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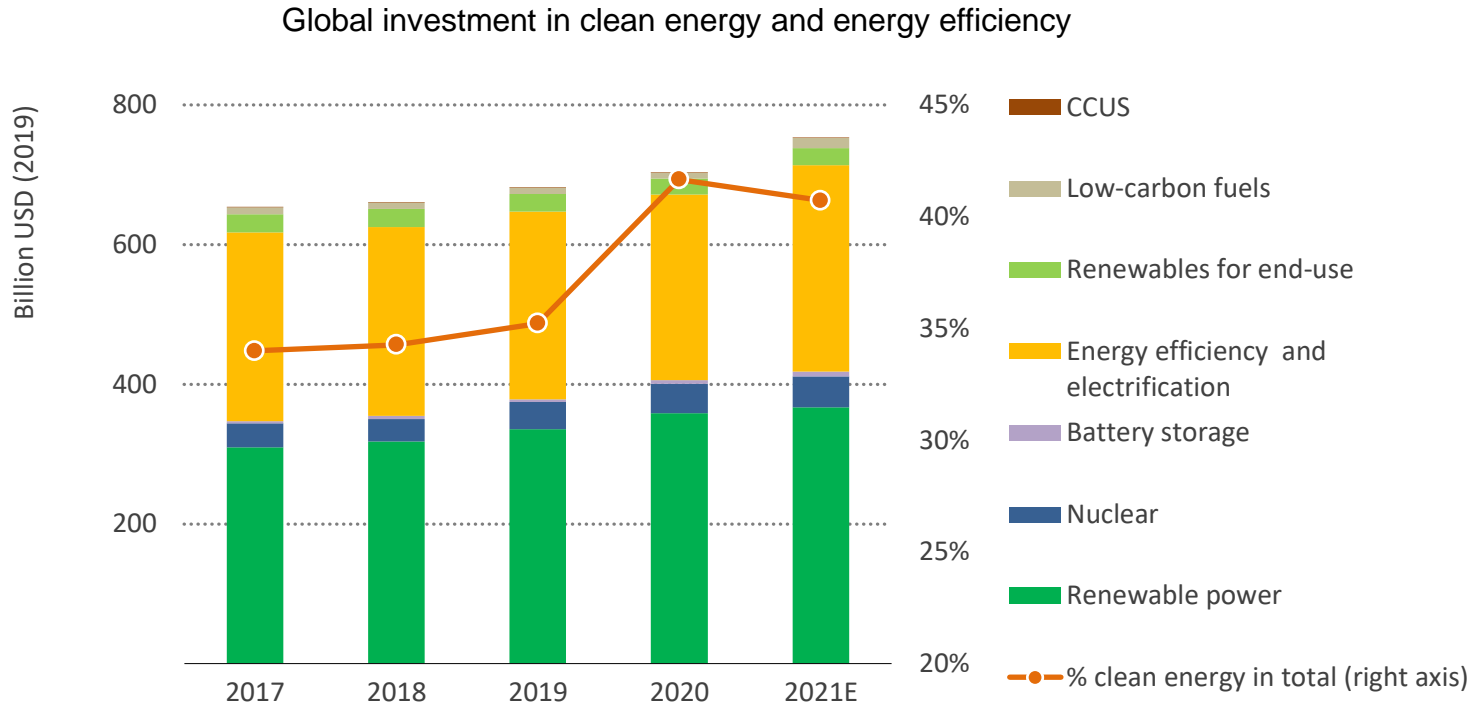
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SEPTEMBER 8-9, 2021

ENERGY TRANSITION: WHY RENEWABLES HAVE OUTPERFORMED FOSSIL FUELS

Michael Waldron, Head of energy investment unit,
International Energy Agency

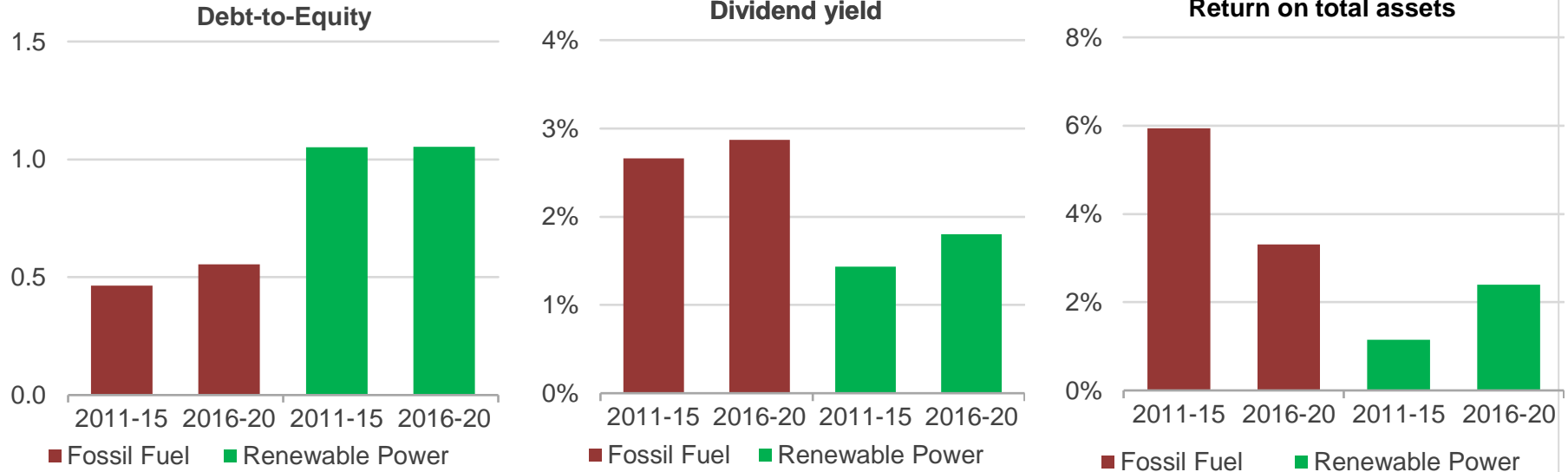
Global clean energy investment is on a moderate upswing



The impact of stimulus plans is increasingly visible in buildings efficiency, low-carbon hydrogen and CCUS, while electrification, especially EVs, remains a major driver; but, clean energy spend is well short of a sustainable recovery

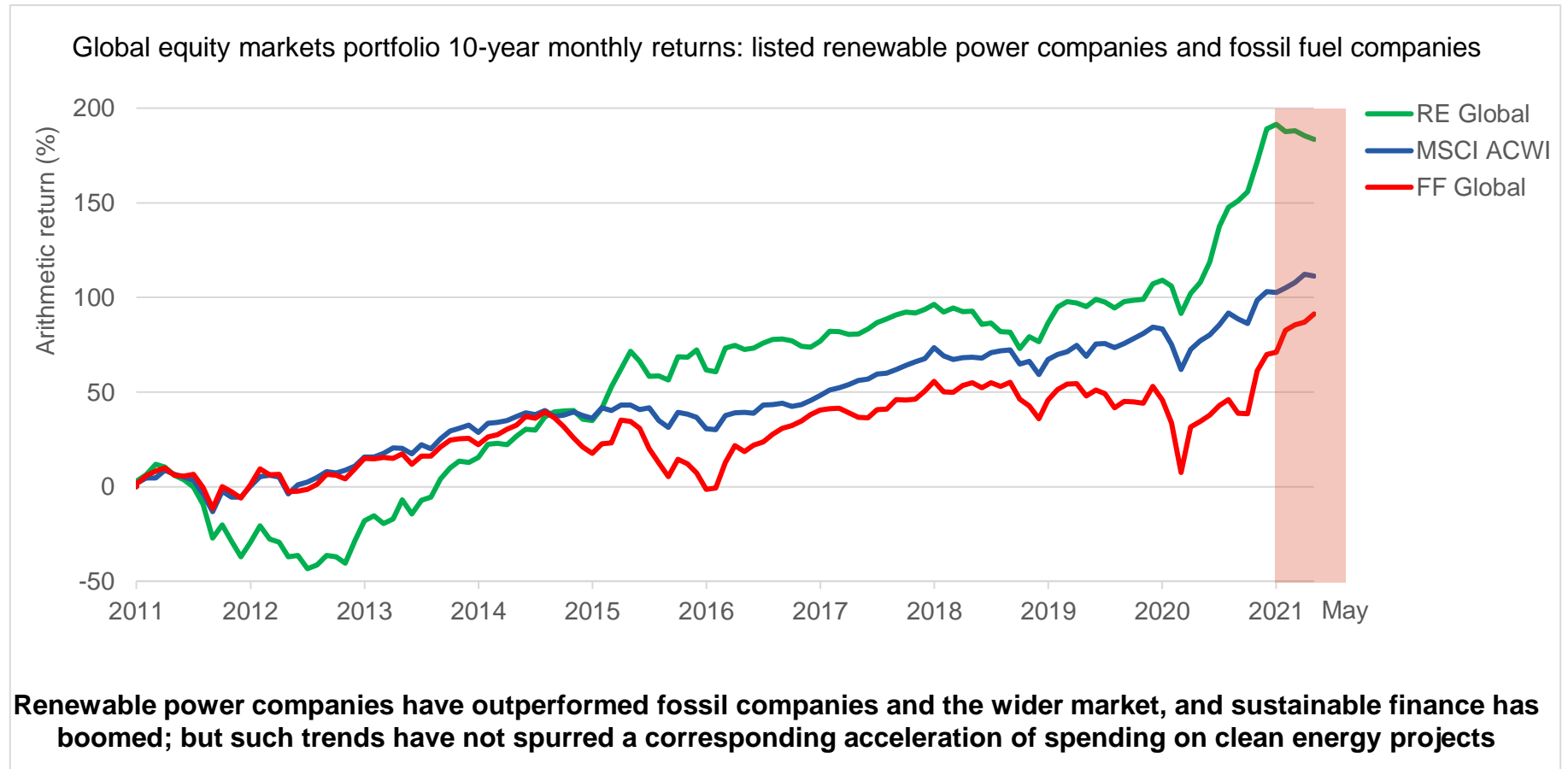
Different profiles for renewables and fossil fuel companies

Global market portfolio – financial performance metrics



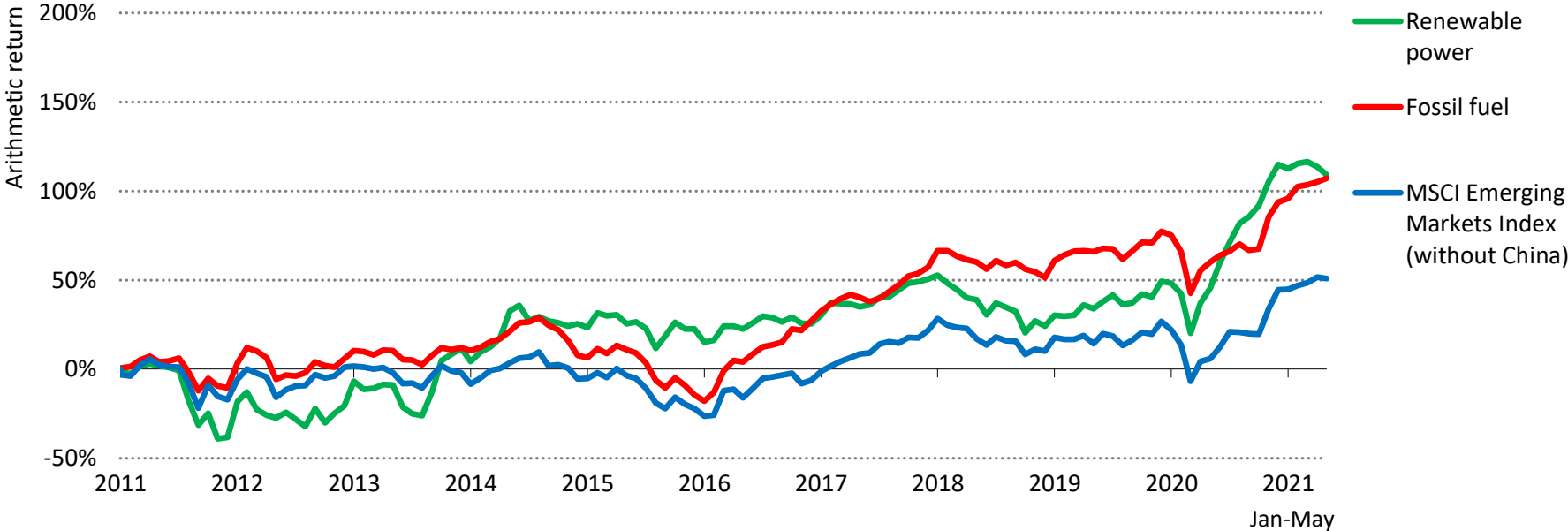
Renewable power companies have typically been more leveraged, with lower dividend yields and profitability, compared to fossil fuel companies, though trends have narrowed in recent years

Strong performance of clean energy in global financial markets



But less strong performance in emerging and developing economies

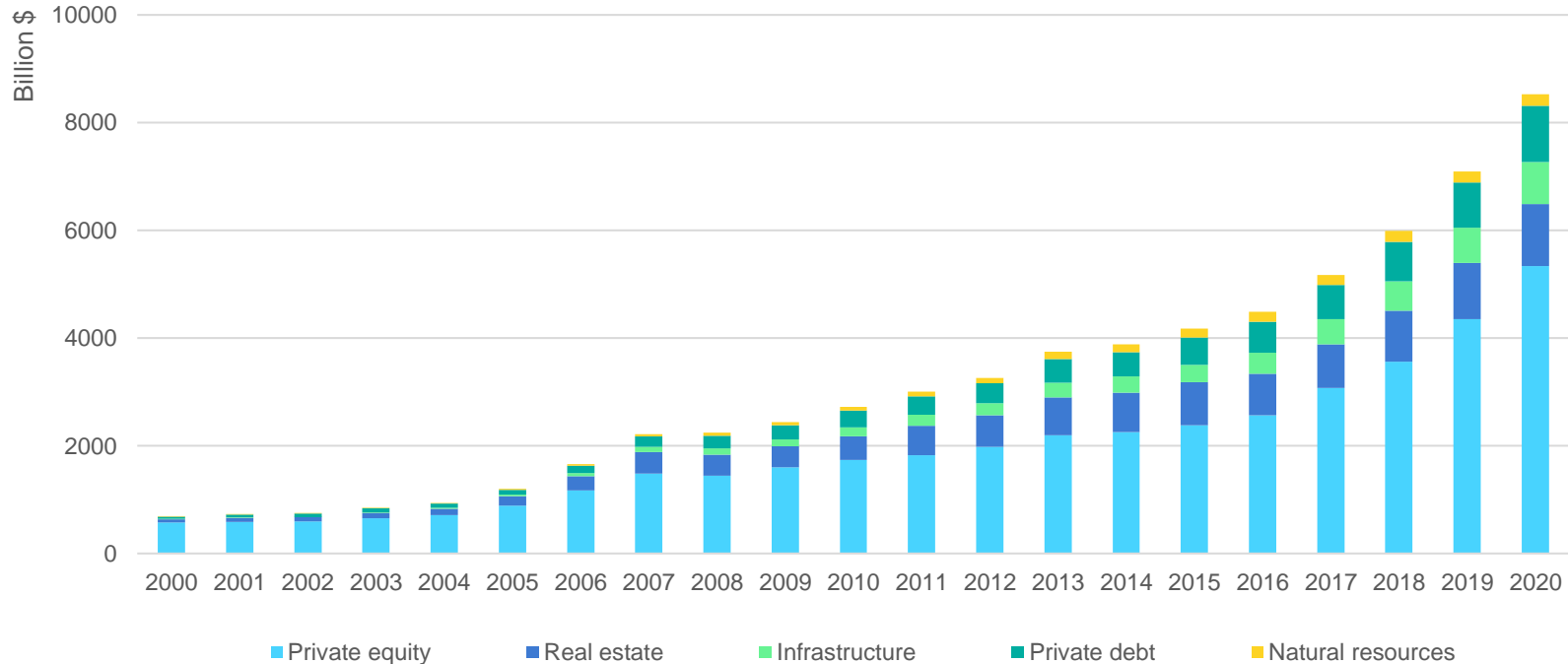
EMDE equity markets portfolio 10-year monthly returns: listed renewable power companies and fossil fuel companies



While EMDE renewables returns have been strong, outperformance is less than advanced economies; improving financing conditions for clean energy, while addressing factors that shape access to international capital is critical

And questions over attracting capital for unlisted renewable assets

Private capital: assets under management breakdown by asset class



Private funds AUM has doubled in the past five years, exceeding \$8 trillion in 2020. While renewables and diversified energy funds account for more than half of AUM within infrastructure, allocations remain short of potential