

5 Forces Fueling the Energy Transition

As growth investors, we focus on global megatrends such as the energy transition—a long-term phenomenon supported by diverse catalysts, creating compelling opportunities in non-U.S. equities.

1

Cost Curves Drive Adoption

Driven by continued cost declines in renewable energy and increasing efficiency, the energy transition is regaining momentum despite recent setbacks, with falling inflation and interest rates supporting record investment in clean energy.

2

The Rise of EV Adoption

Electric vehicles (EVs) are rapidly taking share from internal combustion engines, and in 2023, EVs accounted for 18% of all cars sold globally. Penetration is highest in China, where 60% of new car sales are electric, and global EV penetration is projected to surpass 40% by the end of this decade.

3

National Security Implications

The energy transition is increasingly driven by national security concerns, as renewable energy reduces reliance on volatile imported fuels and enhances energy independence through advanced technologies like smart grids and energy storage.

4

Shifting Supply Chains

As supply chains deglobalize, both emerging and developed markets are ramping up investment in clean energy and power infrastructure. But despite progress in regions such as India, Brazil, and Africa, and rising grid spending in advanced economies, global investment still falls short of what's needed to meet growing energy demand sustainably.

5

Digitalization of Power Sources

The rapid growth of artificial intelligence (AI) and hyper-scale data centers is driving a surge in electricity demand, pushing major cloud providers toward renewable energy and highlighting the need for significant investment in power grid infrastructure to support this digital shift.

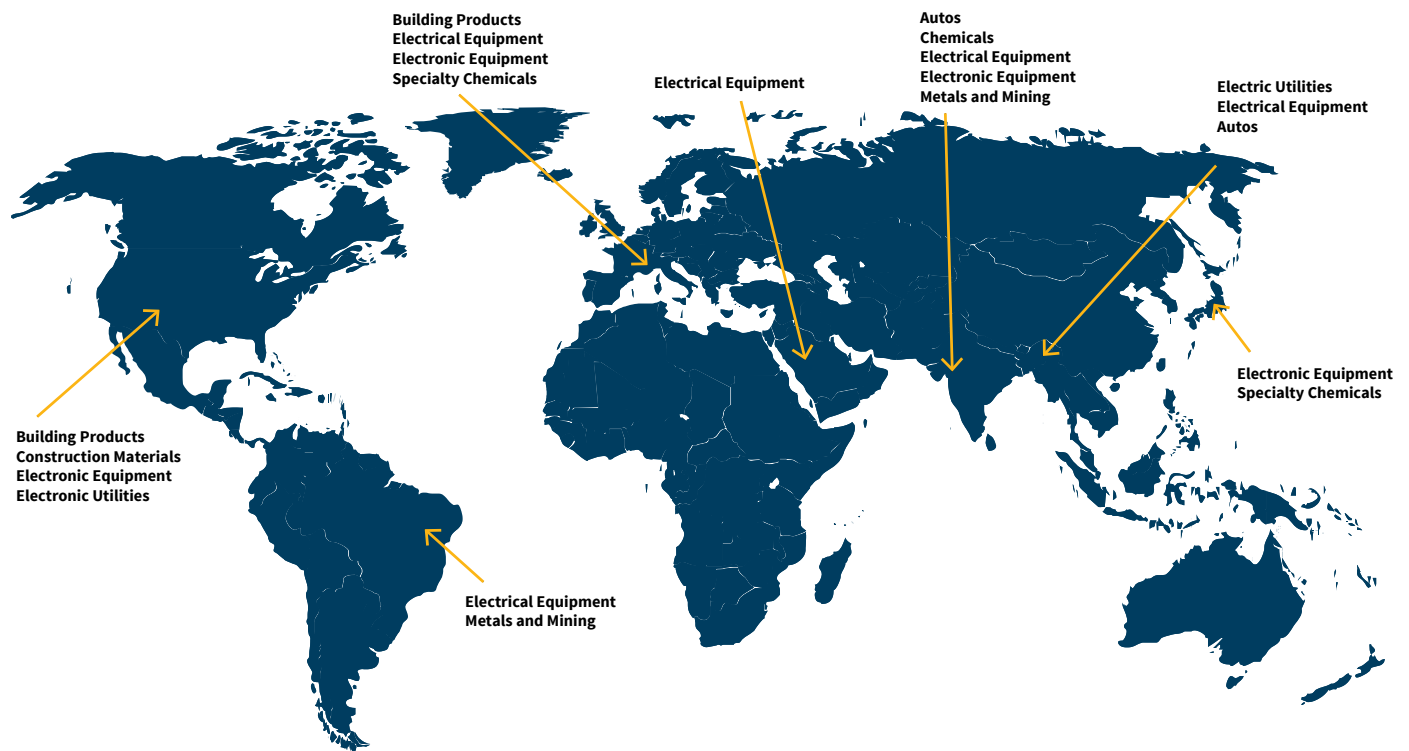
A View of the Opportunities

We believe the global energy transition is a compelling growth mega trend, and our portfolios aim to capture opportunities in sectors that are helping to drive—and stand to benefit from—this shift.

Below, we have identified enablers of the energy transition across a wide range of sectors across the globe—from consumer goods and industrials to information technology (IT), materials, and beyond.

By investing in companies at the forefront of these developments, we aim to position our portfolios to potentially benefit from this long-term mega trend.

William Blair’s Exposure to the Energy Transition



Source: William Blair, as of September 30, 2024.

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