



## Investing in the energy transition: opportunities and strategies for a sustainable future

The global shift toward clean energy is one of the most significant investment opportunities of our time. As governments, businesses, and consumers prioritize sustainability, trillions of dollars are flowing into renewable energy, energy efficiency, and clean technologies. It is essential for combating climate change and presents lucrative financial opportunities for forward-thinking investors.

### Why invest in the energy transition?

#### 1. Market growth and government support

Governments worldwide are implementing aggressive policies to reduce carbon emissions. Initiatives such as the Inflation Reduction Act in the U.S., the European Green Deal and the Canadian Net-Zero Emissions Accountability Act, are driving massive investments in clean energy infrastructure. These policies include subsidies, tax incentives, and funding for research and development, all of which create a favorable environment for investors.

#### 2. Weigh diversity versus divestment

Every investor has their own tolerance for holding specific products or companies within a portfolio, but there is the caution that ESG considerations are rarely binary. As a general principle, it may be more impactful to hold high-quality names in a range of sectors to help those industries evolve rather than simply excluding entire areas of the market. Taking a diversified approach is especially important over the long term.



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### 3. Corporate and consumer demand

Businesses are increasingly committing to net-zero carbon goals, and consumers are demanding cleaner energy and sustainable products. Many corporations, including Amazon, Apple and Microsoft, are investing heavily in renewable energy to power their operations. This trend is creating new markets for cleaner energy solutions, further accelerating the transition.

### 4. Resilience and energy security

Geopolitical tensions and fossil fuel price volatility have underscored the need for energy independence. Countries and companies are turning to renewables, which offer a decentralized and stable energy source. Investing in clean energy can help reduce reliance on imported fossil fuels and improve overall energy security.

The energy transition is a major economic shift, offering investors significant returns while advancing sustainability. With growing commitments to net-zero emissions, opportunities in clean energy, efficiency, and emerging technologies are expanding. Whether through public markets, venture capital, or ESG funds, smart investors can capitalise on this transformation and shape a sustainable future.

## The health and wealth connection

**A strong correlation exists between your health and your financial well-being. With good health, you may work longer, travel more, and engage in activities that improve your quality of life. In turn, these factors can also impact your earning power and saving potential.**

Even while maintaining a healthy lifestyle, you may experience an unexpected life-altering event which can derail your financial plans. That's why planning ahead for a medical event is equally important.



## Aim for a healthy lifestyle

Building wealth affords you the opportunity to pursue interests you enjoy, and good health helps make that possible. It makes sense then that good health can improve your work performance, which may lead to advancement opportunities and higher lifetime earnings. Meanwhile, the cost of poor health can increase over a lifetime and can greatly reduce overall wealth.

## Be prepared by planning ahead

While good habits can help prevent outcomes of negative health, nothing is guaranteed. It's important to have plans in place to mitigate the stress that can result from a change in your physical or mental condition. Here are steps you can take to be better prepared:

### 1. Assign Powers of Attorney

Have you discussed how you would want your affairs managed? A POA for property designates someone to make specific financial decisions, while a POA for personal care, or a "Living Will," names an attorney to make healthcare decisions and can provide direction around your wishes for your care.

The powers can be as broad as you decide and can cover many aspects of your personal and financial life. When choosing an attorney, consider the person's physical location, particularly to assist you in healthcare decisions and in an emergency. For attorneys of property, consider someone who is financially responsible and who will execute your wishes.

### 2. Protect your business

For those who are business owners, have you named someone to keep your business running if you have a serious health event? Oftentimes, life and disability insurance, when strategically designed, can be used as an effective funding vehicle for buy/sell agreements and key person coverage. They provide a smooth transition of power at terms which are agreed upon to ensure your business continues to operate without significant disruption if you are unable to carry out your responsibilities.

### 3. Understand the impact of changes in your income

Can you manage the loss of income and increased expenses caused by a health crisis? Calculate the cost of your lifestyle today and identify all sources of income to support it, including employment wages, earnings from investments, business income, employer pensions, and government benefits. Determine costs and income for the long term; be sure to adjust for inflation, along with the anticipated growth of your savings and investment assets.

### 4. Do you need critical illness insurance?

Today, with advances in medical science and improvements in our lifestyles, we are surviving illnesses which were previously considered life-threatening. Depending on the state of your health, you may not be able to resume working and medical bills which aren't covered by insurance can mount.

Critical illness insurance pays out a lump sum amount if diagnosed with one of the specific illnesses or diseases covered by the policy, and then also surviving for the prescribed qualification period. Upon confirmed diagnosis of a critical illness, several of which are covered by plans from leading insurance companies, you are paid a tax-free lump sum benefit which is equal to the amount of insurance purchased.

Receiving this tax-free benefit doesn't affect the amount of disability benefits you may also receive from disability insurance coverage. You may use the benefit to pay off your mortgage, supplement an income of a spouse or partner who takes time off to help support you, for specialized medical treatments, or to provide funds to sustain the operation of a business while you are recovering. Once the claim is approved, you can use the funds to meet any needs required.



# Artificial intelligence primer

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## What is AI?

While the concept of AI has been around for over 50 years, we are at a pivotal point for its adoption today due to the availability of big data, high-powered computing and advances in algorithms – all of which make AI cheaper and faster to implement. In simple terms, AI is the simulation of human intelligence by machines. It is the development of computer systems with human-like capabilities such as visual perception, speech recognition, decision-making, and language translation. In practice, AI is a group of technologies that help facilitate the discovery and analysis of information for the purpose of making predictions and recommendations, support decision making, facilitate interactions and automate certain responses.

The goal of AI is to create systems that can function autonomously and improve their performance based on experience. AI is different from traditional software programs in that it extracts knowledge from data and can alter its behavior (or learn) without being specifically programmed. Traditional software pre-defines the logic, whereas AI discovers the patterns and logic. AI systems have become a practical reality and has become a competitive necessity that cannot be ignored.

## Investing in AI

There are numerous ways to invest in AI and the avenues of investment are only increasing with the advancement and adoption of AI. Investing in AI can be narrowed down to an umbrella of three broad topics:

**1. Industry-specific AI:** Due to its versatility, AI can be leveraged in many industries and their feasibility is easily tailored to meet industry-specific needs. According to PwC, healthcare, automotive, and financial services are the sectors with the greatest potential for product enhancement and disruption. However, there is significant potential for competitive advantage in the other sectors such as transportation and logistics, communication, entertainment, retail, energy, and manufacturing.

**2. Hardware:** AI (and in part automation) is heavily reliant on technologically advanced hardware that acts as the brain and eyes of the computer system. Components such as the central processing unit (CPU), graphics processing unit (GPU), and image recognition devices, are vital for the success of the system.

**3. Software:** AI software is a broad topic as it also pertains to industry-specific uses. One common use of AI software is the use of cloud-computing as many industries are moving towards AI integration and digitization.

## Bottom line

Generative AI (gen AI) is creating massive opportunities and disruptions as the global economy embraces its potential to reshape countless functions and processes. Despite having only captured the world's interest in 2023, gen AI is projected to grow at a compounded annual growth rate (CAGR) of 42% to become a US \$1.3T market by 2032. Incumbents of numerous tech segments (i.e., inference devices, infrastructure, and software) are likely to see boosts in sales as corporations push towards setting up AI-infrastructure. While the spotlight has mainly been on cloud-based AI technology, edge AI is an area of gen AI that has largely gone under the radar, despite its valuable ability to make real-time decisions without requiring a connection to the cloud.



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