

Press Release

Triodos Investment Management Investment Outlook 2025

Navigating the edge: How investors can prepare for global tipping points

Driebergen, the Netherlands, 28 November 2024 – Triodos Investment Management (Triodos IM) has published its Investment Outlook for 2025. The theme of the outlook is 'Navigating the edge: How investors can prepare for global tipping points in 2025'. In their analysis, Triodos' investment strategists identify several critical tipping points and interconnected challenges that could redefine the investment landscape.

A tipping point represents a critical threshold where external pressures cause a system to lose resilience, triggering self-sustaining changes to a new state. Tipping points can lead to irreversible changes in ecosystems, social systems and economic systems, either improving or worsening the state of a system. Navigating these tipping points requires a different strategy for investors that goes beyond traditional risk assessment and embraces resilience, adaptation, and transformation as guiding principles.

While some tipping points, like the collapse of ecosystems or instable social structures are clearly negative, there is also an upside. Technological tipping points can lead to exponential growth and sometimes solve ecological challenges. For example, the transition towards renewable energy, electrification of transport, and battery storage has the potential to create a fossil-free economy.

Hans Stegeman, Chief Economist at Triodos Bank: "For investors, the challenge is to identify where these tipping points lie and anticipate their impact. Our strategy emphasises two key aspects: reducing exposure to negative tipping points and maximising potential in positive transitions. This means avoiding investments tied to unsustainable practices and seeking opportunities in sectors positioned for growth within an evolving landscape. While we closely monitor the economic outlook for 2025, our focus as long-term impact investors extends to the broader landscape of systemic, global, and unpredictable risks and opportunities."

According to William de Vries, Director Impact Equities & Bonds at Triodos Investment Management, the challenge for investors lies in anticipating complex and often contradictory changes: "Impact investing is all about looking beyond economic cycles and identifying the fundamental changes that are shaping the world. This means understanding the longer-term goals, knowing which solutions are needed and pinpointing the companies that are actively delivering positive change. For us, impact is and remains our most important compass. We focus on sectors and companies that contribute structurally to the transition to a sustainable economy. These are likely to be the future winners and provide the most stable investments." For the year ahead, De Vries recommends a resilient, more defensive investment strategy: "With this year's high stock market profits and the weaker growth outlook for 2025, a stock market correction seems to be a matter of time."

Femke Bos, Director Impact Private Debt and Equity at Triodos Investment Management, sees biodiversity as an important impact investing theme for 2025: "The rapidly progressing loss of biodiversity represents an ominous tipping point with potentially devastating consequences. It's a huge undertaking to try and turn the tide but it's crucial that we get started. Investors can really make a change here." Bos also sees positive tipping points in the energy transition with the Netherlands for instance now generating 50% of its energy consumption in a sustainable way.

“As a pioneer in the sustainable energy sector, we are now focusing on the next step: scaling new technologies like battery storage and solving urgent challenges like net congestion.”

Triodos IM's Investment Outlook 2025 is available [on the Triodos IM website](#).

About Triodos Investment Management

Triodos Investment Management connects a broad range of investors who want to make their money work for lasting, positive change with innovative entrepreneurs and sustainable businesses doing just that. In doing so, we serve as a catalyst in sectors that are key in the transition to a world that is fairer, more sustainable and humane.

We have built up in-depth knowledge throughout our 25 years of impact investing in sectors such as Energy & Climate, Inclusive Finance and Sustainable Food & Agriculture. We also invest in listed companies that materially contribute to the transition toward a sustainable society. Assets under management as per ultimo June 2024: EUR 5.9 billion.

Triodos Investment Management is a globally active impact investor and a wholly owned subsidiary of Triodos Bank NV.