S.P. HINDUJA

BANQUE PRIVÉE

Global House View

April 2026

Thoughts of the CEO

"The Energy Transition as a Structural Investment Supercycle"

The global investment landscape is increasingly shaped by structural forces rather than cyclical fluctuations. Among these forces, the transformation of the global energy system stands out as one of the most consequential for investors. The transition toward electrification, renewable energy, expanded power grids, and greater energy security is not merely an environmental policy objective, it is becoming one of the largest capital expenditure cycles in modern economic history.

The energy transition is fundamentally about rebuilding the physical backbone of the global economy. Electricity demand is rising rapidly as transportation, heating, and industrial processes become electrified. At the same time, the generation mix is shifting toward renewable sources such as wind and solar. Although in some countries, such as the US under the current administration, progress in the transition has slowed.

Renewable systems require different infrastructure: expanded transmission networks, large-scale energy storage, new forms of grid management, and significant increases in critical mineral production. In effect, the world is constructing a new energy system while still maintaining the old one.

This dual system implies a prolonged period of elevated investment. Estimates suggest global energy investment could reach several trillion dollars annually over the coming decades. Spending will span power generation, transmission networks, electric vehicle infrastructure, battery storage, hydrogen systems, and energy efficiency technologies. The scale of this transformation means that energy transition dynamics will influence not only the energy sector but also commodities, industrials, infrastructure, and broader macroeconomic conditions.

For investors, these developments suggest that the energy transition should be viewed less as a thematic niche and more as a structural driver of global capital allocation. Electricity networks, utilities, power equipment manufacturers, industrial engineering firms, and infrastructure operators are likely to play central roles, while supply chains for critical minerals may also experience strong demand growth as electrification accelerates.

Portfolio positioning should therefore reflect both the opportunities and the complexities associated with this transformation. Investors may consider increasing exposure to companies and assets linked to infrastructure development, grid modernization, and electrification technologies. Infrastructure tied to power networks and renewable generation could offer stable cash flows supported by regulatory frameworks and long-term demand trends. At the same time, diversification remains important, as capital intensity, regulatory uncertainty, technological competition, and geopolitical dynamics around resource supply can introduce volatility.

In the years ahead, the global energy transition is likely to remain one of the defining economic and investment themes of our time. For long-term investors, the key challenge will be identifying the segments of this transformation where capital, policy, and innovation intersect most effectively.

At the same time, investors should remain mindful that the transition will not be linear, and periods of volatility are likely as policy, technology, and supply chains evolve. Maintaining a long-term perspective will be essential to capturing the opportunities created by this structural transformation.

Yours sincerely,

Fabrice d'Erm

Investment Positioning

We have moved from a **neutral to a modest underweight in Equities**, reflecting a less supportive macro backdrop and rising downside risks. Geopolitical uncertainty has increased materially, with the ongoing **energy supply shock** adding upward pressure on inflation while simultaneously weighing on growth prospects. This combination is already feeding into **weakening consumer and business confidence**, suggesting a more fragile demand environment ahead. At the same time, central banks remain constrained by **persistent inflation** and appear reluctant to ease policy in the near term, limiting the traditional policy support for risk assets. In this context, equity markets, still relatively concentrated and not fully pricing these risks, appear vulnerable to further volatility and potential repricing. We therefore see merit in reducing exposure at this stage. Proceeds would be reallocated toward **higher Cash levels**, thus enhancing portfolio flexibility and optionality, and into **Alternative strategies** with absolute return profiles, aiming to deliver more stable performance across a wider range of market conditions. This adjustment is intended to **improve overall portfolio resilience** while preserving the ability to redeploy risk opportunistically.

Recent Investment Committee Decisions

The latest tactical decisions taken by the Investment Committee have had a broadly neutral impact during what has been a difficult month of March for global risk assets. These recent adjustments have primarily consisted of tactical moves within the Equity allocation, aimed at rebalancing our already well-diversified positioning. While it is still early to fully assess their impact, the overall effect of these decisions in a particularly negative month for risk assets has been largely neutral. To date, the negative impact from our shift from emerging Asia to global emerging markets was offset by a repositioning within Indian equity funds. Similarly, the increase in European value at the expense of Emerging Asia has, for now, had a neutral effect.

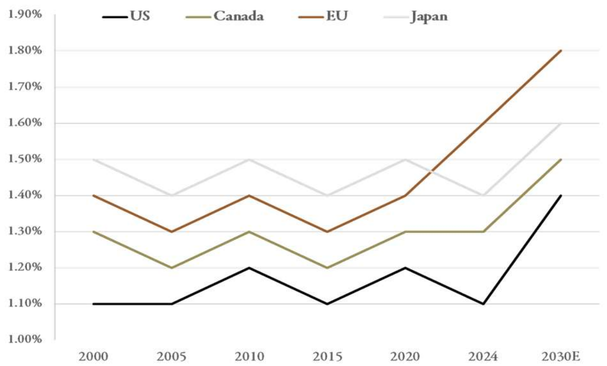
Electrification and the Rebuilding of the Global Energy System

The global energy system is undergoing one of **the most significant transformations since the industrial revolution**. The shift toward electrification, renewable energy, and energy security is not only redefining how energy is produced and consumed but is also creating a structural investment cycle that will shape global markets for decades. For investors, the energy transition represents more than a policy-driven environmental initiative; it is a fundamental reconfiguration of the infrastructure underpinning the world economy.

At its core, the energy transition reflects the **convergence of several powerful forces**. Climate policy, technological innovation, and geopolitical considerations are collectively accelerating the move toward lower-carbon energy systems. Governments are implementing increasingly ambitious targets for emissions reductions, corporations are committing to decarbonization strategies, and consumers are adopting new technologies such as electric vehicles and distributed energy systems. These developments are driving a surge in capital expenditure across the entire energy value chain.

One of the defining features of the transition is the growing role of electrification. Historically, fossil fuels have dominated sectors such as transportation, heating, and industrial production. Today, **electrification is emerging as the central pathway for decarbonization**. Electric vehicles are gradually replacing internal combustion engines, heat pumps are transforming residential and commercial heating systems, and industrial processes are increasingly shifting toward electricity-based technologies. As a result, global electricity demand is expected to grow substantially over the coming decades.

Fig 1: Energy Infrastructure Investment (% GDP)



Source: IEA and European Commission

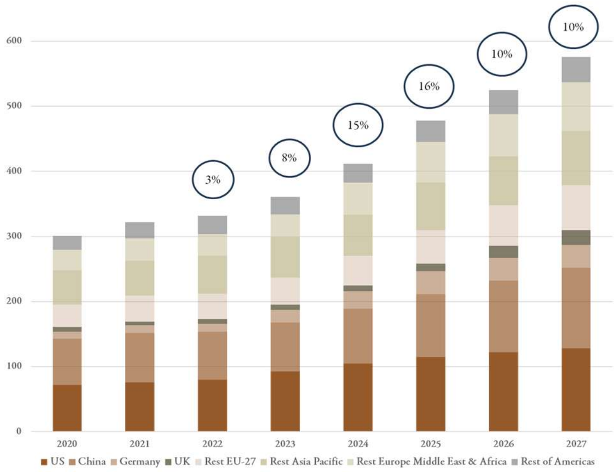
This rising demand for electricity creates a **complex challenge** : the world must simultaneously expand generation capacity and transform the sources of power generation.

Advanced economies are gradually increasing investment in power infrastructure as electrification accelerates and grids require modernization. Several countries, including the United States, Canada, the United Kingdom, and Japan, are moving toward spending levels close to **2% of GDP** to support renewable integration, grid resilience, and rising electricity demand. This trend reflects the growing recognition that power networks are becoming the backbone of the energy transition and economic competitiveness

Renewable energy technologies , particularly wind and solar power, have experienced dramatic cost declines over the past decade. These cost reductions have made renewables competitive with traditional fossil fuels in many markets, accelerating their adoption. However, renewable energy systems differ fundamentally from conventional power plants in terms of variability, location, and grid integration.

As renewable capacity expands, electricity systems must also become more flexible and interconnected to ensure reliable supply during periods when renewable generation fluctuates. This will require stronger cross-border interconnections, greater deployment of storage technologies, and improved grid management systems capable of balancing supply and demand in real time.

Fig 2: Global Grid Investment Market (USD Bn)



Source: Bloomberg, NEF

Figure 2 above illustrates how rising spending is becoming an established feature of the global energy transition. **Grid spending is set to rise** by 10% this year following 16% growth in 2025.

Infrastructure, Grids and Critical Materials: The Foundations of the Transition

Unlike fossil fuel plants, which can operate continuously and are often located near consumption centers, **renewable energy resources** depend on natural conditions such as sunlight and wind patterns. This variability requires the development of sophisticated energy storage systems, flexible grid management technologies, and expanded transmission networks capable of transporting electricity across large geographic distances. In many regions, existing grid infrastructure was designed for centralized power generation and is therefore ill-equipped to accommodate large volumes of distributed renewable sources.

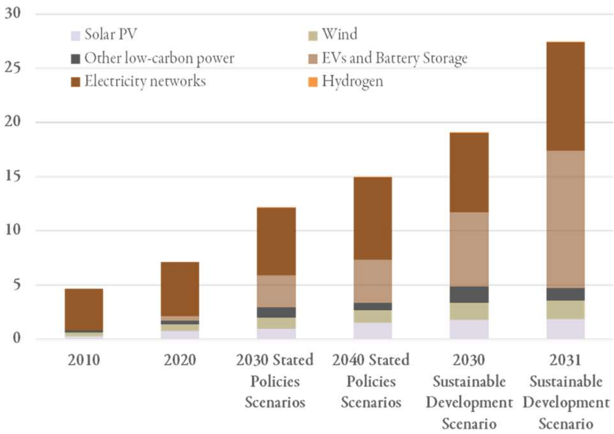
Recent events have highlighted **the importance of modernizing these systems.** In April 2025, a major blackout affected most of Spain and Portugal when a cascade of grid failures caused a sudden loss of roughly 60% of electricity supply across the Iberian Peninsula within seconds, leaving tens of millions of people without power for hours. While investigations pointed primarily to technical and planning failures within the grid rather than renewable generation itself, the incident underscored a broader challenge facing modern electricity systems: integrating large volumes of intermittent power sources requires stronger grid resilience, better coordination between transmission and distribution networks, and greater deployment of storage and stabilization technologies.

Consequently, **grid expansion and modernization** are becoming central components of the energy transition. Transmission networks must be extended to connect remote renewable resources to urban demand centers. Distribution networks must be upgraded to manage decentralized generation from rooftop solar installations and small-scale energy producers. **Digital technologies** are also playing a crucial role in enabling real-time monitoring and balancing of electricity flows across increasingly complex power systems.

The scale of investment required to support this transformation is immense. Estimates from various international organizations suggest that global energy-related investment may need to reach several trillion dollars annually by the 2030s in order to meet climate and electrification objectives. These investments span multiple segments, including renewable power generation, energy storage systems, transmission and distribution networks, electric vehicle charging infrastructure, and hydrogen production facilities.

The energy transition is also closely intertwined with the dynamics of **global commodity markets** . Renewable energy technologies and electrification systems require large quantities of metals and minerals that were previously less central to the global economy. Copper, for example, plays a critical role in electrical wiring, power transmission, and electric vehicle production. Lithium and nickel are essential components of battery technologies, while rare earth elements are used in high-performance magnets for wind turbines and electric motors.

Fig 3: Total Mineral Demand for Clean Energy technologies by Scenario, 2010-40 (in Mt)



Source: IEA

The demand outlook for these materials is closely linked to the pace of electrification and renewable deployment. As investment in energy infrastructure accelerates, supply chains for critical minerals are likely to face increasing pressure. Developing new mining projects and processing facilities often requires long lead times and substantial capital investment. As a result, commodity markets associated with the energy transition may experience periods of supply tightness and price volatility.

Energy security has emerged as another key driver of the transition. Geopolitical tensions and supply disruptions have highlighted the vulnerabilities associated with reliance on imported fossil fuels. In response, many countries are accelerating investments in domestic renewable energy capacity and diversified energy systems. Renewable resources offer the advantage of being locally available in most regions, reducing dependence on external suppliers and improving long-term energy resilience.

Investment Implications: Positioning Portfolios for the Energy Capex Supercycle

For financial markets, the energy transition creates a wide range of investment opportunities across multiple sectors. **Utilities and power generation** companies are positioned at the center of the electrification process, as they expand renewable capacity and modernize grid infrastructure. Industrial companies involved in engineering, construction, and equipment manufacturing are likely to benefit from large-scale infrastructure projects. Technology firms developing energy management software, battery technologies, and power electronics are also playing increasingly important roles.

Infrastructure assets represent another key area of opportunity. Power transmission networks, renewable generation facilities, and energy storage systems typically generate long-term, stable cash flows supported by regulatory frameworks and contractual agreements. These characteristics make infrastructure investments attractive for institutional investors seeking income stability and inflation protection.

Commodity producers are also likely to experience structural demand growth as electrification accelerates. Mining companies involved in the production of copper, lithium, nickel, and other critical materials may benefit from sustained investment in energy transition supply chains. However, investors must carefully evaluate operational risks, regulatory environments, and environmental considerations associated with resource extraction.

Despite the compelling investment case, the energy transition **also involves significant uncertainties.** Technological innovation may reshape cost structures and competitive dynamics across energy markets. Policy frameworks and regulatory incentives can change as governments adjust their approaches to climate and industrial policy. Additionally, the pace of adoption for new technologies such as hydrogen, carbon capture, and advanced battery systems remains uncertain.

For portfolio allocation, the key challenge is balancing long-term structural opportunities with shorter-term market volatility. Investors may benefit from diversified exposure across several segments of the energy transition ecosystem rather than concentrating solely on renewable generation companies. Opportunities may exist across utilities, industrial equipment manufacturers, infrastructure operators, technology providers, and commodity producers.

In the broader context of global markets, the energy transition can be viewed as a **structural investment super cycle** comparable to previous periods of major infrastructure development. Just as the expansion of railways, highways, and telecommunications networks reshaped economic activity in earlier decades, the rebuilding of the global energy system is likely to influence investment flows, technological innovation, and industrial development for years to come.

Ultimately, the energy transition represents **a fundamental transformation of the global economic landscape.** For investors, the scale and duration of this process offer significant opportunities to participate in one of the **defining capital expenditure cycles of the twenty-first century.** Success will depend on identifying the segments of the energy ecosystem where long-term demand, technological progress, and supportive policy frameworks intersect most effectively.

Table 1: Total Mineral Demand for Clean Energy Technologies by Scenario, 2010-40 (in Mt)

Bucket	Sub-Segment	Examples / Focus Areas
Renewable Power Generation	Solar	Utility-scale solar, residential solar installers, solar modules, inverters, tracking systems
Renewable Power Generation	Wind	Onshore wind, offshore wind, turbine manufacturers, blades, gearboxes, towers
Renewable Power Generation	Hydropower	Pumped hydro storage, small hydro projects
Renewable Power Generation	Other Renewables	Geothermal, biomass, waste-to-energy
Power Grid Infrastructure	Transmission	High-voltage lines, cross-border interconnectors, offshore cables
Power Grid Infrastructure	Distribution	Local electricity networks, smart distribution systems
Power Grid Infrastructure	Grid Equipment	Transformers, switchgear, substations
Power Grid Infrastructure	Grid Digitalization	Smart meters, grid management software, demand-response platforms
Power Grid Infrastructure	Grid Stabilization	Voltage control systems, frequency stabilization equipment
Energy Storage	Battery Storage	Utility-scale batteries, battery cell manufacturers, battery pack integrators
Energy Storage	Battery Technologies	Lithium-ion, solid-state batteries, sodium-ion batteries
Energy Storage	Alternative Storage	Pumped hydro, thermal storage, compressed air storage
Energy Storage	Hydrogen Storage	Hydrogen tanks, hydrogen storage infrastructure
Electrification Technologies	Electric Vehicles	EV manufacturers, battery producers
Electrification Technologies	EV Infrastructure	Charging stations, fast-charging networks, charging software platforms
Electrification Technologies	Electric Heating	Heat pumps, district heating
Electrification Technologies	Industrial Electrification	Electric arc furnaces, electrified industrial processes
Electrification Technologies	Power Electronics	Inverters, power semiconductors
Critical Minerals	Key Metals	Copper, lithium, nickel, cobalt, aluminum
Critical Minerals	Rare Earth Elements	Neodymium, dysprosium, praseodymium
Energy Transition Fuels	Hydrogen Economy	Green hydrogen production, electrolyzer manufacturers, hydrogen infrastructure
Energy Transition Fuels	Synthetic Fuels	E-fuels for aviation and shipping
Energy Transition Fuels	Biofuels	Sustainable aviation fuel, renewable diesel
Energy Efficiency	Buildings	Insulation materials, energy-efficient construction, smart buildings
Energy Efficiency	Industrial Efficiency	Advanced manufacturing equipment, waste heat recovery
Energy Efficiency	Digital Energy Management	Energy optimization software, demand-side management platforms

Source: SPH based on IEA, BloombergNEF, and industry reports

Macroeconomic estimates (per cent)

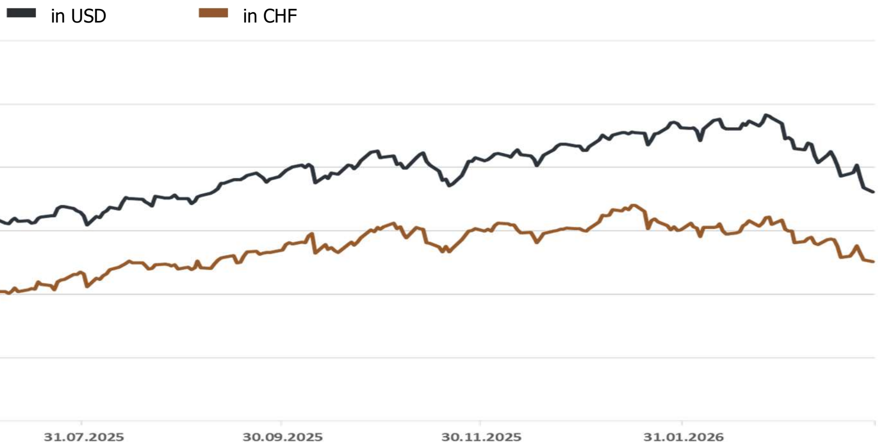
	GDP Growth			Inflation			Interest Rates	Fiscal Balance
	2024A	2025E	2026E	2024A	2025E	2026E	Current	Current
USA	2.8	2.2	2.3	2.95	2.7	3.0	3.75	-5.2
Eurozone	0.7	1.5	1.1	2.4	2.1	2.2	2.15	-3.0
UK	0.8	1.4	1.0	2.5	3.4	2.7	3.75	-5.1
Switzerland	1.3	1.2	1.1	1.1	0.2	0.5	0.00	0.6
Japan	0.1	1.2	0.8	2.7	3.2	2.0	0.75	-2.3
China	5.0	5.0	4.6	0.2	0.0	0.9	3.00	-5.1
Brazil	3.4	2.3	1.8	4.4	5.0	4.0	14.75	-8.3
India	7.8	6.4	7.5	4.8	4.6	2.1	5.25	-4.5
Russia	3.7	0.9	0.9	8.4	8.8	5.7	15.00	-3.6
World	3.0	3.2	3.0	4.2	3.4	3.6	-	-

SOURCE: Bloomberg

Financial Markets

MSCI All Country World Index

Indexed Performance (01.01.2024 = 100):



Government 10-year Yield

SOURCE: Bloomberg

Global Asset Allocation Preferences

Global Asset Allocation Preferences					April 2026
Asset Class	**Opinion**	**Constituents**	**Most Preferred**	**Least Preferred**	**Commentary**
Cash	=				We increase our allocation to cash to enhance portfolio flexibility and optionality in a more uncertain macro environment. Elevated geopolitical risks, persistent inflation pressures, and limited central bank support warrant maintaining higher liquidity levels, allowing us to respond dynamically to market dislocations and redeploy capital opportunistically.
Fixed Income	=	**Segments**	IG credit	Convertibles	Our positioning in fixed income remains neutral with a clear emphasis on income generation, quality, and flexibility, reflecting an environment characterized by persistent inflation, elevated geopolitical uncertainty, and limited scope for rapid monetary easing. We see fixed income less as a directional duration play and more as a source of carry and diversification, with returns likely to be driven primarily by income rather than capital appreciation. We maintain a preference for high-quality credit, supported by resilient corporate balance sheets and attractive all-in yields, while remaining selective given tight spreads. Duration exposure is kept moderately short, allowing portfolios to remain agile in the face of ongoing rate volatility and uncertain central bank trajectories.
		Duration	Short-term		
Equities	-	**Markets**	Modest underweight in EZ and Emerging markets. Neutral in the US. Reduce India	Latin America	We move to a slight underweight in equities, reflecting a less supportive macro backdrop. Rising geopolitical tensions, an energy supply shock of uncertain duration, and persistent inflation are weighing on growth expectations and confidence indicators. At the same time, central banks remain constrained and unlikely to provide near-term support. Equity markets, still relatively concentrated, may not fully reflect these risks. We therefore reduce exposure while maintaining a focus on quality, diversification, and resilient sectors.
		Styles/Sectors	High quality and Value. Dividend growers. Selective Industrials. Cash-flow resilient sectors based on pricing power. Construction	High energy-dependent capital goods, Chemicals, Auto and Auto parts. Cyclicals.	From a sector perspective, we favor sectors such as healthcare, consumer staples, infrastructure, and selected financials, which benefit from inelastic demand, robust balance sheets, and stable income streams. In addition, we maintain a preference for dividend-paying equities, which provide a tangible component of total return and help cushion volatility in uncertain markets. Conversely, we remain cautious on cyclical sectors and energy-intensive industries, including transportation, capital goods, and parts of industrials, where margins are vulnerable to rising input costs and demand sensitivity.
Alternatives	+		Infrastructure, Gold and real assets in general. Absolute return strategies.	Commercial Real Estate.	We remain constructive on alternatives, which play an important role in portfolio construction amid elevated geopolitical and macroeconomic uncertainty. Our allocation favors real assets (infrastructure, industrial metals, ...), hedge funds, and in particular, gold. Infrastructure benefits from attractive valuations and inflation-linked cash flows, while commodities provide diversification supported by structural demand dynamics and constrained supply. Despite the recent decline in gold prices, structural factors including fisdcal expansion, geopolitical fragmentation, and ongoing demand for diversification should continue to support gold over a longer horizon. Real estate exposure remains selective, favoring residential, industrial, and specialized segments over structurally challenged office assets.

Opinion legend: (--) very unattractive; (-) unattractive; (=) neutral; (+) attractive; (++) very attractive.

Figure of the Month

2,700

An estimated 2,700 TWh of electricity is lost globally each year, equivalent to nearly 9% of total generation and roughly the combined annual consumption of Europe and Japan. While part of these losses is technical, a meaningful share reflects aging infrastructure, insufficient maintenance, and inefficient grid management, particularly in emerging markets. As electrification accelerates and renewable capacity expands, transmission and distribution networks are increasingly becoming the critical bottleneck of the energy transition. Addressing these losses will require substantial and sustained investment in grid modernization, storage, and digitalization. This structural inefficiency highlights a compelling long-term opportunity across utilities, electrical equipment, and infrastructure assets globally.

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We are a private bank with an entrepreneurial spirit, embracing collective action and building creative solutions that advance the world, economically and socially.

The future of banking is emerging at the intersection of profit and purpose.

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