

What a low carbon economy looks like

The signs of a low carbon economy are almost everywhere in today's world. As we transition to a low carbon economy, a considerably large investment universe is starting to emerge. Here we identify 8 key investment opportunities as we pave the way for a low carbon world.

1. Renewables

Renewable or clean energy, comes from natural sources or processes with constant replenished power such as from sunlight or wind. For example, solar energy now stands out as one of the most attractive opportunities in the booming renewables sector. Regulated utilities are leading the energy transformation, offering investors both stronger returns potential and high transparency.

2. Energy efficiency solutions

Solutions such as smart lighting, industrial insulation are increasingly being favoured by businesses as a means of improving energy efficiency, and saving costs. A wide variety of investment opportunities can be captured in the providers of these efficiency solutions that enable companies to use materials, energy, water or other resources in a more cost-effective way.

3. Enabling technologies

The journey towards a lower carbon world needs to be empowered by enabling technologies to reach international emission targets. For example, countries need to improve or build smart grids in a bid to integrate renewable energy into existing power systems. This will in turn boost demand for semiconductors, which are used to help control power flow and prevent power loss in the electric grids.

4. Smart mobility

Electric vehicles are becoming the preferred choice for both governments and consumers as the world transitions to low-carbon transportation. Thanks to improved battery technology, lower vehicle prices and increasing government subsidies, demand for electric cars is sustaining strong growth.

5. Green buildings

Governments are promoting green buildings in an effort to protect natural resources and improve the quality of life for people. For example, green buildings can help businesses lower utility costs, cut construction spending and may lead to higher property value. They can also have a positive impact on the environment by generating their own energy or increasing biodiversity.

6. Efficient manufacturing

Artificial intelligence, automation, industrial software and sensors are playing an increasingly important role in driving companies' transformation towards efficient use of resources and energy in the manufacturing process.

7. Industrial decarbonisation

Industrial decarbonisation is being accelerated as businesses look to co-invest in shared carbon-storage infrastructure, as well as researching and developing promising decarbonisation technologies. Many governments are also optimising rules and incentives to spur investment in renewable-generation capacity.

8. Consumer awareness

Investors and consumers will likely favour companies that produce or sell environmentally-friendly products, and those taking the initiative to lower or eliminate carbon from their supply chains, with expectations that they are more likely to outperform their competitors when embracing a low carbon economy.

What investors can do

Clean energy or lower carbon is no longer a slogan or a niche. Investors can capture the transition towards a low carbon world as investment opportunities emerge across a much broader and more diversified range of geographies and industries.

Investing in technological disruption and energy efficiency solutions allows investors to capture the long-term growth trend underpinned by this transition, as well as the fundamental mindset shifts of sustainable consumers across the globe.

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