The critical drivers for energy are pointing in the same direction.
<table>
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<th>Cause</th>
<th>Effect</th>
<th>Possible Ramifications</th>
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| **Emerging Economy Growth**  
Populous nations such as China and India are in the midst of rapid economic growth, rising urbanization and growing incomes. | **Rising Oil Consumption**  
These nations need increasing amounts of energy and, in fact, by 2040 emerging markets will account for 40 percent of global energy demand. | **Competition for Oil Resources**  
Supply has not risen at the same pace as demand, so these nations are competing against developed economies for a larger share of the world’s energy supply.  
**Higher Oil Prices** |
| **OPEC**  
The 15-member Organization of Petroleum Exporting Countries (OPEC) holds over 80 percent of the world’s crude oil reserves. | **Governments Depned on Oil Income**  
To meet fiscal obligations and provide services to their growing populations, many OPEC countries are spending more to try and diversify their economies. | **Cartel Restricts Supply**  
Given its desire to maximize revenue, OPEC has at times used its strong market position to drive up oil prices by cutting back production.  
**Higher Oil Prices** |
| **Geopolitical Issues**  
Political risk in major oil-producing nations is ongoing: sanctions on Iran, Venezuela’s failing economy and slowing production, the war in Yemen and more. | **Production Distruption and Threats**  
Disruptions of oil facilities can slow or stop production. The threat of violence or political unpredictability can inject uncertainty into energy markets that seek stable supply sources. | **Lower Global Spare Capacity**  
Current demand is close to current production levels, leaving little surplus to fill the gap if an important supplier is disrupted by oil field attacks or political decisions.  
**Higher Oil Prices** |
| **Green Movement**  
Environmental groups opposed to oil exploration and development are well-organized, well-funded and have increased their lobbying efforts. | **Higher Barriers to Entry**  
The strength of anti-drilling groups and regulatory hurdles make it a slow and expensive process to obtain the permits necessary to explore for new energy sources. | **Limited Drilling Access**  
Responding to strong lobbying, politicians have denied access to certain energy reserves. However, Alaska’s coastal plain, previously off limits, is now open for oil exploration.  
**Higher Oil Prices** |
| **Peak Oil Theory**  
This theory maintains that oil production will rise until it reaches its “peak,” which indicates half of the global oil supply has been pumped out of the ground. | **Need for Innovation**  
Fracking came along and changed the production game, allowing top producers such as the U.S. to extract more oil. This increased supply can sometimes drive prices down, however fracking is becoming more efficient and profitable. | **Production Might Not Keep Pace With Demand**  
Although supply is growing from U.S. drillers, it still might not keep up with long-term demand. Production would need to add more than 10 million barrels per day by 2025 to meet growing demand.  
**Higher Oil Prices** |
| **Take Action Today and Request Your Free Investor Guide**  
Ask about the Global Resources Fund (PSPFX). Call us at 800-873-8637 or visit www.usfunds.com today! | Learn how you can invest in natural resources. |  |