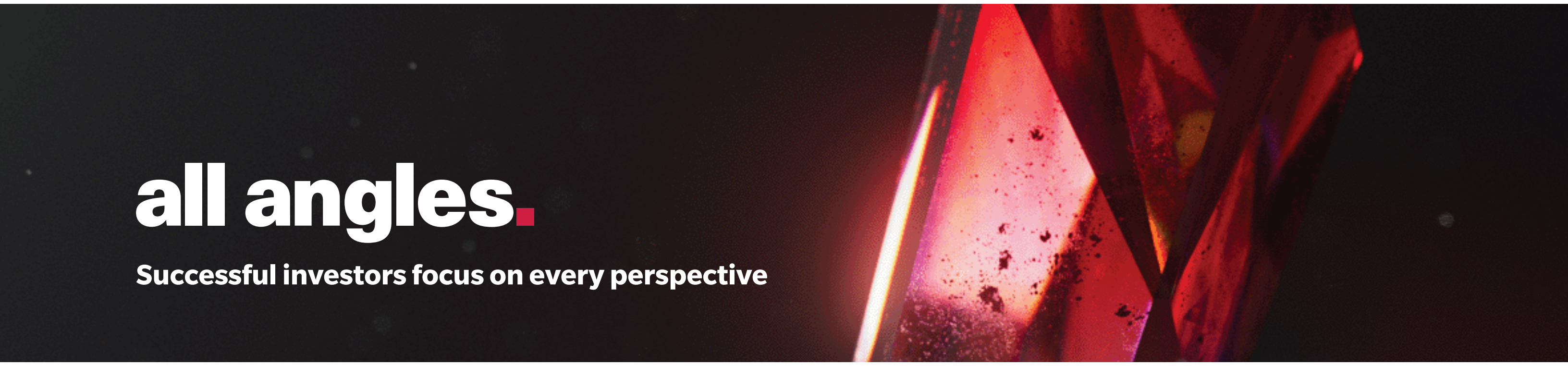

PODCAST

Energy Security: How the Middle East War Impacts Investors

FEATURING

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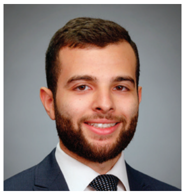

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Key takeaways

- **Energy security is becoming a strategic investment variable, not just a geopolitical risk.** The conflict has highlighted the vulnerability of critical energy and shipping routes, reinforcing the importance of reliable supply and system resilience.
- **The impact varies across regions, sectors, and capital structures.** Energy-importing economies, energy-intensive industries, and different parts of the capital structure are experiencing, and may continue to experience, the shock in different ways.
- **The investible energy landscape may be changing.** Reliable energy supply and resilient infrastructure may command a higher premium, creating new opportunities and risks for investors.

The ongoing US–Iran conflict has reinforced that energy security is no longer simply a geopolitical issue — it is also increasingly an investment issue. The disruption of a critical energy corridor has exposed vulnerabilities across the global energy system and highlighted how energy influences supply chains, inflation, economic growth, and capital allocation. In our view, investors should think of this less as a short-term commodity event and more as an energy-system shock with potentially lasting implications.

Energy security is becoming a more important investment lens

For much of the past decade, energy discussions were largely focused on affordability and sustainability. Now, however, security is becoming an equally important consideration. Governments and companies are reassessing strategic reserves, domestic production, trusted trading partners, and infrastructure resilience as they seek to reduce dependence on vulnerable supply routes.

We believe this reinforces an important reality: reliable energy supply remains essential to economic stability. The relevant framework is the energy trilemma: affordability, sustainability, and security. In recent years, sustainability often dominated the debate; today, security is being reprioritized. As a result, countries may adopt a more diversified, "all-of-the-above" approach that includes traditional energy, LNG, storage, nuclear power, and renewable sources.

Practical application:
Investors may benefit from assessing companies, assets, and countries through an energy-security lens, placing greater emphasis on supply reliability, infrastructure quality, and jurisdictional stability. That means looking beyond headline commodity moves to ask whether a company has secure access to energy, pricing power, and resilient supply chains, as well as the balance-sheet capacity to absorb higher input costs.

The impact of an energy shock varies across regions, sectors, and capital structures

The consequences of energy disruption are rarely uniform. Countries with abundant domestic resources may face a different set of opportunities and risks than countries that depend heavily on imported energy. Likewise, energy-intensive industries may experience very different outcomes from businesses with limited exposure to energy costs. The effects can also be indirect: higher energy prices can feed into inflation, rates, freight costs, airline margins, household goods, health care supplies, and consumer spending power.

This distinction is also important for assessing corporate capital structures. Equity investors often focus on earnings, margins, and valuation, while fixed income investors must determine whether changing economic conditions will affect a borrower's ability to generate cash flow and repay debt. It is also important to distinguish between spot-price volatility and longer-term cash-flow implications, as equity and credit markets may price the same shock differently across time horizons.

This creates a highly differentiated environment in which broad sector views are less valuable than detailed, company-level analysis, and we therefore believe that balance-sheet strength, competitive positioning, and adaptability may matter more than commodity exposure alone.

Practical application:
This is increasingly a market of winners and losers. Identifying them requires bottom-up research and collaboration across equity and fixed income perspectives to understand both upside opportunities and downside risks.

The investible energy landscape may be changing

Markets have been reminded that energy demand remains fundamental and that reliable supply can command a premium. The longer-term opportunity may therefore extend beyond energy producers themselves.

Increased investment in energy infrastructure, storage, transportation networks, and other critical parts of the value chain could create opportunities across multiple sectors and regions. At the same time, not every beneficiary of today's environment will prove a long-term winner. History suggests that energy markets ultimately adapt, making selectivity essential.

Practical application:
Investors should focus on businesses with durable competitive advantages, strong balance sheets, and the ability to benefit from increased investment in energy security and infrastructure over multiple cycles.

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Conclusion

One of the most important lessons from the current Middle East conflict is that energy security has re-emerged as a critical investment consideration. In our view, the opportunity is not simply about higher energy prices; it is about understanding which regions, sectors, and companies are best positioned for a world that places a greater premium on resilience, reliability, and adaptability. Identifying those opportunities — and understanding the risks — requires rigorous, bottom-up research, a global perspective, and collaboration across sectors and capital structures.