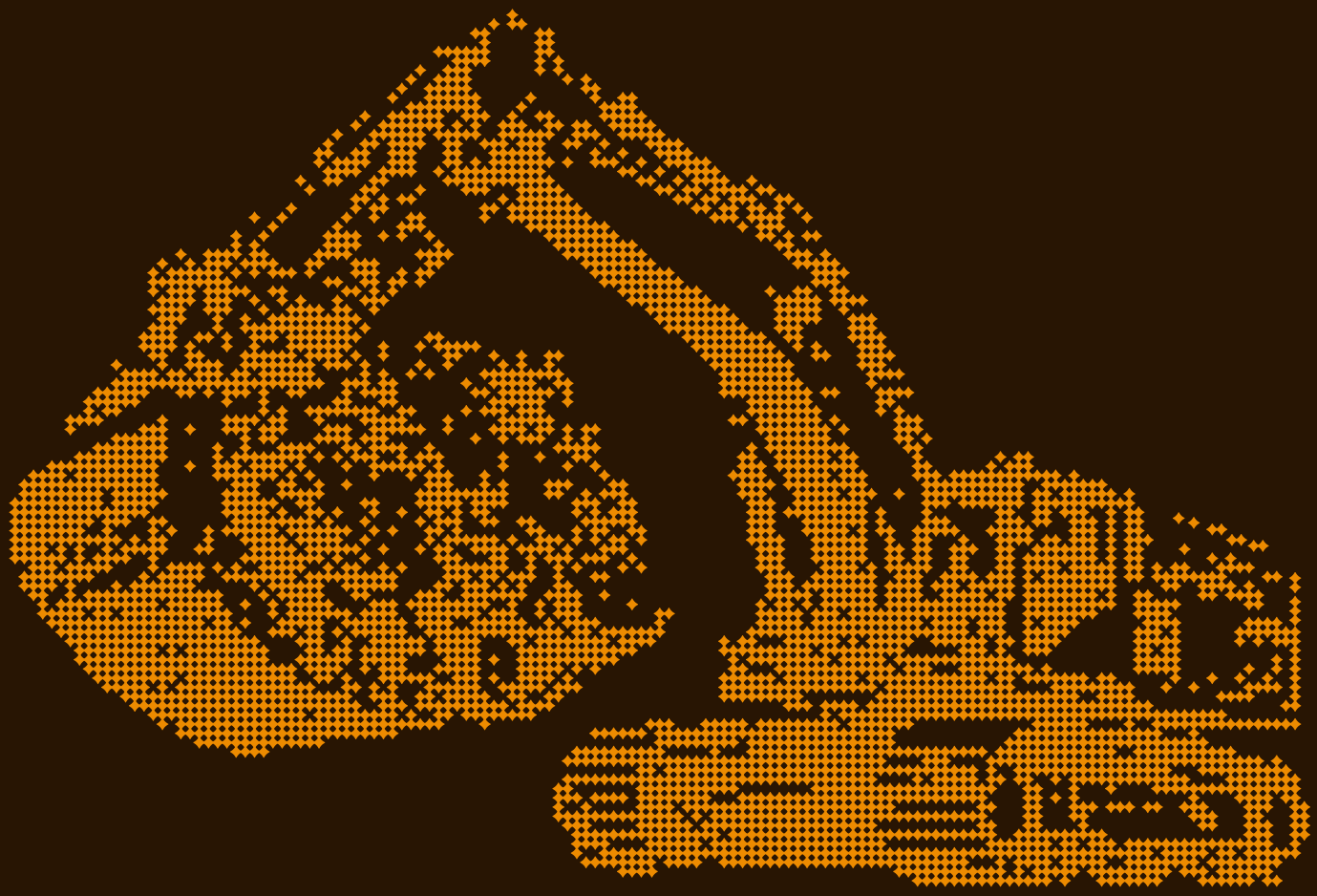
Investment OUTLOOK

November 2026



A monthly round-up of GLOBAL MARKETS *and trends*

In this issue:
Investing in scarcity

evelyn PARTNERS

INVESTING *in* SCARCITY



Daniel Casali
Chief Investment Strategist

As economies prioritise resilience and security of supply, scarce resources may support pricing power and create potential long-term opportunities across metals, energy and technology.

Summary

The global economy appears to be shifting from a focus on efficiency and globalisation towards resilience and security of supply. After decades of "just-in-time" supply chains, shocks including Covid-19, geopolitical conflict and trade tensions have exposed vulnerabilities, prompting governments and companies to adopt a more defensive "just-in-case" approach.

For investors, this creates opportunities where demand is strong, but supply is difficult to expand. Three key equity areas that could potentially stand out: metals and mining, oil and gas, and compute power in information technology (IT). The core theme is scarcity. Businesses controlling scarce assets may benefit from stronger pricing power, resilient earnings and attractive long-term growth.

The world Adam Smith built

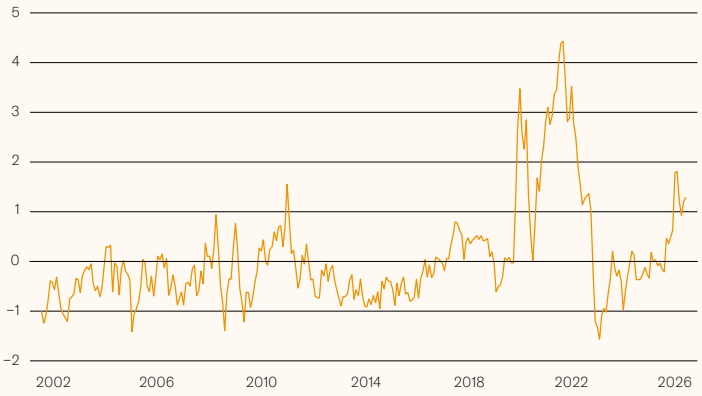
In 1776, Adam Smith published The Wealth of Nations, helping to shape a world built on specialisation and trade. Over the next 250 years, businesses became increasingly interconnected, pursuing efficiency through global supply chains, offshoring and lean inventories. The ultimate expression of this philosophy was Toyota's post-war "just-in-time" manufacturing model, which later spread across the global economy. Apple, for example, designs products in the US, sources components globally and assembles many devices in Asia. By minimising inventories and relying on global supply chains, companies reduced costs, boosted profitability and helped keep inflation low for decades.

The rise of just-in-case thinking

Today, that world is being challenged. The defining feature of the 2020s has been a series of shocks that have exposed the vulnerabilities of highly optimised supply chains. Covid-19 disrupted global production networks. Russia's invasion of Ukraine highlighted the risks of relying on imported energy and raw materials. Trade tensions between the US and China have led to tariffs, and restrictions on access to critical technologies and materials, as both nations compete to be an artificial intelligence (AI) superpower.

More recently, instability in the Middle East has underscored the fragility of key energy infrastructure and maritime trade routes. These disruptions have been reflected in historically elevated readings in the New York Fed's Global Supply Chain Pressure Index, a composite measure of transportation costs and manufacturing delivery times that tracks stress across global supply chains, highlighting the extent to which geopolitical and economic shocks have strained the flow of goods worldwide.

Global Supply Chain Pressure Index*



Source: LSEG Datastream/Evelyn Partners. Data as at 20 Oct 2026. *Global Supply Chain Pressure is measured as number of standard deviations from average. Federal Reserve Bank of New York and includes global transportation costs and manufacturing PMI surveys focused on seven major economies.

With geopolitical tensions rising and trust declining between nation-states the once efficient, stable global trade system increasingly appears vulnerable.

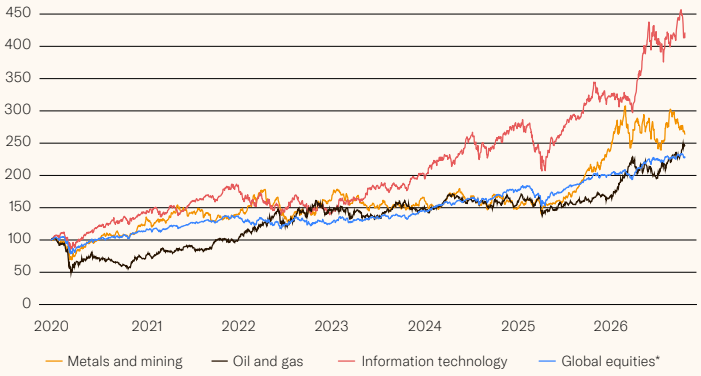
As a result, governments and corporations are shifting from a "just-in-time" to a "just-in-case" mindset. Rather than assuming critical goods will always be available when needed, countries are rebuilding strategic inventories, diversifying supply chains, securing access to essential resources and reshoring production. The 2022 US CHIPS and Science Act aims to boost domestic semiconductor manufacturing. Energy and mineral security along with technological sovereignty have all become strategic priorities. In short, nations are increasingly willing to sacrifice efficiency in exchange for resilience.

What does this scarcity shift mean for investors?

Arguably, potential investment opportunities are being driven not only by earnings growth, but also by increasing strategic importance and tightening supply conditions. The opportunity lies where strong demand meets constrained supply, creating the potential for higher prices and expanding profit margins.

Some companies that could benefit from this scarcity trend may be found in metals and mining, oil and gas, and information technology sectors. So far this decade, these sectors have outperformed the global equity market. Whether in copper, energy infrastructure or data centres, the common thread is a growing willingness of governments and corporations to pay more to secure access to critical resources.

MSCI All Country World sector and industry return indices



Source: LSEG Datastream/Evelyn Partners. Data as at 22 Oct 2026. In GBP and rebased to 100 from 31 Dec 2019. *Global equities is MSCI All Country World

Scarcity-linked businesses may be better placed in a world of higher inflation and interest rates. Companies controlling scarce assets often have greater pricing power, helping revenues and cash flows keep pace with inflation and offset some of the valuation pressure from higher discount rates.

Critical metals, constrained supply

A significant supply gap is emerging across the metals and mining sector, particularly for critical materials such as copper. After years of underinvestment, the industry is struggling to bring on enough new supply to meet rising demand.

Berenberg projects that global mined copper production will peak in 2029. Meanwhile, copper exploration budgets have nearly halved since 2012, and new mines can take five to ten years to develop, creating a long and inflexible supply response.[1]

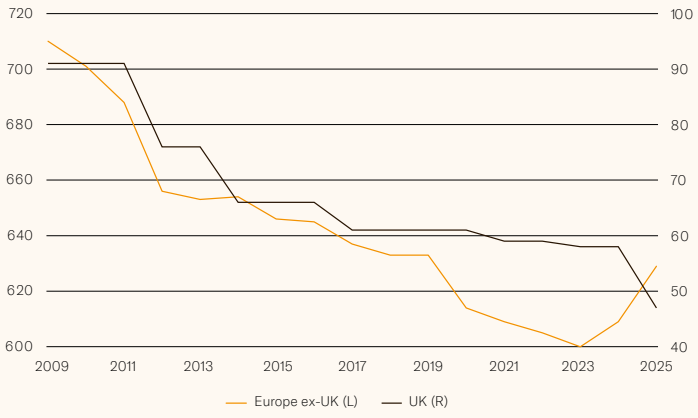
At the same time, demand is accelerating as economies electrify, power grids expand and AI-driven data centres consume increasing amounts of copper-intensive infrastructure. The market has already moved into deficit, with recycled copper increasingly required to bridge the gap. Berenberg expects this shortfall to widen to almost 32% of mined supply by 2040.[2]

The digital and energy transitions are increasingly constrained by physical resources. Without a sustained increase in investment, copper could become an example of how scarcity could contribute to higher prices, stronger cash flows and potentially higher equity valuations.

Energy security

Energy security has re-emerged as a strategic priority. Years of underinvestment in conventional oil and gas production, together with limited investment in refining capacity, have left global energy markets increasingly exposed to supply disruptions. In the UK, primary refining capacity is down 48% since 2009 and has fallen 11% on the continent.[3] This reflects both the push for decarbonisation, which discouraged investment in fossil fuels, and a period of capital discipline following the overinvestment by US shale producers in the early 2010s. To put that in perspective, annual capital expenditure by listed global energy companies remains slightly below its previous peak in 2014, yet global crude oil and liquid fuel demand has grown by more than 10% over the same period.[4]

Refinery Capacity



Source: LSEG Datastream/Evelyn Partners. Data as at 20 Oct 2026. Primaru crude oil refinery capacity (also includes biorefineries from 2023).

Spare capacity has become more constrained, making markets more sensitive to geopolitical shocks and supply outages. Sanctions on Russia, conflict in the Middle East and attacks on critical oil and gas infrastructure have highlighted the importance of secure energy supplies and refined products such as diesel.

As a result, governments may prioritise domestic supply. China and Russia have periodically restricted refined fuel exports to preserve domestic supply, while in September 2026, the US administration considered restricting diesel exports amid high domestic fuel prices, before President Trump ruled out a ban on 2 October.

With countries placing greater emphasis on security of supply, energy markets are becoming less efficient and more fragmented. The result is a higher likelihood of sustained price volatility and a potential scarcity premium for energy assets.

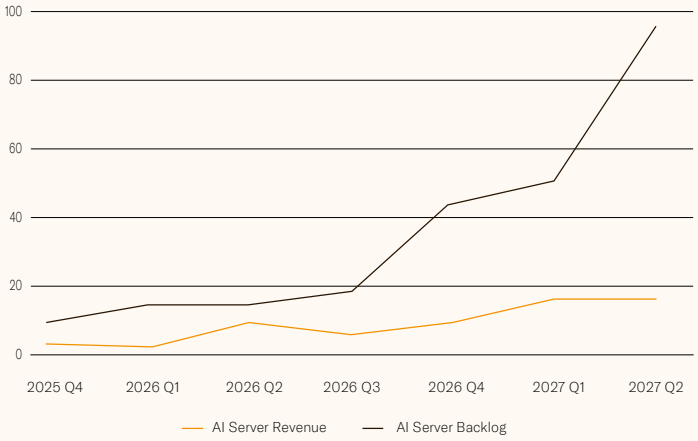
The race for compute power

The development of AI represents a clear example of both structural demand and scarcity. Demand for advanced semiconductors, data centres and computing infrastructure has surged as governments and companies invest aggressively in AI capabilities, driven by both the opportunities AI presents and the strategic costs of falling behind.

Supply remains highly concentrated. Advanced chips are produced by only a handful of manufacturers, while cutting-edge fabrication facilities require tens of billions of dollars of investment and many years to construct. As a result, demand for advanced AI chips has outpaced supply, leading to growing order backlogs and extended delivery times across the semiconductor ecosystem. Reflecting these constraints, NVIDIA CEO Jensen Huang recently noted that the company's entire supply chain is "running flat out" to meet demand.[5]

The imbalance is evident across the wider AI infrastructure market. Dell Technologies' AI server backlog has risen from roughly $3.8bn in 2024 to $95bn today.6 Much of this demand is being driven by hyperscalers and AI developers deploying NVIDIA-powered systems. Dell's rack-scale servers have become a key route for expanding compute capacity, with orders arriving faster than manufacturers can build and deploy infrastructure.

Dell: AI Optimised Server Revenue and Backlog (billion USD)



Source: LSEG Datastream/Evelyn Partners. Dell Startup Fortune. Data as at 22 Oct 2026.

AI is no longer just a commercial opportunity but a strategic priority. Both the US and China view leadership in AI as critical to future economic and military competitiveness. Much like copper has become a scarce input for the energy transition, compute power is emerging as a scarce input for the digital economy.

Summing up

The current economic backdrop appears to reflect a partial reversal of the world envisioned by Adam Smith. Rather than relying solely on global markets to allocate resources efficiently, nations are increasingly prioritising resilience, redundancy and self-sufficiency. The result may be a world where security of supply is valued more highly than lowest cost.

For investors, understanding this possible shift from "just-in-time" to "just-in-case" may prove to be one of the defining themes of the decade. In a world of higher inflation and interest rates, companies with scarce assets and strong pricing power may be better placed to sustain earnings growth. The opportunities may therefore lie not where demand is strongest, but where supply is hardest to expand.

"Companies controlling scarce assets often have greater pricing power, helping revenues and cash flows keep pace with inflation and offset some of the valuation pressure from higher discount rates."

Speak to us

Sources

[1] Bernstein, global metals and mining, The Long View – copper, 5 October 2025

[2] Berenberg, metals and mining, December 2025

[3] LSEG/Evelyn Partners, Concawe. October 2026

[4] LSEG/Evelyn Partners, October 2026

[5] Jensen Huang sees no sign of 2029 memory glut: 'You can always use more' October 2026

[6] Prediction: Dell's AI Server Backlog Makes It a Sneaky Way to Play the Nvidia Supercycle, the Motley Fool, 16 September 2026

Author:
Daniel Casali

For further information:
E: contact@evelyn.com | T: 020 3131 5203

evelyn.com

Evelyn Partners Investment Management Services Limited is authorised and regulated by the Financial Conduct Authority.

© Evelyn Partners Group Limited 2026

evelyn PARTNERS

The value of investments can fall as well as rise, and investors may get back less than they invested. Currency movements may increase or decrease returns for sterling-based investors. Past performance is not a guide to future performance. The content in this outlook is not intended to constitute advice or a recommendation, and you should not make any investment decision based on it. Our opinions may change without notice.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

at
EVELYN
PARTNERS