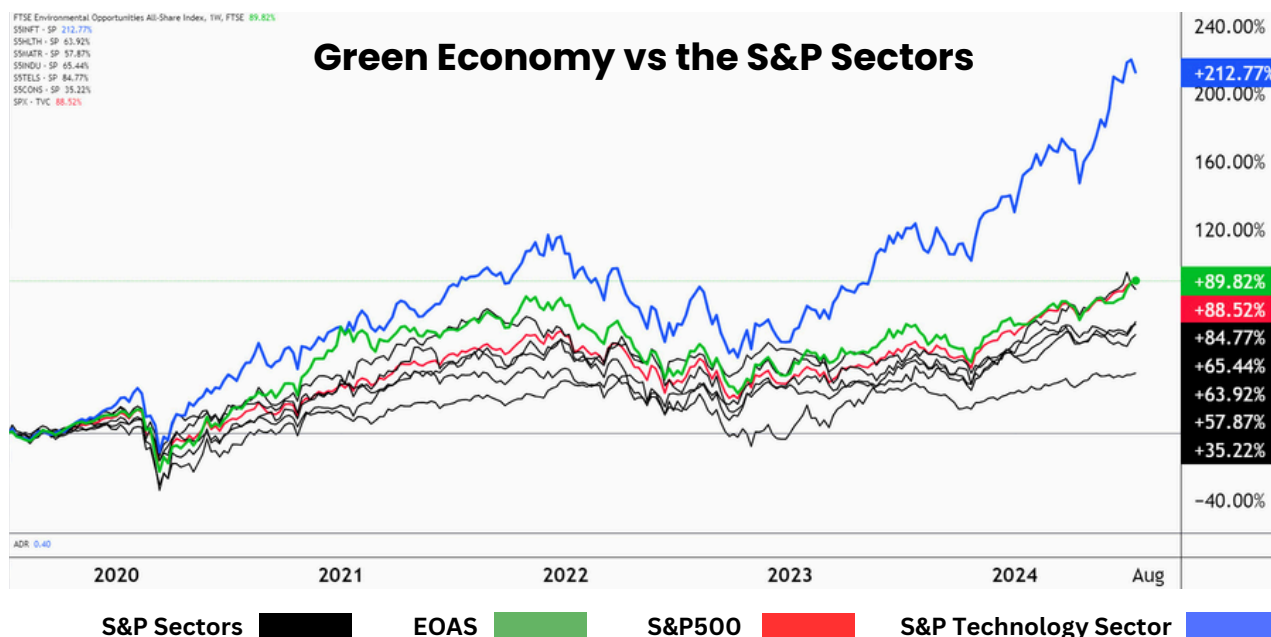


The Silent Growth of the Green Economy

Thematic investing has become one of the most popular avenues both for wealth managers and private investors in recent years, as it can provide access to specific sectors or industries that certain individuals or firms believe in. Environmental, Social and Governance (ESG), and the Green Economy has been one of the key themes that has emerged in investment markets, particularly since the Covid pandemic in 2020 and 2021. However, since the highs seen back in 2021, a combination of increasing inflation, interest rates and lower overall sentiment towards the sector has resulted in ESG and climate-based investment products becoming less popular amongst institutional investors, with many stating it is an area of low growth. However, while the consensus may be that ESG is failing, there are some areas within the ESG framework which are continuing to grow.

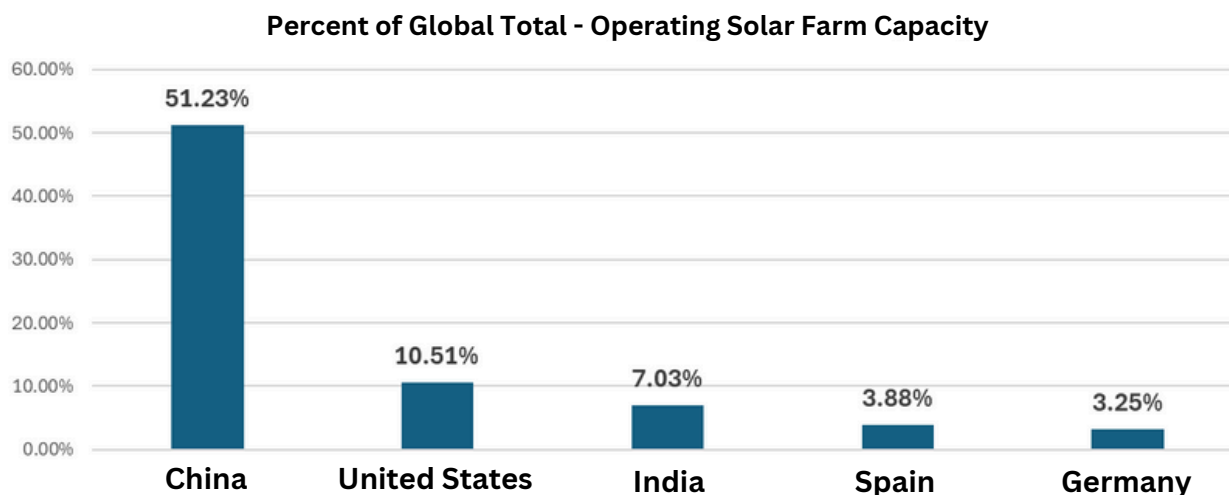
The Green Economy means an economy that aims to reduce environmental risk and degradation while implementing sustainable development, including not just the natural environment, but also improved human well-being and social equity. The global green economy has grown substantially over the last decade, according to LSEG, who stated in their recent "Investing in Green Economy" report, that in Q1 2024, the market capitalisation of the global green economy amounted to \$7.2tn, having grown from just under \$2tn in 2014. From a financial perspective, the green economy has also performed extremely well over the past 5 years. Using the FTSE Environmental Opportunities All Share (EOAS) Index as a representation of the global green economy, we can see below that the index (green) performed better than every major S&P sector (black) and the S&P500 (red) itself, returning 89.82% since 2019. Only the S&P Technology (blue) sector has performed better than the EOAS in this given time frame.



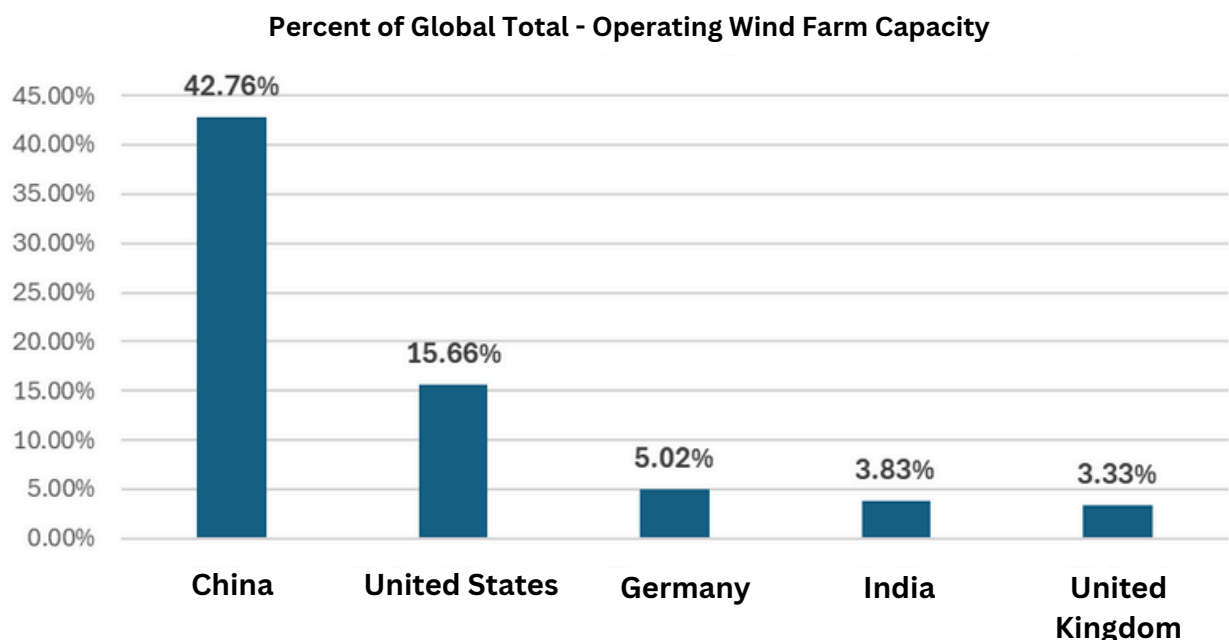
Source – Seaspray Private

The Future of Renewables - China

Turning towards the renewable energy sector, China remains the dominant force in terms of its renewable energy capacity and generation. As of June 2024, China represents 51.23% of the world's solar farm capacity and 42.76% of wind farm capacity, significantly outpacing the United States, which holds 10.51% and 15.66% respectively.



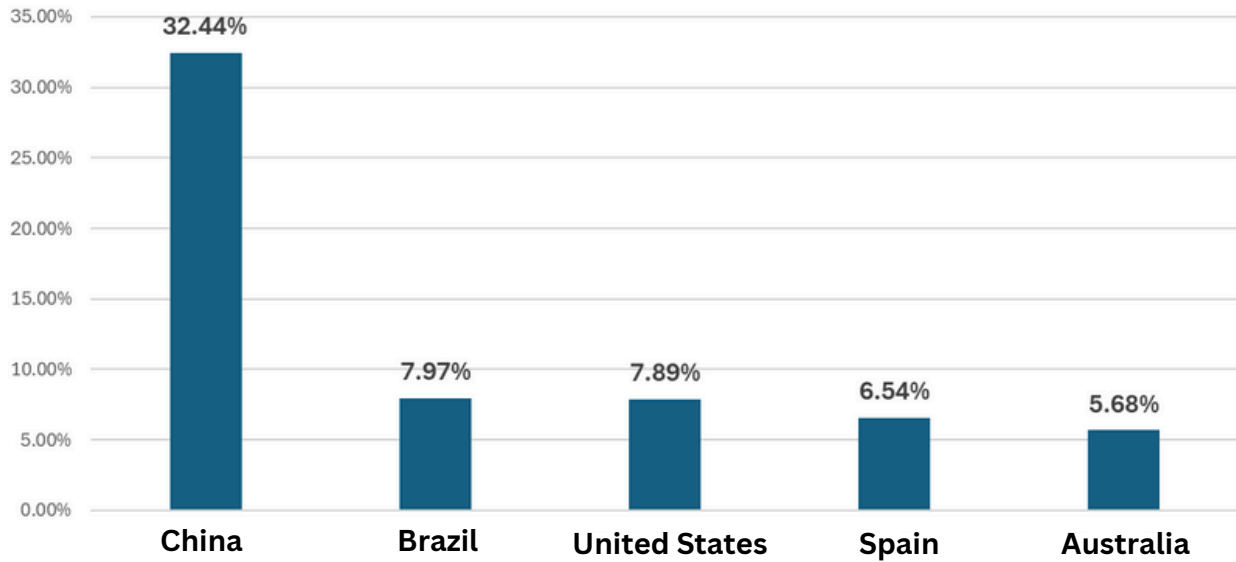
Source – Seaspray Private



Source – Seaspray Private

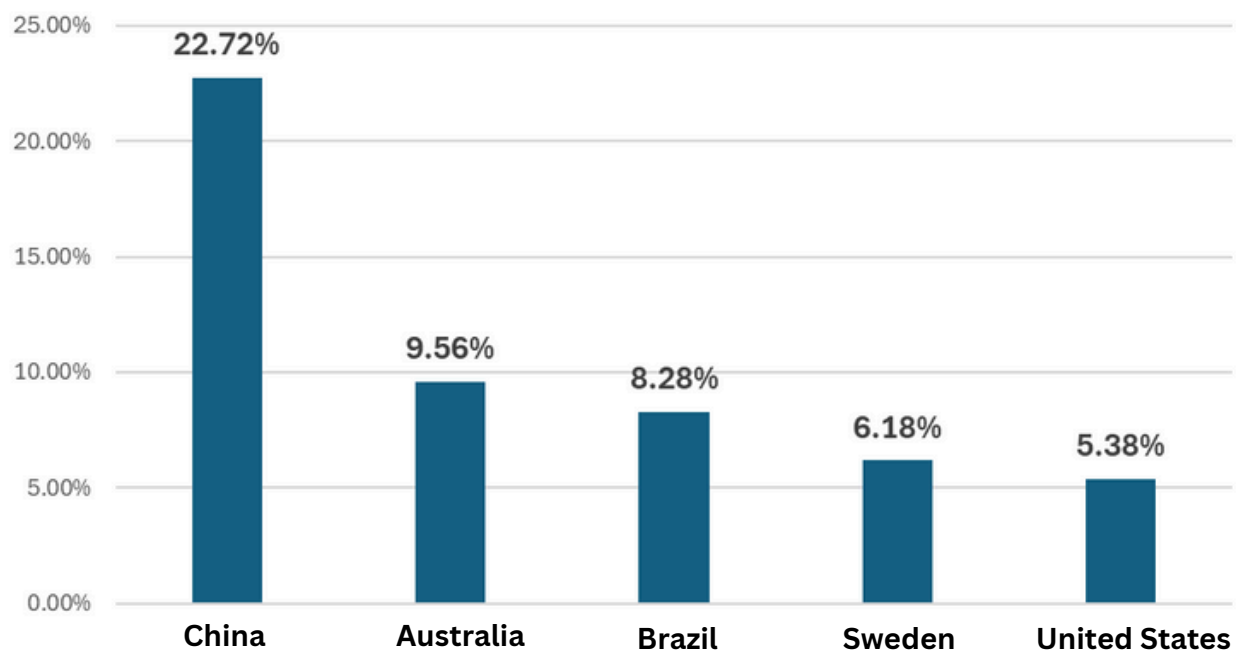
However, China is also the global leader when it comes to future projects of both solar and wind energy. The country currently accounts for 32.44% of prospective solar farm capacity, and 22.72% of prospective wind farm capacity, with over 1000 Gigawatts (GW) of prospective renewable energy planned. For reference, just 1 GW of power is equivalent to 2.469mn PV solar panels, or 310 utility scale Wind Turbines. What this tell us is that the renewable energy sector is not going anywhere anytime soon.

Percent of Global Total - Prospective solar Farm Capacity



Source – Seaspray Private

Percent of Global Total - Prospective Wind Farm Capacity



Source – Seaspray Private