Investment Themes

Q3 2022 update – China's green revolution

A backdrop of elevated inflation, rising recession risks, hawkish central banks and weak equity markets meant several of our long-term themes faced a difficult quarter.

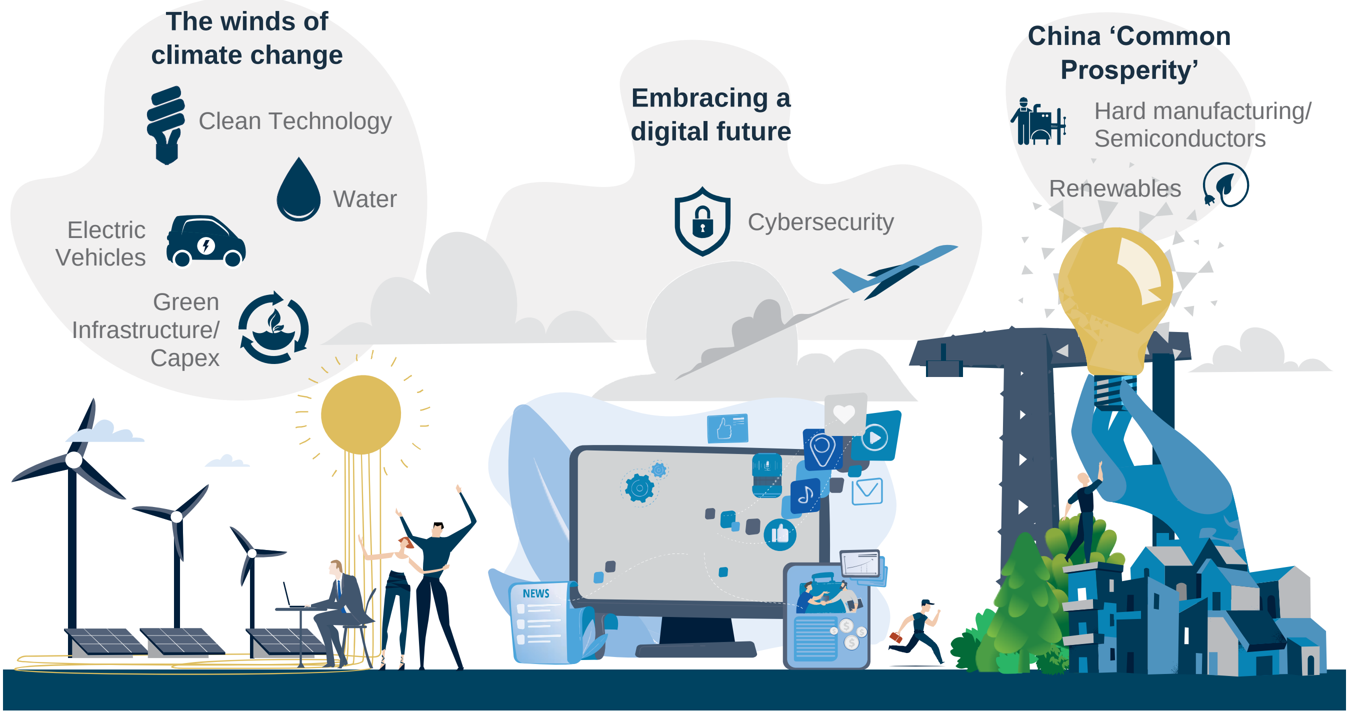
The China Common Prosperity Theme did buck the trend and delivered positive returns for the quarter. Winds of Climate Change and Embracing a Digital Future returns were negative, though they did outperform global equities over the same period.

Within Embracing a Digital Future, we prefer Cybersecurity, given the sector's relative resilience to spending cuts in a recession. We also consider China Hard Tech / Semiconductors' currently depressed valuation as an attractive opportunity to add exposure to the sector.

Wealth Management Chief Investment Office
6 July 2022

Important disclosures can be found in the Disclosures Appendix.

Overview of our long-term themes



Source: Standard Chartered

To say that the second quarter of 2022 has been eventful would be an understatement. Since our Quarterly Thematic Update in March, inflation has remained persistently high, global financial conditions have tightened, and the S&P 500 has slipped into a bear market. Central banks in more than half of G20 member nations have now raised policy rates during the quarter, with the US Federal Reserve hiking interest rates by 175 basis points thus far and the ECB likely to hike in July. Growing central bank hawkishness has sparked concerns of a US or European recession. Elsewhere, new COVID-19 infections in China soared to a 7-day moving average high of almost 27,000 daily cases in April, leading to widespread lockdowns in large parts of the country before restrictions eased in recent weeks. Meanwhile, the conflict in Ukraine enters its fifth month.

Investment themes struggled amidst tough equity markets

Amidst the widespread decline in global equities and bonds, our investment themes have not been spared. Winds of Climate Change and Embracing a Digital Future registered negative returns, though they did outperform global equities. However, the China Common Prosperity theme bucked the trend, delivering positive returns over the quarter.

Within the Climate theme, Electric Vehicles (EVs) have been the biggest underperformer, registering a 21% loss QTD. Green Infrastructure though, remained resilient while Clean Tech retraced some of its initial losses owning to energy security concerns following the Russia-Ukraine crisis. We believe the underlying structural drivers for the Climate theme remain intact. Increased corporate and government commitment to shift towards net zero carbon emissions, elevated oil prices increasing the relative attractiveness of green energy sources and ensuring reliable energy supplies are key supportive pillars.

Within the Embracing a Digital Future theme, we closed our preferred view on 5G/Internet of Things (IOT) this month. Rising yields and several profit warnings have led us to believe that it is a good time to revaluate the sector's outlook. We continue to prefer Cybersecurity, given the sector remains a priority in corporate IT budgets and its relative resilience to spending cuts in a recession.

Green themes a standout in China

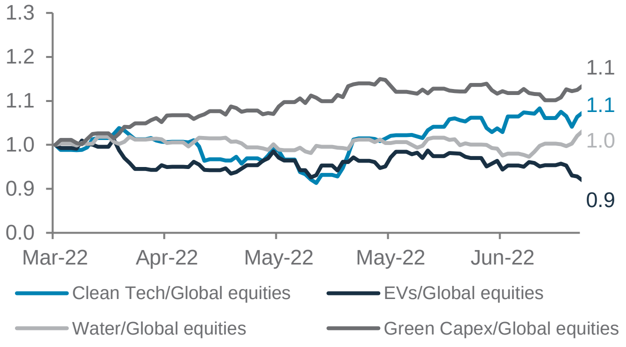
In contrast to the rest of the world, Chinese Renewables have risen 32.4% from its low in May 2022, far outperforming the 15.7% gain in the MSCI China over the same period, and valuations have rebounded sharply from a 20-month low to 23.1x 12-month forward P/E. Hard Manufacturing / Semiconductors has similarly risen 26.3% from its low in April but 12-month forward PE remains depressed at 24.4x. We remain positive on both themes but see near-term balance of risks tilting in favouring of China's semiconductors. High valuation and an expected softening of New Energy Vehicle (NEV) sales in the second half of the year mean there may be better future opportunities to add to Chinese Renewables.

The winds of climate change

Climate related themes have suffered alongside global equites. Electric Vehicles underperformed the most, on the back of supply chain bottlenecks and rising input costs hitting margins and profitability, while Green Capex and Clean Tech were more resilient. They outperformed global equities over the past quarter (figure 1) but were still down in absolute terms following a hawkish Fed and recessionary concerns.

Fig. 1 Absolute returns on our climate themes have been negative, but broader equity market weakness has been a key factor given relative performance has been far more resilient

Relative performance of climate related themes* against global equities since 24 March 2022



Source: Bloomberg, Standard Chartered

*Please refer to our themes monitor on page 10 for the specific indices used

Structural shift towards green energy firmly intact

Despite challenging asset price performance, we continue to see good fundamental progress on Climate themes. Russia has continued to tighten its natural gas squeeze on Europe, with gas capacity through a key pipeline to Germany cut by 60% since mid-June. So far, 10 EU states declared early warnings of a gas emergency, sending European gas prices higher, and highlighted the difficulty they might face in refilling gas storages before winter hits. The International Energy Agency (IEA) also did not rule out a possibility of a complete cut-off of Russian gas exports as winter approaches. This will likely continue to boost demand for clean energy sources in Europe over the long-term.

The “REPowerEU” plan, which was presented in Mid-May, seeks to rapidly reduce oil and gas dependency on Russia and fast forward the green transition. European Commission President Ursula von der Leyen also warned EU countries not to backtrack on their renewable energy investment commitments, but to use this as an avenue to push for greater acceleration towards greener sources of energy.

Efforts made to decouple from traditional fossil fuel is not only a Western phenomenon – good progress is being seen in Asia as well. From a financing perspective, Japan expects to end its provision of government backed yen loans and withdraw from key coal-fired power plant projects in Bangladesh and Indonesia. This decision has been critical in supporting these developing nations to halt existing plans for coal-based plants and relook at alternative energy sources instead, benefitting demand for clean technology over the long-run.

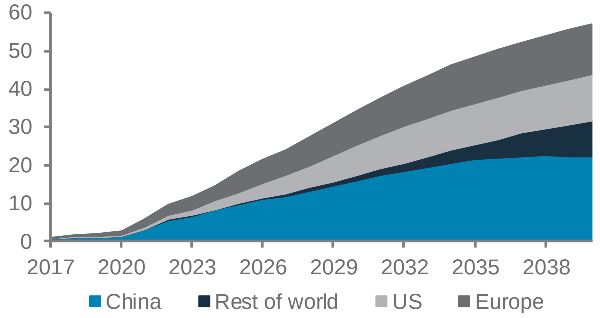
EVs still shines through

The EV sector, which relies heavily on raw materials such as cobalt, lithium and nickel for battery production, has been hard hit by rising commodities prices following the Russia-Ukraine crisis. The average raw material costs for an EV now adds up to USD 8,225 per vehicle, up 144% from March 2020, according to AlixPartners. Together with further production bottlenecks and chip shortages, these have weighed negatively on EV margins and sales, resulting in earnings estimates being revised down for EV manufacturers.

While earnings remain a concern in the short-term, global EV adoption rate looks set to rise sharply by 2025 on the back of increasing global policy pressures, growing electric car model availability and rising consumer interest. According to the latest EY Mobility Consumer Index, consumers’ intention to look buy EVs globally has hit 52% for the first time. Bloomberg further estimates that plug-in vehicles sales will rise from 6.6mn in 2021 to 20.6mn in 2025, of which 75% of sales will comprise of plug-in electric vehicles. In figure 2, we also continue to see an increase in EV sales forecast across regions.

Fig. 2 EV sales are forecast to continue trending up till 2040

Cumulative sale of EV vehicles globally in millions



Source: Bloomberg, Standard Chartered

Soaring oil prices and record prices at gas pumps are making EVs relatively more attractive compared to internal combustion engine vehicles, speeding up consumers’ shift towards EV. An analysis by Profundo also shows electric car making operations of traditional carmakers could become more profitable than their existing fossil fuelled cars within the next 3 to 5 years as carbon emissions regulations tighten.

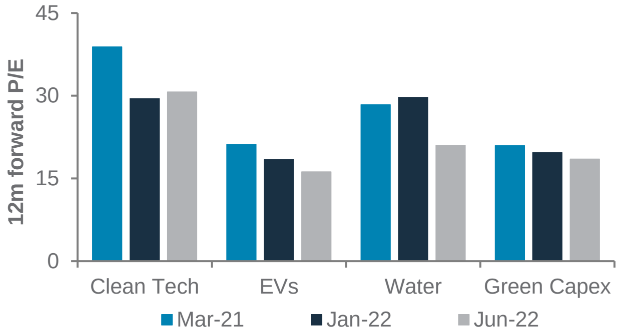
These internal combustion engine vehicles could become less profitable, and eventually loss-making, because of increasing carbon costs.

While the EV industry faces headwinds from rising battery material costs in the short-term, the total addressable market opportunity has continued to improve, with expectations of significantly higher global EV sales and the potential for EVs manufacturers to become more profitable than traditional vehicles over time.

Valuations increasingly more attractive although earnings remain a near-term challenge

Fig. 3 Valuations have continued to fall since their March 2021 highs

12-month forward P/E of specific thematic indices*



Source: Bloomberg, Standard Chartered

* Please refer to our themes monitor on page 10 for the specific indices used

Lacklustre earnings revisions on long-term themes

Earning revisions across the board has been lacklustre, with only Green Capex recording slightly positive revisions while others have dipped slightly into negative territory. This seems to display the uncertainty in the markets given the level of volatility that we have experienced thus far, though the pace of revision declines has stabilised over the past quarter.

Since the beginning of the year, valuations for these climate-related themes have fallen, more notably for EVs and water which are currently trading at 12-month forward P/Es of 15.3x and 20.8x respectively. While valuations for Green Capex have largely remained unchanged and sits at more reasonable levels of 12-month forward P/E 18.4x, clean tech remains relatively expensive at 29.7x. The latter is more sensitive to rising bond yields, given clash flows from clean tech projects tend to be long-term in nature.

Embracing a digital future

Cybersecurity more resilient to recessions

Cybersecurity spending remains the fastest growing, highest priority segment of corporate IT budgets. According to research firm Gartner Inc, an estimated USD 150bn was spent on cybersecurity in 2021, a growth of more than 12% from 2020. In 2022, spending is expected to rise by another 15% to USD 172bn. By 2029, global spending is expected to reach USD 376.3bn for an annual growth rate of 11.8%.

The relative resilience of the cybersecurity sector to a downturn stems from the fact that a large amount of planned expenditure is already entrenched in budgets. The conflict in Ukraine and resulting sanctions on Russia have heightened the risk of cyber retaliation, while the shift toward greater reliance on remote work has also presented new vulnerabilities for hackers to exploit. The rising threat of cyberattacks has led to changes in the regulatory landscape that would make it difficult for corporations to cut cybersecurity spending even during a recession.

Rules on cyber attacks disclosure will rebalance accountability and discourage spending cuts

In March 2022, the SEC released a rule proposal that would require public companies to 1) report all material cybersecurity incidents within four business days of the discovery of the incident; 2) detail the company's policies and procedures for identifying and managing cyber risk; 3) expound on the role of the company's board of directors and company management in managing cyber risks, implementing policies and providing oversight. The newly proposed rules from the SEC also coincide with the recent inclusion of the Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) in the 2022 Omnibus spending bill. Signed by US President Biden in March 2022, the Act will require critical infrastructure entities to disclose all significant cyber incidents within 72 hours and any ransomware payments within 24 hours.

Both the SEC rules and CIRCIA will subject corporations and government entities to serious reputational risks in the event of a cyber incident. Accountability for security breaches will also no longer be confined to IT leadership as liability will be shared with business and enterprise leaders. The rebalancing of accountability means that business leaders will now have to consult their IT leadership before making decisions that would impact the organization's security. There is, thus, strong incentives to keep cybersecurity spending at healthy levels to mitigate potential business and reputational costs of a cyber incident, especially during times of rising cyber risks.

Firms are subject to higher levels of scrutiny by cyber insurance providers

A certain level of spending on cybersecurity is also necessary to maintain coverage from cyber insurance policies. According to Swiss Re, cyber insurance currently accounts for just 0.4% of global property and casualty premiums but is a fast-growing segment of the insurance market. Total direct written premiums were worth roughly USD 4.1bn in 2020, a rise of

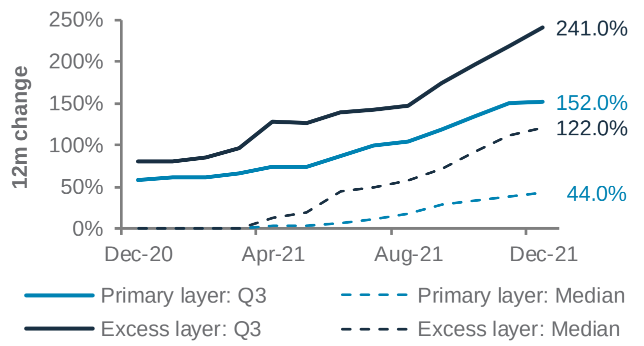
29.1% from the prior year, and early estimates for 2021 indicate that total written premiums are likely to continue rising substantially. The growth of the industry has been driven by the proliferation of cyberattacks, which has, in turn, reduced the capacity of insurers and accelerated the cost of insurance.

According to Woodruff Sawyer, an insurance brokerage firm, the hardening of the cyber insurance market can be seen from the rapid rise in excess pricing relative to primary pricing in the Cyber Pricing Index (Figure 4). Price changes at the top quartile has also risen substantially faster than the median, indicating that firms with the highest cybersecurity risks have seen the largest increases in their cost of insurance.

Rising cyber risks have not only resulted in higher premiums. The decline in available capacity has led to lower primary limit profiles with many insurance providers reducing their available capacity throughout 2021 from USD 10mn to a maximum of USD 5mn for any one client. Companies are also increasingly asked to keep more risk on their balance sheet in the form of self-insured retention increases. In addition, firms are subjected to a much higher level of scrutiny with their cybersecurity measures and protocols now forming a big part of their risk assessment before the underwriting and pricing of their policies. The combination of higher premiums, more stringent risk assessments and decline in extended liability limits mean that firms may be reluctant to substantially cut back on cybersecurity budgets.

Fig. 4 Cyber insurance pricing trended higher throughout 2021

The 12-month trailing change in pricing of cybersecurity insurance at the median and top quartile for both primary and median layers*



Source: Woodruff Sawyer, Standard Chartered

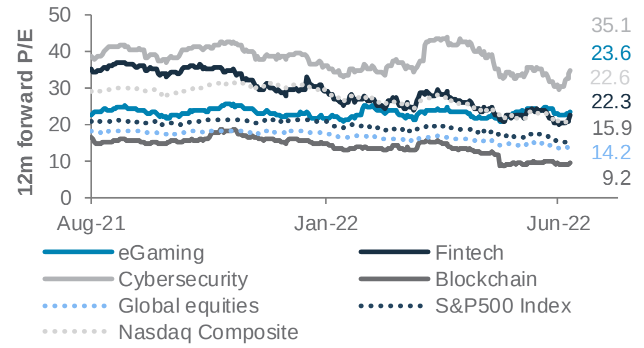
*The primary policy is the first policy to respond to a loss or claim. Excess policy covers a claim after the primary insurance limit has been exhausted or used up

Recent decline in valuation represents attractive opportunity to add long-term exposure

In light of the changing regulatory landscape and constructive structural tailwinds, we consider the recent decline in valuations as an attractive opportunity to add to positions in the cybersecurity sector. While the probability of a recession represents a clear risk, we see the sector as well-positioned to avoid the worst of a recession. Valuation for the sector has fallen off its recent peak, but recent upgrades in revenue guidance by several prominent cybersecurity vendors has lifted it to 32.9x.

Fig. 5 Valuation of the cybersecurity sector has declined but premium over broader markets has grown

12-month forward P/E of specific thematic indices*



Source: Bloomberg, Standard Chartered

* Please refer to our themes monitor on page 10 for the specific indices used

China "Common Prosperity"

After a turbulent first half of the year, the economic outlook for China has started to improve and cyclical tailwinds are in place for China-related themes. While the path to recovery is still fraught with downside risks, given the deteriorating external environment and a weak domestic job market, an acceleration in tech and new economy infrastructure investments will likely come into play as credit and fiscal policies turn more supportive. Authorities have also loosened regulations on tech and property sectors, while waning COVID-19 infections has allowed authorities to lift lockdown restrictions. We believe that China is on the cusp of a recovery and expect Chinese-related themes to outperform in the coming 6-12 months.

Cheap green loans and supportive policies to benefit China tech investments

The transformation of the Chinese economy from a fast-growing, industry-led path to a more sustainable and innovation-driven one should accelerate the pace of infrastructure investments in both tech and new economy sectors. Tech infrastructure investments, which include but are not limited to the development of 5G networks, data centres and artificial intelligence (AI), currently only account for about 4% of total nominal infrastructure fixed asset investments (FAI) but its share is expected to rise in the coming years. According to BCA Research, the expanding use of cheap green loans and supportive policies are anticipated to help facilitate a 10-15% y/y growth in tech infrastructure investments in H2 2022, far outpacing the estimated 1-2% growth in traditional FAI which faces headwinds from funding constraints caused by declining local government revenues.

Investments in new economy sectors, which include Electricity, Gas and Water Production and Supply, currently account for 18% of total FAI and are also expected to accelerate. This should benefit sectors in our Renewables sub-theme such as smart grids, EVs, wind and solar power.

The acceleration of new infrastructure investments is expected to benefit our China-related themes on both a cyclical and structural basis. In the near term, increased infrastructure spending would augur greater demand for services and equipment and serve as a source of growth during a time of significant economic downside risks. Over the longer term, it would help foster a competitive landscape that would beget higher productivity, lower cost of production and a culture of innovation in China.

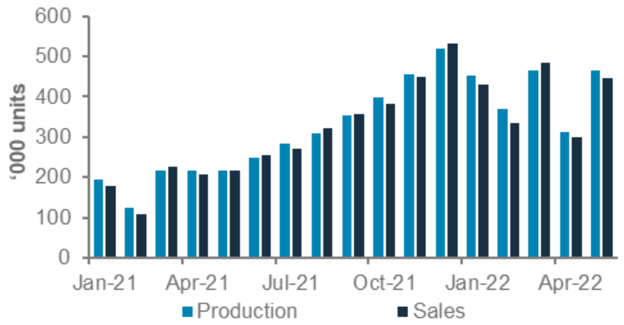
Structural tailwinds remain intact for Renewables but sector's valuations are high

The recent outperformance of China's Renewables has been driven by the EV sector, which makes up a substantial proportion of the MSCI China IMI Environment 10/40 Index. The launch of new products, improvement in battery technologies and the likely extension of tax benefits into 2023 have driven the sector's stock prices higher. Production and sales of EVs in China have also been strong thus far in 2022 despite softer consumer demand seen in the broader economy. Total production of EVs from Jan – May 2022 grew 114.2% y/y while sales over the same period rose by 111.2% (Figure 6). Development of EV charging infrastructure has kept pace, with the latest data from China Electric Vehicle Charging Infrastructure Promotion Alliance (EVCIPA) indicating 3.5 million charging points as of May 2022, an increase of 91.5% from a year ago.

While we remain positive on China's EV sector, given the expected acceleration in infrastructure investments and the government's commitment to peak carbon emission by 2030, we would look to add to positions at a better entry point. In the near term, Chinese demand for EVs could also soften on a y/y basis as purchase tax cuts boost sales of small-engine combustion cars at the expense of EVs. The possible extension of EV subsidies into 2023, as well as recent subsidies introduced by the Beijing and Shanghai authorities, could support demand, but will likely be offset by the fall in front-loaded buying that has supported sales growth this year.

Fig. 6 **Production and sales of EVs in China have recently slowed**

Production and sales of BEVs and PHEVs



Source: China Association of Automobile Manufacturers, Standard Chartered

More upside potential in China's semiconductors

While P/E valuation for the semiconductor sector has rebounded off lows in April to 24.4x, it remains at a depressed level when compared over a longer horizon. The sector, buffeted by headwinds stemming from Covid lockdowns, China's faltering property sector and consumer demand for goods, including electronics, has been under significant downward pressure. Domestic production of integrated circuits has also yet to recover to pre-Covid lockdown levels. Data from the National Bureau of Statistics indicate that output rebounded 6% m/m in May, but overall production remains below March's levels and 10.4% lower than a year earlier. YTD production also fell 6.2% from a year earlier to 134.9 billion units. In contrast, estimates by US-based Semiconductor Industry Association indicate that global semiconductor sales rose 21.1% y/y in April, with the global industry poised to grow 10% in 2022 to over USD 600bn.

Despite the gradual recovery in production, we remain positive and believe that the currently depressed valuation represents an attractive opportunity to add exposure to the sector. Production from Chinese-headquartered companies currently only accounts for around 7% of the country's USD 186.5bn integrated circuits market. With the Chinese government investing heavily in semiconductor initiatives as part of its "Made in China 2025" push, the industry has ample room to grow before reaching the 70% self-sufficiency that the government has planned. Ongoing government subsidies, procurement preferences and other preferential policies also mean the semiconductor industry is well-positioned to capitalise on the rebound in consumer demand when the economic recovery gains traction in China.

China goes green: Long term drivers in place for ESG investments

While recent headwinds in financial markets have impacted ESG investments, we continue to believe that long-term drivers remain in place for the growth of ESG investments in China. The ESG revolution remains driven by the nation's environmental and social goals. These were reinforced at this year's "Two Sessions," the annual plenary meeting between China's top legislature and political advisory committees, where government officials recommitted to decarbonisation and common prosperity as underlying drivers for achieving GDP growth target of around 5.5% this year.

Three areas for investors to consider when considering ESG factors in their China portfolios

1. Green will drive the next phase of GDP growth

To achieve its planned 5.5% economic growth target this year, China's authorities are widely expected to adopt several new approaches to development. This includes nurturing new growth drivers such as the development of new clean energy resources and the mass adoption of smart electric cars.

Positive momentum in this space continues, with a high-profile government study in March projecting that China will achieve peak CO2 emissions in 2027. The study, led by the Chinese Academy of Engineering (CAE), indicates that the government is on track to meet its twin goals of achieving peak carbon emissions by 2030 and neutrality by 2060. To continue making progress toward these goals, China will need to:

(a) harness green energy and reshape its energy mix from fossil fuels

(b) transform its industrial mix away from heavy manufacturing, given that the largest emissions are from energy intensive sectors such as power generation, manufacturing (e.g., steelmaking, cement) and transportation.

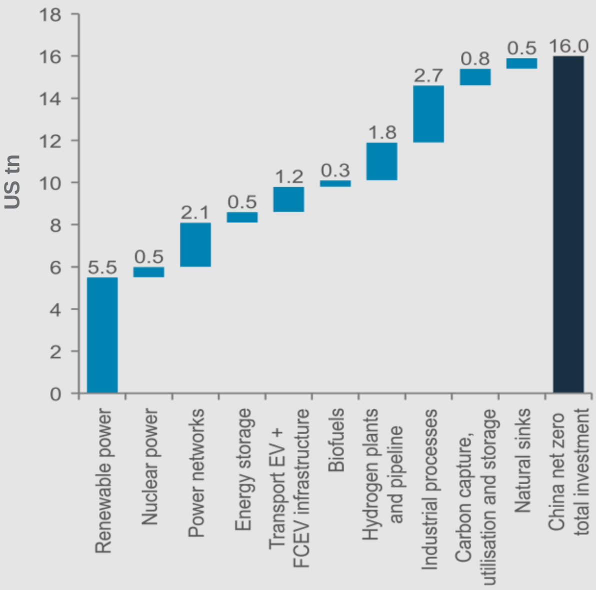
To support this green transition, estimates from Goldman Sachs indicate that the government will need to invest ~USD16 trillion across several sectors such as renewable power, power networks and hydrogen power and pipelines. The breadth of China's green transition campaign thus expands beyond renewable power or EV, offering investors opportunities in many other traditional sectors.

We have started to see the enactment of policy support towards this transition. For investors, this means that themes like EVs and clean energy remain attractive, especially with the support from authorities in not only China but also other nations. For instance, the European Union recently disclosed details of its "REPowerEU" energy transition plan which proposed a dedicated photovoltaic strategy to connect 320 gigawatts of solar photovoltaics (PV) to the grid by 2025. This will benefit Chinese photovoltaic companies that have already exported over 9,200MW of PV modules to the EU since mid-2019.

While China's transition to a low carbon economy is often associated with the revolution in renewables and electric vehicles, it is likely to also entail pervasive changes across industries. To achieve carbon neutrality and remain an industrial powerhouse, companies in energy intensive sectors will have to transform their businesses or employ new technology to reduce carbon emissions. Rising consumer demand for greener options will also push companies to adapt. The rapid adoption of NEVs in China is a clear example.

Fig. 7 **Cumulative investment across sectors to achieve Net Zero by 2060**

As of 31 December 2020



Source: Goldman Sachs Global Investment Research via T.Rowe Price

2. Social factors rise in importance with China's "Common Prosperity" agenda

Enshrined in the CCP's governance philosophy, "Common Prosperity" espouses the ideal of achieving a balance between economic growth and social stability with quality of growth as important as its scale.

An important aspect of the agenda is the focus on quality of life. While the energy transition discussed above will allow the government to achieve energy self-sufficiency, it is also expected to help advance the social goal of improving the quality of life for people who have previously been subjected to high levels of pollution. This will, however, come at a cost, as China's energy transition could lead to potential job losses when traditional sectors like coal, which employs around five million people, get deprioritised.

Crucially, "Common Prosperity" also aims to reduce the wealth gap. While there has been much media focus on the redistribution of wealth from tech billionaires, including a crackdown on tech companies, much progress has been made in social policies relating to home affordability, access to education and healthcare. To make home ownership more affordable and revive the USD 2.4tn property sector, several steps have been taken: mortgage costs have been reduced through easing of the loan prime rate, minimum interest rates have been cut for first-home buyers' and rules on owning multiple properties have been partially relaxed. China also banned for-profit tutoring last year to lessen the financial burden on parents, improve school-life balance for families, and reduce the pressure on students. The Vocational Education Law was also passed in April 2022 with the goal of creating a world-leading vocational education system by 2035. The law seeks to improve the social status of technical and skilled workers and reduce the talent shortages in technical vocations. To make healthcare accessible, China expanded medical facilities in rural areas - 23,000 county-level medical and healthcare institutions, 35,000 township health facilities and 599,000 village clinics – to ensure its ~510m (~36% total population) rural residents have access to basic medical services.

While achieving "Common Prosperity" will not be easy, efforts to do so should bring about structural shifts that lead to long term social stability and high-quality growth. With this in mind, we believe investors should consider sectors that will benefit from these long-term structural shifts when constructing their portfolios. Finally, beyond just specific sectors, social factors within ESG such as ensuring a mix of affordable products, employee welfare and renumeration policies will become increasingly important for Chinese companies.

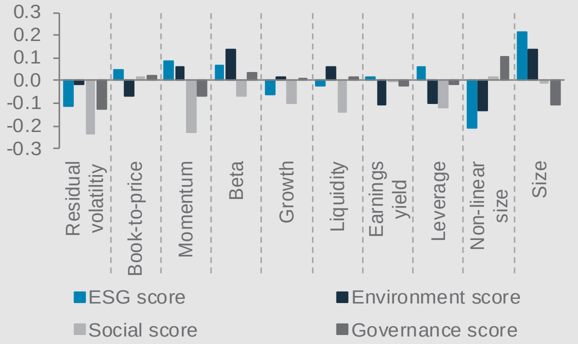
3. Beyond thematics, the ESG revolution is likely to impact the risk / reward of all sectors and industries

With the availability of better-quality data and a low correlation with traditional factors, ESG factors can yield diversification benefits for portfolios. It is hence important to be mindful of ESG consideration when constructing an investment portfolio.

Identifying key non-financial metrics in the environmental and social categories, such as carbon emissions, water usage and business lines targeting mass consumers from an equality perspective, will become increasingly important from a risk management and diversification angle, in our view.

Fig. 8 Low correlation between China ESG factors and major risk factors*

Cross-sectional correlation between ESG and major risk factors of 512 China A-shares companies



Source: IGW via Invesco

*Data as of 31 July 2021. Cross sectional correlation between ESG and major risk factors of 512 China A-shares companies. ESG factors based on MSCI ESG Ratings and risk factors based on Barra China Equity Model (CNE5)

Audrey Goh, CFA
Head, Asset Allocation and Thematic Strategy

Hannah Chew
Portfolio strategist

We would also like to thank Debasri Ghosh, Executive Director, Sustainable Finance, for her contributions to this report.

Appendix

Overview of themes for Q3 2022

	Themes	Date opened	Date closed
The winds of climate change	Water scarcity	9 December 2021	**Open**
	Electric Vehicles (EVs)	9 December 2021	**Open**
	Infrastructure/Green Capex	9 December 2021	**Open**
	Clean Technology	25 March 2022	**Open**
Embracing a digital future	5G/Internet of Things (IoT)	9 December 2021	24 June 2022
	Cybersecurity	9 December 2021	**Open**
	Blockchain Solutions	9 December 2021	25 March 2022
	Financial Technology (FinTech)	9 December 2021	25 March 2022
China 'Common Prosperity'	Hard Tech/Semiconductors	9 December 2021	**Open**
	Renewables	9 December 2021	**Open**
	Chinese Internet	9 December 2021	25 March 2022

Source: Standard Chartered

Our assessment of drivers and indicators

Thematic investing is multi-faceted across regions, sectors and time horizons. Various drivers can influence a theme, from structural trends, such as demographic shifts, to public policies and regulations. However, as for most investments they also deeply depend on cyclical drivers such as the outlook for economic and earnings growth, valuation and interest rates changes. Below we outline what we see as key drivers and our related views with respect to our open thematic investment ideas.

Thematic drivers

	Cyclical Factors				Structural Factors		
Theme	**Economic growth**	**Increase in bond yields**	**Valuations**	**Earnings Revisions**	**Policy support**	**Trends evolution**	**Socio-economics**
The winds of climate change	=	✗	✓	✗	✓	✓	✓
Embracing a digital future	=	✗	✗	✓	✓	✓	=
China 'Common Prosperity'	=	=	✓	✗	✓	=	=

Source: Standard Chartered, ✓ indicates the driver supports the performance of a theme. ✗ indicates the driver is currently a headwind to the performance of a theme. = indicates a neutral view

Themes monitor

Name	2022 YTD (%)	Q2 2022 (%)	12m forward P/E
The winds of climate change			
Clean Technology	-9.7	-9.8	29.7
Electric Vehicles (EVs)	-29.3	-21.4	15.3
Water Scarcity	-23.5	-13.5	20.9
Infrastructure/Green Capex	-0.5	-4.7	18.4
Embracing a digital future			
Cybersecurity	-23.2	-23.9	32.9
China 'Common Prosperity'			
Hard Tech/Semiconductors	-19.8	-4.5	24.4
Renewables	-11.5	7.5	23.0

Source: Bloomberg, Standard Chartered

YTD returns from 31-Dec-2021 to 30-Jun-2022; Q2 2022 returns from 24-Mar-2022 to 30-Jun-2022; 12m forward P/E as of 30-Jun-2022

Themes are represented by the following indices: Clean Tech - S&P Global Clean Energy Index; Electric Vehicles (EVs) - Solactive Autonomous & Electric Vehicles Index; Water - ISE Clean Edge Water Index; Infrastructure/Green CAPEX - S&P Global Infrastructure Index; Cybersecurity - Nasdaq CTA Cybersecurity Index; Hard Tech/Semiconductors - FactSet China Semiconductor Index; Renewables - MSCI China IMI Environment 10/40 Index

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