RANGE
ETFs

Coal: Reliably Powering the Age of Electricity

INVESTMENT CASE

Range Global Coal Index ETF

COAL

Power, Steel and the Enduring Case for Coal

The world consumed more coal in 2025 than in any year in history, and it is on track to set another record in 2026.[1] That is not the outcome most investors expected when the global financial system began exiting the industry a decade ago. Instead, demand has increased amid broad electrification trends and geopolitical shocks that have disrupted global supplies of natural gas.

The Range Global Coal Index ETF (COAL) seeks to track the performance, before fees and expenses, of the VettaFi Global Coal Index (formerly the Range Global Coal Index). The index tracks companies involved in the metallurgical and thermal coal industry, including production, exploration, development, transportation and distribution.[2]

Four key themes shape the investment case for COAL:

1. **Energy security is national security.** The 2026 Middle East conflict has shown, again, the fragility of liquified natural gas markets, while diversified coal production typically avoids geopolitical disruptions and related price shocks.
2. **Coal demand is at record levels.** Growth in India and Southeast Asia continues to outweigh declines in Europe and other advanced economies.
3. **Electricity demand is rising, and reliability is scarce.** Data centers, electrification and grid strain are keeping coal plants online longer than planned.
4. **Capital scarcity supports supply discipline.** A decade of restricted financing has limited new supply and left today's producers leaner and more focused on shareholder returns.

Energy Security Is National Security

Energy security rests on two pillars: supply that is available and supply that is affordable. When either fails, the consequences reach well beyond energy markets, into inflation, industrial output, employment and political stability.

The 1973 oil embargo and Russia's 2022 invasion of Ukraine both demonstrated how quickly a supply shock can become an economic and political crisis.

2026: A Live Test of Energy Security

The conflict in the Middle East that began in late February 2026 is the most recent test, and coal has been one of its beneficiaries. Very little coal moves through the Strait of Hormuz. Liquefied natural gas (LNG) does, and the sharp drop in LNG shipments drove natural gas prices higher worldwide.[3] Countries with gas-fired power fleets and spare coal capacity switched fuels, lifting coal use in Europe, Japan, Korea, China and other markets above earlier expectations.[3]

The shift was not only market-driven. The International Energy Agency (IEA) notes that some countries and industries are reassessing their energy strategies and turning to coal, particularly domestically produced coal, to reduce exposure to gas market volatility.[4] Japan removed restrictions on which coal plants are eligible for capacity payments. In Korea, low nuclear availability and higher gas prices pushed coal-fired generation up 30% year-on-year in the first quarter of 2026.[1]

Coal is the fuel many governments fall back on when other supply chains break, because it can be stockpiled, sourced domestically or imported from politically stable exporters such as Australia and the United States.

U.S. Policy Has Shifted Decisively

In April 2025, the White House issued Executive Order 14261, which declared support for the domestic coal industry a national priority. The order designated coal a "mineral" eligible for expedited permitting and federal support, prioritized coal leasing on federal lands, promoted coal exports and explicitly tied coal to meeting rising electricity demand from manufacturing and artificial intelligence data centers.[5]
The Department of Energy has also used emergency orders under Section 202(c) of the Federal Power Act to keep coal plants available to operate for grid reliability. The effect is measurable. U.S. operators retired just 2.6 gigawatts (GW) of coal capacity in 2025, the least since 2010. Of the 8.5 GW planned for retirement at the start of the year, 4.8 GW was delayed and 1.1 GW was cancelled outright.[6]

Coal Demand Is at Record Levels

Global coal demand rose 0.3% in 2025 to 8.84 billion tonnes (Bt), surpassing the prior year's record.[1] In its Coal Mid-Year Update 2026, the IEA reversed its earlier forecast of a decline and now expects demand to rise 1.2% in 2026 to a new record of 8.94 Bt.[1] Higher natural gas prices, temporary policy measures

WHY GOVERNMENTS FALL BACK ON COAL

- Can be stockpiled
- Can be sourced domestically
- Can be imported from politically stable exporters such as Australia and the United States

U.S. COAL RETIREMENTS

2.6 GW
of coal capacity retired in 2025, the least since 2010

4.8 GW
of the 8.5 GW planned for retirement was delayed
– U.S. EIA

favoring coal generation and an unusually strong El Niño weather pattern, which raises cooling demand and reduces hydropower output, all contributed.[1]

Asia Drives the Growth

The center of gravity in coal demand is decisively Asia. China alone accounts for more than 56% of global consumption.[1] India and Southeast Asia, where electricity demand is growing fastest, are the primary sources of new demand. Declines in Europe and other advanced economies have been more than offset.

Market	2026 coal demand (IEA forecast)	Change vs. 2025	Primary driver
China	~5,000 Mt	+1%	Power demand, weak wind output, higher LNG prices, coal-to-chemicals
India	1,353 Mt	+4.2%	Rising electricity demand, El Niño, pig iron and cement
ASEAN	~574 Mt	Growth continues	Power sector in Indonesia and Viet Nam
Korea	119 Mt	+6%	Low nuclear availability, higher gas prices
Japan	161 Mt	–1%	Industrial decline partly offset by gas-to-coal switching
European Union	276 Mt	Decline, smaller than expected	Higher gas prices slowing structural decline
United States	Not specified	–7%	Reversal of 2025's 9.5% increase; remains above 2024 level

Source: IEA, Coal Mid-Year Update 2026.[1] Mt = million tonnes.

India deserves particular attention. Its coal demand is expected to return to its historical growth trend in 2026, supported by rising power consumption and strong industrial demand for iron-making and cement manufacturing.[1] India is adding renewable capacity rapidly, yet the IEA expects rising electricity demand to keep supporting coal use in its power sector.[1]

Supply Is Tightening

On the supply side, global production matched its record 9.1 Bt in 2025 but is expected to decline in 2026.[7] Output in China, the world's largest producer, fell after a major mine accident in May triggered safety inspections.[3] With production and consumption converging, the large inventory build of recent years is expected to ease, and import demand from Japan and Korea is running above prior expectations.[3]

COAL FACTS

8.84 Bt
global coal demand in 2025, a record

8.94 Bt
IEA forecast for 2026, a new record

>56%
China's share of global coal consumption
– IEA

COAL PRICES

$139
per tonne for Newcastle thermal coal on April 10, 2026, vs. a 2025 average of $106

$235
per tonne for coking coal on April 10, 2026, vs. a 2025 average of $192
– MINING WEEKLY, CITING BMI

Prices have responded. Thermal coal benchmarks recovered in the first half of 2026 from late-2025 lows that had squeezed producer margins.[8] By April 10, Newcastle thermal coal traded at $139 per tonne and coking coal at $235 per tonne, compared with 2025 averages of $106 and $192, respectively.[9]

The IEA's 2027 outlook hinges on the Strait of Hormuz. If LNG flows recover, it expects demand to ease slightly, by 0.4% to 8.91 Bt, a level still above 2025. If shipments remain constrained, coal demand could rise further.[3]

Electricity Demand Is Rising, and Reliability Is Scarce

The world has entered what the IEA calls the "Age of Electricity." Global electricity demand is expected to grow 3.6% in 2026 and 3.8% in 2027, driven by industrial expansion, air conditioning, electric vehicles and data centers.[10]

That growth will require every energy source. Renewables are expected to overtake coal as the world's largest source of electricity in 2026. Yet the IEA also forecasts that coal-fired generation will *increase* 1.4% in 2026, after holding flat in 2025, as higher gas prices, weather effects and renewable curtailment push grids back toward coal.[10] For investors, the key point is that coal demand continues to grow alongside increased deployment of renewables because of the significant growth in overall electricity needs. Rather than energy transition, near-term forecasts point to energy addition.

The United States: Data Centers Reverse Two Decades of Flat Demand

U.S. electricity consumption set its second consecutive annual record in 2025 at 4,195 billion kilowatt-hours (kWh). The U.S. Energy Information Administration (EIA) projects new records of 4,288 billion kWh in 2026 and 4,356 billion kWh in 2027, driven largely by data centers serving artificial intelligence and cryptocurrency.[11] Commercial-sector demand, which includes data centers, is expected to exceed residential demand in 2026 for the first time on record. EIA also expects wholesale power prices to average $52 per megawatt-hour in 2026, up 11% from 2025.[11]

The longer-range outlook is steeper. S&P Global's 451 Research projects U.S. data center power demand rising to 75.8 GW in 2026 and 134.4 GW by 2030.[12]

THE AGE OF ELECTRICITY

3.6%
expected growth in global electricity demand in 2026

1.4%
forecast increase in global coal-fired generation in 2026
– IEA

Coal as the Reliability Backstop

New generation, transmission and storage take years to permit and build. Data centers need firm, around-the-clock power now. Utilities have responded by keeping existing coal plants running. Operators of dozens of U.S. coal plants have delayed planned closures to meet electricity demand,[12] and in 2025, operators also cancelled closure plans for 1.2 GW of capacity that had been slated to retire in 2027.[6]

EIA still expects coal's share of U.S. generation to slide, from 17% in 2025 to 16% in 2026 and 15% in 2027, as renewable output rises.[11] But a smaller share of a larger and faster-growing market, combined with fewer plant retirements, supports a more durable demand base for U.S. thermal coal producers than the market expected only a few years ago.

The Second Engine: Metallurgical Coal and Steel

The debate about coal usually centers on power plants. That overlooks half of COAL's underlying index. Metallurgical (met) coal, also called coking coal, is a core input in blast-furnace steelmaking, and its demand drivers are distinct from those of thermal coal.

Met coal demand has proven resilient. Global metallurgical coal demand held broadly steady at 1,174 million tonnes (Mt) in 2025, even as steel production declined.[1] The IEA expects coking coal demand to remain largely stable in 2026, with India the primary source of growth as it expands steel production using blast furnaces and basic oxygen furnaces, a process that relies on coking coal.[1]

India's Steel Build-Out

India is one of the fastest-growing major steel markets, and its growth depends on met coal:

- Capacity expansion. India's steel capacity stood at about 220 million tonnes per annum in fiscal 2025–26, on track toward the National Steel Policy target of 300 million tonnes by 2030.[13]
- Rising coking coal demand. A September 2025 report by EY-Parthenon and the Indian Steel Association projects India's coking coal demand rising from 87 Mt in fiscal 2025 to 135 Mt by 2030.[14]
- Import dependence. India meets about 90% of its coking coal needs through imports, and blast furnace-based production accounts for roughly 65% of installed steel capacity.[14]

U.S. POWER DEMAND

4,288
billion kWh of U.S. electricity consumption projected for 2026, a new record
– EIA

134.4 GW
projected U.S. data center power demand by 2030
– S&P GLOBAL 451 RESEARCH

INDIA'S COKING COAL

87 → 135 Mt
projected rise in coking coal demand, fiscal 2025 to 2030

~90%
of coking coal needs met through imports

– EY-PARTHENON AND INDIAN STEEL ASSOCIATION

The reliance of imports could have implications for COAL. Australia has historically supplied roughly 72% of India's coking coal imports, and the U.S. share rose to 15% by 2025.[15] These are the same markets where many of the COAL holdings operate.

Pricing Has Firmed

Coking coal prices have also strengthened. By April 10, 2026, coking coal traded at $235 per tonne, up from a 2025 average of $192.[9] Because the VettaFi Global Coal Index (COALX) allocates equally between thermal and met coal exposure,[2] COAL aims to provide access to both demand engines: electricity and steel.

Capital Scarcity and Supply Discipline

For more than a decade, global finance has been withdrawing from coal. In its most recent comprehensive count, the Institute for Energy Economics and Financial Analysis (IEEFA) identified more than 200 globally significant banks, insurers, asset managers and development banks with coal exclusion policies. It took nearly six years for the first 100 institutions to adopt such policies, and just over three years for the number to double.[16]

That retreat has two potential consequences for investors.

Constrained Supply

When capital, insurance and underwriting are hard to obtain, new mines are difficult to finance and existing producers have little incentive to chase volume. Supply growth has been restrained even as demand has set records. Global coal production is expected to decline in 2026, and the gap between production and consumption is narrowing.[3] In a market where demand surprises to the upside, as it did in 2026, constrained supply tends to show up in prices.

Today's producers are also the survivors of a difficult cycle. Alpha Natural Resources, Arch Coal and Peabody Energy, three of the largest U.S. producers, all filed for bankruptcy within 11 months of one another in 2015 and 2016.[17] The restructurings that followed reset the industry's balance sheets, and in our view, the survivors have since favored disciplined capital allocation over volume growth. Prices fell through 2024 and 2025 to levels that squeezed margins by late 2025,[8] and the industry entered 2026 from that lower base. In our view, producers that maintained balance sheet discipline through the downturn may be positioned to benefit from operating leverage as prices recover.

The Shunned-Stock Effect

Academic research suggests that investor avoidance can itself potentially be a source of return. In a widely cited study published in the *Journal of Financial Economics*, Harrison Hong and Marcin Kacperczyk found that "sin stocks" avoided by investors with ethical restrictions, such as certain pension plans, received less analyst coverage and earned higher expected returns than comparable stocks.[18] A subsequent study found that the effect persisted over 2009–2018, consistent with the rise of socially responsible investing pushing more institutions away from shunned sectors.[19]

Those studies focused on alcohol, tobacco and gaming rather than coal, and past patterns may not repeat. The mechanism, however, is directly relevant to coal. When a large share of institutional capital is barred from an industry, valuations can be set by a narrower pool of buyers, and investors willing to own the sector may be compensated for doing so.

How COAL Provides Exposure

COAL seeks to track the VettaFi Global Coal Index (COALX), formerly the Range Global Coal Index.[20] VettaFi administrates and calculates the index, which is governed by the VettaFi Index Committee.[2]

Eligible Universe

The index includes companies that have, or expect to have, a significant part of their business in the metallurgical and thermal coal industry, spanning production, exploration, development, transportation and distribution.[2] The universe is global and may include emerging markets, but it excludes:

- Companies on the U.S. Office of Foreign Assets Control (OFAC) sanctions list
- Chinese and Russian securities, meaning companies domiciled or listed in those countries
- U.S. registered investment companies, including ETFs

New constituents must have a company-level market capitalization of at least $100 million; existing constituents remain eligible down to $50 million.[2]

Index Construction

Each company is classified by its revenue exposure to the coal industry: **Pure Play** (50% or more of revenue), **Diversified** (more than 0% but less than 50%) or **Pre-Revenue** (primary operations in coal, without current revenue).[2] The index is then weighted in three steps:

INDEX AT A GLANCE

50/50
allocation between thermal and metallurgical coal

- Market-cap weighted within each bucket
- Diversification caps by company type
- Rebalanced semi-annually

1. **A 50/50 split between thermal and met coal.** Each security is allocated between a thermal coal bucket and a met coal bucket based on the share of its revenue from each coal type. Each bucket receives 50% of the index weight.

2. **Market-cap weighting within each bucket.** Constituents are weighted by company-level market capitalization.

2. **Market-cap weighting within each bucket.** Constituents are weighted by company-level market capitalization.

3. **Diversification constraints.** Pure Play and Pre-Revenue securities are capped at 10% each and Diversified securities at 4% each, with a 0.5% floor. No more than five issuers may exceed 4.75%, and the combined weight of all constituents above 5% is capped at 49.5%. Exposure to publicly traded partnerships, including MLPs, is capped at 25%.[2]

The index rebalances and reconstitutes semi-annually.

Why the Design May Matter

COAL's 50/50 allocation to thermal and metallurgical coal seeks to provide balanced exposure to both of coal's demand engines: electricity, which is driven by energy security and grid reliability, and steel, which is driven by industrialization and infrastructure.

Where COAL May Fit in a Portfolio

COAL is designed as a targeted, satellite allocation rather than a core holding. Advisors and investors may consider it in several roles:

- Energy security exposure. COAL aims to offer exposure to a fuel that governments and utilities have relied on during supply shocks, including the 2026 Middle East conflict. It may complement broad energy holdings that are weighted toward oil and natural gas.

- Thematic exposure to rising electricity demand. For investors who believe AI, data centers and electrification will keep straining power grids, COAL may provide exposure to the reliability backstop many utilities are choosing to keep online.

- Emerging market industrialization. Through its met coal allocation, COAL may offer indirect exposure to steel demand in India and other industrializing economies.

WHERE COAL MAY FIT

- Energy security exposure
- Thematic exposure to rising electricity demand
- Emerging market industrialization
- A contrarian complement

- A contrarian complement. For investors who believe the energy transition will be longer and less linear than generally expected, COAL may offer exposure to an industry that much of the institutional market cannot own.

Coal in a Changing Energy World

The energy landscape is changing, and renewables are growing quickly. But 2026 has shown that the transition is not a straight line. Electricity demand is rising faster than renewables can be deployed, geopolitical shocks continue to disrupt gas markets, and governments from Washington to Tokyo have turned back to coal when reliability and affordability were at stake.

Coal demand set a record in 2025 and is forecast to reach a new high in 2026.[1] Supply is constrained by a decade of capital withdrawal. Meanwhile, steel-driven demand for met coal may provide a second, independent source of support. Together, these dynamics may warrant consideration of a measured allocation to the coal industry.

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Disclosures:

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Investments in the energy industry are subject to significant volatility due to changes in commodity prices. Additional risks include changes in exchange rates, government regulation, world events, economic and political conditions in the countries where energy companies are located or do business, and risks for environmental damage claims.

The Fund is non-diversified. Its concentration in an industry or sector can increase the impact of, and potential losses associated with, the risks from investing in those industries/sectors.

International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in smaller companies typically exhibit higher volatility.

The Fund may invest in securities denominated in foreign currencies. Because the Fund’s NAV is determined in U.S. dollars, the Fund’s NAV could decline if currencies of the underlying securities depreciate against the U.S. dollar or if there are delays or limits on repatriation of such currencies. Currency exchange rates can be very volatile and can change quickly and unpredictably.

Diversification may not protect against market risk.

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