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Energy and resources: Electrification is the key

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Electrification is the key to the energy transition. The theme "Energy and resources" offers investors interesting opportunities for investments along the entire energy value chain.

Did you know that over 80% of the world's energy needs are still met by fossil fuels? And around 60% of global electricity production is also generated from fossil primary energy sources? At the same time, electricity demand is rising faster than ever before: By 2030, we estimate investments in energy infrastructure will amount to USD 3 trillion annually to meet global demand. This development is at the heart of the greatest transformation the energy industry has ever experienced: comprehensive electrification.

Electrification is the key to the energy transition and to solving many of the 21st century's challenges. It drives the modernization of power grids, the expansion of renewable energies, and the development of innovative technologies. By electrifying transportation, industry, and households, not only can efficiency gains be achieved, but greenhouse gas emissions can also be drastically reduced. But the expansion of power grids and the integration of new technologies present the industry with enormous challenges.

Investments are required along the entire value chain. This applies to the extraction of critical raw materials such as copper and lithium, as well as power generation in wind and solar plants and new, innovative technologies in nuclear energy. Also included are the modernization of distribution networks and the development of efficient energy storage systems. The demand for electric applications, such as heat pumps, data centers, and electric vehicles, looks set to increase particularly strongly, making the need for sustainable and innovative solutions all the more urgent.

While fossil fuels play a role in stabilizing grids in the short term, the long-term expansion of renewable energies and innovative technologies, such as small modular reactors or hydrogen, will be crucial. Ongoing advances in electrification will improve quality of life worldwide, reduce emissions, and increase energy efficiency. This is especially true in emerging markets, where access to energy needs to be expanded. At the same time, the use of smart grids, decentralized power sources, and novel storage technologies should make energy infrastructure more sustainable and resilient.

The transition to an electric future offers investors numerous opportunities along the entire value chain. The integration of renewable energies, the modernization of grids, and the expansion of electric applications create a solid foundation for long-term growth and sustainability. In all these areas, we have identified companies that hold leading positions in their respective markets and have included them in various portfolios, including in our "Energy and resources" Equity Preference List. Additionally, investors can benefit from a diversified approach that combines passive and active strategies to invest in established energy and resource markets. Furthermore, we believe engagements in private markets, which provide access to high-growth areas such as AI-supported infrastructure, offer interesting investment opportunities.

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