

Investment Themes and the Inflation Reduction Act

Gregga J. Baxter





Investment Themes and the Inflation Reduction Act

Investment themes

GIB Asset Management (GIB AM) integrates sustainable investment factors into our understanding of each company we analyse. By identifying the sustainable themes and megatrends that will drive company revenues, and by assessing the sustainability of operations that will impact profits and returns, we identify those companies that can excel over the long term.

This document is intended for information purposes only, to aid understanding of the Inflation Reduction Act (IRA) from GIB AM's perspective. Importantly this is not a presentation of the contents of the IRA.

[The full IRA is available here](#)

To identify the sustainability themes and megatrends, we focus on identifying the world's largest social and environmental challenges faced by our People and Planet, and seek out companies whose products and services provide lasting solutions:



Mega Themes

- Health
- Inclusivity
- Safety
- Circularity
- Clean Energy
- Efficiency

Sub Themes

- Nutrition
 - Affordable Care
 - Fitness
 - Medical Innovation
 - Oncology
 - Cardiovascular
 - Diabetes
 - Medical Efficacy
- Education
 - Savings Gap
 - Decent Employment
 - Connectivity
 - Payments
 - SME Support
 - Responsible Finance
- Cybersecurity
 - Clean & Safe Mobility
 - Insurance
- Renewable Materials
 - Future Food Systems
 - Waste Treatment & Recycling
 - Water
 - Sustainable Commodities
- Energy Storage
 - Renewable Energy
 - Hydrogen
- Sustainable Logistics
 - Buildings
 - Frontier Technology
 - Industrial Automation
 - Industrial Decarbonisation
 - High Speed Rail

Buzz word bingo

Number of mentions in the IRA:

Air quality	7	Food systems	42
Indoor air quality	1	Carbon	124
Climate change	2	Efficiency	49
Health(y)	49	Safety	4
Affordable care	1	Electrified mobility	1
Greenhouse gas(es)	147	Banking	1
Clean energy	11	Technology	68
Hydrogen	78	Lithium	5
Renewable energy	14	ESG	0
Ocean	17	Artificial intelligence	0
Responsible finance	0		

Key terms, facts and figures

Indoor air quality

\$4 billion of loan subsidies to fund projects that improve indoor air quality in affordable housing

Air quality

Qualifies the zero-emission credit program for nuclear power facilities to include payments under Federal, State or local programs with respect to the air quality attributes of the electricity produced

\$400 million of awards to contractors to replace non zero-emission heavy-duty vehicles with clean (zero-emission) heavy-duty vehicles in air pollutant nonattainment areas

\$750 million of awards and rebates to purchase or install zero-emission port equipment in ports located in air pollutant nonattainment areas

\$50 million to the EPA to expand the national ambient air quality monitoring network with new multipollutant monitoring stations

\$3 million of to the EPA to deploy and operate air quality sensors in low-income and disadvantaged communities

\$1,893 million to the Federal Highway Administration to identify, monitor or assess ambient air quality in disadvantaged or underserved communities





Climate Change

\$100 million to Department of Energy to study (inter alia) the effects of changes in weather due to climate change on the reliability and resilience of the electric grid

\$15 million to Department of Energy to provide technical assistance for climate change planning

Health

\$60 million to the EPA to address the health impacts of diesel emissions in low-income and disadvantaged communities

\$5 million to the EPA to develop and establish tests and protocols regarding the public health effects of a fuel or fuel additive

\$850 million to the EPA to (inter alia) provide funding for mitigating health effects of methane and other greenhouse gas emissions and legacy air pollution from oil and gas systems in low-income and disadvantaged communities

\$2.8 billion grants for the mitigation of climate and health risks from urban heat islands, extreme heat, wood heater emissions and wildfire events

Greenhouse gasses

Requirement to consider the potential to reduce US greenhouse gas emissions associated with air travel in order to access (in aggregate) \$297 million program for low-emission aviation technologies and sustainable aviation fuel

Level of clean hydrogen production credits, clean electricity and clean transportation credits dependent on lifecycle greenhouse gas emission rate.

Access to \$10 billion clean and advanced energy manufacturing project credit dependent on level of greenhouse gas emission reduction.

Establishment of \$27 billion Greenhouse Gas Reduction Fund to be designed and implemented by the EPA

\$37.5 million of grants for projects to monitor and reduce greenhouse gas emissions at schools in low-income and disadvantaged communities

\$87 million to EPA for domestic electricity generation greenhouse gas emissions reduction

Ocean

\$2.6 billion to NOAA to fund conservation, restoration and protection of coastal and marine habitats

Ocean weather

\$100 million to NOAA to acquire hurricane hunter aircraft

Lithium

\$10 billion of credits to fund investments in clean energy and energy security projects including the production of critical materials, including lithium

Food systems





\$4.95 billion to CCC to fund partnerships to support conservation projects that assist agricultural producers to improve soil carbon and reduce nitrogen losses

Electrified mobility

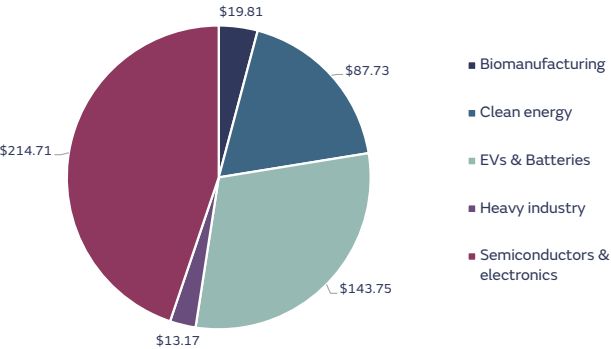
\$2 billion of grants for domestic production of efficient hybrid and electric vehicles



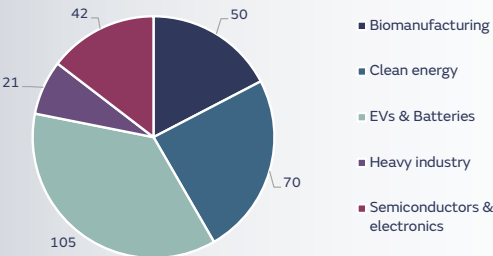
Impact of the IRA

-  Since the announcement of the IRA we have identified 288 new project initiatives directly tied to the sectors covered by the IRA.
-  These projects represent an aggregate value of nearly \$500 billion with the potential to create 223,000 new jobs.
-  132 projects are initiated by non-US firms demonstrating the ability of the IRA to stimulate FDI into the US.
-  Most of the projects are being undertaken by publicly-listed companies providing an opportunity for investors to share in the risk/reward of these new projects.

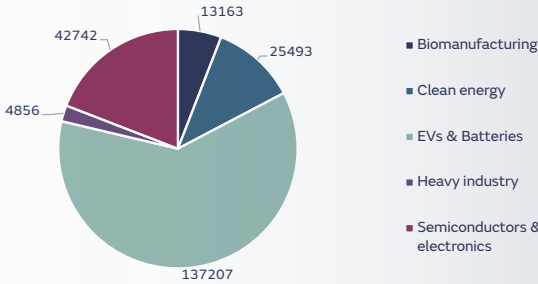
Clean project announcements (\$479 billion)



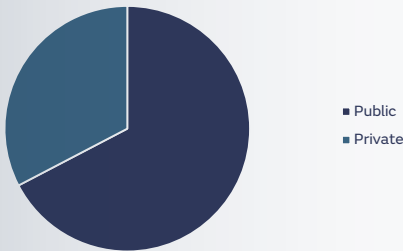
Clean project announcements (288 projects)



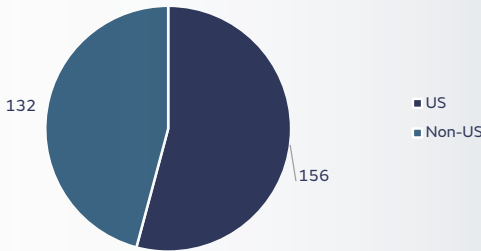
Clean project announcements (223,000 new jobs)



Clean project announcements (198 public companies)

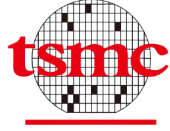


Clean project announcements (132 non-US companies)





IRA project company examples*



*All logos are sourced from and remain the property of their respective owners



IRA project examples

Company	Project	GIB AM Investment theme	GIB AM Strategy holding
ASML	\$200 million expansion of its R&D and manufacturing campus	Frontier technology	GIB AM European Focus Equity Strategy & GIB AM Sustainable World Equity Strategy
Thermo Fisher	\$154 million expansion of its pharmaceutical manufacturing	Medical innovation	GIB AM Sustainable World Equity Strategy & GIB AM Sustainable World Corporate Bond Strategy
Linde	\$600 million new plant to supply clean industrial gases	Clean energy	GIB AM Sustainable World Equity Strategy
CRODA	\$138 million new lipid systems facility	High impact disease	GIB AM European Focus Equity Strategy
TSMC	\$28 billion green manufacturing for 3nm process technology	Frontier technology	GIB AM Emerging Market Active Engagement Strategy
Eli Lilly	\$1 billion new facility to manufacture parenteral (injectable) products and devices	Medical efficacy	GIB AM Sustainable World Corporate Bond Strategy
Pfizer	\$470 million to expand its vaccine research facility	High impact disease	GIB AM Sustainable World Corporate Bond Strategy
Perrigo	\$170 to expand its manufacturing of infant formula	Nutrition	GIB AM Sustainable World Corporate Bond Strategy
Orsted	\$1.4 billion to develop offshore wind project in Maryland	Clean energy	GIB AM Sustainable World Corporate Bond Strategy
Iberdrola	\$10 billion to develop 3 offshore wind projects in Massachusetts	Clean energy	GIB AM Sustainable World Corporate Bond Strategy
Steel Dynamics	\$2.5 billion to develop state of the art low carbon aluminum flat roll mill	Resource efficiency	GIB AM Sustainable World Corporate Bond Strategy
Enel	\$1.2 billion for new solar photovoltaic modules manufacture	Clean energy	GIB AM Sustainable World Corporate Bond Strategy
Volvo	\$118 million to expand its EV manufacturing plant	Electrified Mobility	GIB AM Sustainable World Corporate Bond Strategy
Ford	\$11.4 billion to develop its Blue Oval City EV manufacturing site	Electrified Mobility	GIB AM Sustainable World Corporate Bond Strategy
BMW	\$1.7 billion investment to produce EVs and high-voltage batteries	Electrified Mobility	GIB AM Sustainable World Corporate Bond Strategy
Nextera	\$415 million to develop onshore wind power farms	Clean energy	GIB AM Sustainable World Corporate Bond Strategy
Novelis	\$365 million to build highly advanced recycling center for automotive	Waste management & circularity	GIB AM Sustainable World Corporate Bond Strategy
NXP	\$2.6 billion to expand manufacture of chips for cars, phones and industrial equipment	Safe mobility	GIB AM Sustainable World Corporate Bond Strategy





This document has been prepared by Gulf International Bank (UK) Limited (GIB UK). GIB UK is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority and the PRA. GIB UK is registered as an Investment Adviser with the Securities and Exchange Commission in the United States. None of the content in this communication is investment advice, and the information contained herein is for information purposes only. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

The views expressed in this publication are those of the author(s) alone and are subject to change without notice. GIB UK has no obligation to update this publication. The information contained in this publication has been obtained from sources that GIB UK believes to be reliable, but makes no representation that the information contained herein is accurate, reliable, complete, or appropriate.

Contact

info@gibam.com

T: +44 (0) 20 7259 3456

Follow us: 