

How to Turn the Threat of Armageddon into Cold, Hard Cash!

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[Yesterday](#), we introduced you to the idea of “Investing in the Apocalypse”. Today, we’re going to carry on disrupting your “normalcy bias” – the false belief that things will carry on, as they are.

At *Exponential Investor* we like to be a positive lot. Where others see only doom, terror, and the incalculable suffering of millions – we spot a money-making opportunity. Below, we’ll show you how to turn the threat of Armageddon into cold, hard cash!

Climate change

Climate change will be a serious problem. However, there’s a significant risk that it could develop into an overwhelming crisis – and this is not fully appreciated, by most people. We’re very likely to exceed 2C over pre-industrial temperatures. Such a rise will lead to very severe disruption to the global climate system.

We should expect significant negative effects on many agricultural zones – leading to large movements of refugees. You only have to look at the strains from the Syrian crisis, to see how serious this situation might get. Add in major sea-level rise, and we could see a quite unprecedented human migration.

There is also the possibility of unexpected disruptions to the climate system – which could be sudden. Such “tipping point” scenarios would mean major transformations to the way the planet works. One example is the stalling of ocean currents, which are responsible for keeping Britain and Northern Europe warm – a scenario envisaged in *The Day After Tomorrow*. Another possibility is the large-scale release of methane from permafrost. This would lead to very dramatic warming, over just a few decades. Such scenarios may be unlikely – but they are an active area of scientific research.

Accordingly, it may be worth investing in firms which are backing more radical solutions to climate change. Of course, renewables are a great bet – and you don’t need climate change to prove the case for *that* investment. But investments in [geoengineering](#) may win out – particularly if things get really bad.

Sectors to watch: CO2-sucking firms, like Climworks and Carbon Engineering, may benefit – but civil engineering contractors may be a lower-risk play.

Rogue AI

One of my favourite recent sci-fi films was *Ex Machina*. This envisaged a rogue humanoid AI. While the development of emotionally-convincing artificial humans is implausible in the near term, the idea of AI going rogue is a very real risk. As computers take over more and more decision-making processes, the risks are increasing exponentially.

Modern AI systems are fundamentally different from old-school computer programs. The precise mechanisms by which they make their decisions are no longer visible to us. Furthermore, the integration of computers across the internet is so deep, and so extensive, that their interoperability is not necessarily fully understood. We can see how complex systems are prone to instability, by looking at the financial crisis. While it’s not certain that such risks exist in the online world, it’s hard to prove that they don’t.

Sectors to watch: if you’re focussed AI risks, you’re probably far better placed investing in AI on the way up, than on the way down!

Super-volcanoes

Volcanoes are pretty impressive things, and the global media network means we’re pretty used to seeing them. But supervolcanoes are a whole different matter. They erupt only rarely – but they’re as devastating as a nuclear war. During the time of humans, enormous volcanoes like Toba have threatened the very survival of the human race. Genetic evidence has persuaded some scientists that the global human population was reduced to just a few thousand, at around the time of that eruption – a pattern seemingly repeated in other animals.

Sectors to watch: a large eruption would be curtains for civilisation – but defence firms could benefit from the chaos following a smaller eruption.

Gamma Ray Bursts

Every day or so, we catch “sight” of a Gamma Ray Burst. These enormous outpourings of energy originate in dying stars. In much the same way as a nuclear bomb, GRBs can reliably kill far beyond their immediate vicinity. However, unlike a nuclear bomb, the

focussed beam from a GRB could sterilise planets many light years away. On Earth, it has been postulated that the Ordovician–Silurian extinction event was caused by a GRB. Even a more mildly-impacting GRB event would trash the ozone layer – devastating agricultural productivity.

Of course, GRBs aren't the only risk from space – and we've covered the (substantially more likely) asteroid impact, earlier. Alternative scenarios include near-Earth supernovae, and massive solar flares. Even a modest solar eruption has the capacity to unleash chaos on our electronically-connected world – and satellites are especially vulnerable.

Sectors to watch: it's very speculative – but any form of agriculture that protects crops from UV (such as glasshouses, or seaweed farming) would likely benefit.

It's probably impossible to finalise a list of apocalyptic scenarios – but we'd love to hear your opinions. Email us: andrew@southbankresearch.com

Best,

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