Green solutions : watt else ?

The green transition is emerging as a strategic response to sovereignty challenges, by strengthening energy independence, access to resources, and the resilience of critical industries and infrastructure. The accelerating adoption of AI is also a game-changer. Anne-Claire Abadie and Thibault Renoux, fund managers of the Sycomore Global Eco Solutions fund, analyse all these dynamics.

What are your main market convictions at present?

After an excessive wave of enthusiasm following Biden's election and an exaggerated pessimism afterTrump's inauguration, we believe eco-solutions are significantly undervalued, with negative sentiment persisting. Yet the **sector has outperformed over the past year** (+20% vs the MSCI World Index at +9%). We are now seeing a shift in the stroyline, moving from the fight against climate change towards a **fundamental issue of sovereignty, security and independence**. Governments are increasingly taking this on board. This development marks a paradigm shift: beyond the climate imperative, states are fully integrating the security of critical value chains as a **key priority**. Simultaneously, the field of environmental solutions is becoming a major driver of value creation and accounts for a significant proportion of the solutions.

These trends are already evident. In the United States, announcements of industrial mega-projects – particularly in semiconductors and the life sciences – have exceeded $1 trillion by 2025, nearly ten times their level of four years ago. In Europe, Germany has launched a €500 billion plan to modernise its infrastructure. Against this backdrop, **sectors linked to networks, industrial equipment, transport— particularly rail—and resource processing are turned to be direct beneficiaries of this new landscape.**

In the meantime, **eco-solutions are addressing the rapid rise in electricity demand, which will continue to climb.** Indeed, **AI is creating an unprecedented surge in electricity demand**, compounded by the **growing electrification of the economy** driven by changing patterns of use (electric cars, heating, etc.), the expansion of data centres and the relocation of factories. However, **bottlenecks are emerging** in terms of electricity capacity, networks, and a shortage of electricians, with a deficit already estimated at 80,000 professionals in the United States. This dynamic creates supply pressures but, above all, generates significant opportunities for players capable of responding to them.

Today, **renewable energy is increasingly seen as a competitive solution** for rapidly adding electricity generation capacity. This competitiveness is bolstered by the **rise of battery storage**, the costs of which have fallen fivefold over the past decade, helping to mitigate its main drawback: intermittency.

At the same time, **tech actors are facing growing pressure.** Between rising electricity prices and environmental concerns linked to data centres (water consumption or pollution from diesel generators), **public opinion is becoming increasingly demanding.** Against this backdrop, they remain and will continue to be the main purchasers of renewable energy contracts in the United States.

Faced with these new uses, the **global electricity system is entering a true investment supercycle.**This concerns not only energy generation, but also transmission networks, which urgently need to be modernised (their average age reaching 40 years in Europe and the United States) and expanded to meet demand.

In this context, **energy efficiency is emerging as a crucial imperative**. It is paving the way for a **new wave of innovations**, ranging from electrical architecture to cooling, via photonics and next generation semiconductors.

How do you incorporate these convictions into your Sycomore Global Eco Solutions fund?

In this environment, characterised by the convergence of economic sovereignty and the artificial intelligence revolution, we are convinced that these themes are **structural drivers of growth,** offering attractive opportunities for long-term investors such as Sycomore AM.

Our allocation is based on a **complementary approach**, aiming to capture the entire value chain of this transformation.

Firstly, we invest in **firms contributing to energy independence.** Renewable energies, thanks to their competitiveness, speed of deployment and accessibility, play a central role. They form part of networks made smarter and more resilient by electrical equipment manufacturers also held in the portfolio – assets at the heart of energy sovereignty issues.

We also target **businesses that help secure access to critical resources**. Against a backdrop of rising demand for strategic metals, circular economy models offer a significant competitive advantage. Metal recycling, particularly of copper, is becoming a major industrial challenge, as illustrated by actors such as **Aurubis**, where 45% of the inputs for cathodes (electrodes through which current flows in an electrolyser) come from recycled materials.

Furthermore, we are positioning ourselves in favour of **the direct beneficiaries of relocalisation policies and investments in strategic infrastructure**. This includes industrial equipment manufacturers, networks, transport infrastructure and water treatment – all segments at the heart of sovereignty issues and offering visibility on long-term investment flows.

Beyond these exposures, **players in the green transition rely on tangible, durable assets that are difficult to substitute**. This characteristic, which we refer to as "HALO" (Heavy Assets, Low Obsolescence), is a importa driver of value creation in an environment marked by accelerating technological innovation.

Against a backdrop of a shortage of skilled labour, **construction firms possessing these scarce resources and in-house training capabilities enjoy increasing pricing power in a rapidly expanding sector.** We therefore favour stocks that we believe are capable of anticipating these needs, such as **Quanta and Mastec.**

The Sycomore Global Eco Solutions fund is characterised by a **balanced, multi-thematic approach**. The portfolio, comprising around **60 stocks,** is structured around **eight** themes: renewable and low-carbon energy, energy efficiency, green mobility, sustainable construction, the circular economy, sustainable natural resources, responsible consumption and eco-services.

In our investment process, we focus primarily on **mid- and large-cap stocks**, with 63% of holdings having a market capitalisation of over €20 billion. The portfolio is **more balanced than the index in terms of geographical allocation,** with around half in North America, a third in Europe and the remainder in Asia. The top 20 companies in the portfolio account for 51% of the total weighting, and the overlap in weightings with the index is very low, at just 4%. All of the top 10 are positioned in at least one of the two trends: AI and sovereignty.

Since the start of the year, **Sycomore Global Eco Solutions has outperformed its benchmark**, rising by +21.1% compared with +6.8% for the MSCI AC World NR EUR.

How does your ESG approach enable you to make a difference?

Our strategy aims to identify **companies at the heart of the green transition, combining financial performance with measurable environmental impact.**

The team, comprising two fund managers and two analysts, stands out first and foremost for being fully dedicated to the theme of eco-solutions, enabling an **integrated and complementary approach.**

The investment process is based on a **combination of a bottom-up, or 'general', approach and a unique top-down approach,** founded on a **structured environmental thematic analysis organised by sub-themes.**

Our analysis is enhanced by a **recognised and innovative metric: the NEC (Net Environmental Contribution)**, which enables us to direct investments towards firms most aligned with climate and resource challenges, as well as by our **proprietary metric,** known as SPICE, which allows us to integrate all of a company's stakeholders in order to foster **truly sustainable value creation.**

In terms of shareholder engagement, the team engages with players with the aim of improving their practices. In 2025, it exercised 100% of its voting rights and shared 24 areas for improvement with 15 portfolio companies (75% through individual dialogues and 25% through collaborative engagements). Beyond the impact of our portfolio investments, we decided in 2022 to donate 1% of the turnover from the Eco Solutions range each year to 1% for the Planet, BLOOM and Pro Silva.

These initiatives reinforce our conviction that environmental solutions are not only a lever for impact, but also a driver of sustainable performance that addresses current strategic challenges.

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