesting, which may or may not interest others. At that point, the tables were turned on me and I was challenged to ask everyone I knew (and yes I have plenty of friends) if they had heard of the NEO Exchange. I was both surprised and not surprised at how little virtually all my acquaintances knew about this subject, so that has inspired today's article.

In case you are wondering, my first exposure to the Aequitas NEO Exchange, which was their name back in 2018 (fortunately they rebranded to something a little easier to remember and spell), was a new issue as part of an RTO transaction whereby Ethereum Capital Inc. (NEO: ETHC) became public and the new issuer moved over from the TSX Venture. That was February 2018 and my exposure and interest in the NEO Exchange were born. Sadly, I didn't have the patience to turn that particular investment into the healthy gain it would be if I still held it today. Instead, I eventually booked a 44% loss and moved on. Nevertheless, I'm very happy that this transaction introduced me to this exchange and I've watched it grow ever since. Granted the exchange itself was launched in 2015, but until 2018 it was mostly ETF offerings with ETHC and Halo Collective Inc. (NEO: HALO) being some of the first actual stock listings. I know that because I also owned HALO and I did make money on that trade.

But enough about my NEO trading history, you need to know why you should have a look at the NEO Exchange today. For starters, it's the second Tier 1 exchange in Canada, along with the TSX, which means that NEO-listed securities meet stringent, disclosure-based listing requirements you can trust. This gives potential qualified Canadian issuers a legitimate option to list with an alternative, much like U.S. equity issuers can choose between the NYSE and Nasdaq. **Choice is almost always a good thing.**

Then there are NEO's founding principles of fairness, liquidity, efficiency and service, where NEO is making waves as a bold and disruptive capital markets technology firm. A great example of fairness is the NEO speed bump and unique order-matching technology that give long-term investors a fair chance to participate in trading without being continuously outpaced by predatory High-Frequency Trading (HFT). It also rejects any traders willing to pay fees for additional trading advantages, including co-located trading technology and access to faster market data. You may recall the Robinhood scandal about selling customers order flow. All examples of the kind of questionable behavior that NEO is trying to protect investors from.

However, what really got my attention the first time I went to the website to get a quote on ETHC was the fact that it was real-time data AND there was depth of market information. For frugal, do it yourself traders this is the holy grail of information. Both of these data sets typically cost a reasonable amount of money for subscriptions or access. I refuse to do a cost/benefit analysis on what having real time data may or may not have cost me over the years because it would probably highlight that I should have broken out my wallet and paid the fees. But with the NEO Exchange website, I can stick to my frugal trading ways and have all the information I want at my fingertips.

Then there is the newest innovation that has also garnered my interest – Canadian Depositary Receipts (CDRs). You may or may not be familiar with American Depositary Receipts (ADR). An ADR is a negotiable certificate issued by a U.S. depositary bank representing a specified number of shares, typically one share, of a foreign company's stock. The ADR trades on U.S. stock markets like any domestic share. It offers investors a way to purchase stock in overseas companies that would not be available otherwise. Being the disruptive innovator they are, the NEO Exchange has fashioned (along with their partner CIBC) a Canadian equivalent. The first listing is a company you may have heard of before – Amazon. In this example, it is a fractional share (so you don't have to cough up US$3,375/share) and exposure to U.S. Dollar currency risk is minimized through built-in currency hedging, allowing you to own the company, not the currency. It's 1/200 of an Amazon share and it closed yesterday at C$21.20. So almost no currency risk and a bite sized version….let me get out my list of U.S. stocks I want CDRs done for.

The NEO Exchange is not publicly listed, so there is no investment thesis here. Just some insight into an exchange I think everyone, even non-stock nerds, should be aware of. So take the red pill and get on with your journey (there is no way I could spend a whole article talking about NEO and not eventually make a reference to "The Matrix").

The NEO Exchange's Erik Sloane

on being the Tier 1 stock exchange for the 'innovation economy'

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In a recent InvestorIntel interview, Chris Thompson speaks with Erik Sloane, Chief Revenue Officer of the NEO Exchange about being the Tier 1 stock exchange for the 'innovation economy' of Canada.

In this InvestorIntel interview, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Erik went on to say that NEO is Canada's second Tier 1 stock exchange and is backed by some of the most reputable financial organizations in the country. As one of the only two senior exchanges in Canada, Erik explained how NEO Exchange provides companies a choice which they didn't have before. He also provided an update on the launch of the first-ever Canadian Depositary Receipt (CDR) on the NEO Exchange allowing Canadians to invest in global companies through fractional share ownership with a built-in currency hedge. Referencing the rise in the Canadian Special Purpose Acquisition Companies (SPACs) market Erik told InvestorIntel that "NEO has been the listing exchange of choice for 10 SPACs in Canada."

To watch the full interview, click here

About the NEO Exchange

The NEO Exchange is a Canadian Tier 1 stock exchange for the innovation economy, bringing together investors and capital raisers within a fair, liquid, efficient, and service-oriented environment. Fully operational since June 2015, NEO puts investors first and provides access to trading across all Canadian-listed securities on a level playing field. NEO lists companies and investment products seeking an internationally recognized stock exchange that enables investor trust, quality liquidity, and broad awareness including unfettered access to market data.

To learn more about the NEO Exchange, click here

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Company's profile on Sedar.com and to carry out independent investigations in order to determine their interest in investing in the Company.

If you have any questions surrounding the content of this interview, please email info@investorintel.com.