



AlphaGe 

GeoSense

Making sense of the world through the lens of geography

March 2024
Volume 1, Issue 1

Introducing GeoSense from AlphaGeo

Rising geopolitical tension, economic competition and climate volatility collectively demand that investors broaden the aperture when it comes to assessing risk and seeking opportunity.

In particular, the time has come to view geography and climate as primary macroeconomic components which, along with traditional market factors, drive financial performance across all operating sectors. No company, country or economy is immune to the impacts that this systemic complexity exerts – yet a proactive view on how and where these changes are occurring will give investors an edge in identifying market opportunities.

AlphaGeo's investment framework guides the asset identification and selection process using an approach that links geography and environment to financial outcomes. This lens – known as "spatial finance" – examines and constructs portfolios with a focus on physical exposures and linkages.

Indeed, the foundation of global commerce for a significant number of public and private assets, either directly or indirectly, is commodities such as agriculture (food/fiber), materials and energy. While globally distributed supply chains are now the norm, companies and analysts routinely underestimate the impact that supply chain disruption exerts on earnings and overall financial performance.

We therefore go beyond balance sheet analysis and financial reporting with a spatially oriented quantitative and fundamental toolkit that enhances current mainstream investment strategies and yields geographically-referenced asset identification and selection in public and private markets.

In addition to access to our core software platform, GeoSense subscribers will receive monthly market commentary, AlphaGeo generated tracking indices and sample portfolios.

GeoSense will be your compass to finding alpha.



GeoSense's Russell 2000 Market Tracking Index

This month, we highlight AlphaGeo's proprietary tracking index benchmarked to the performance of the BlackRock iShares Russell 2000 ETF (ticker: IWM).

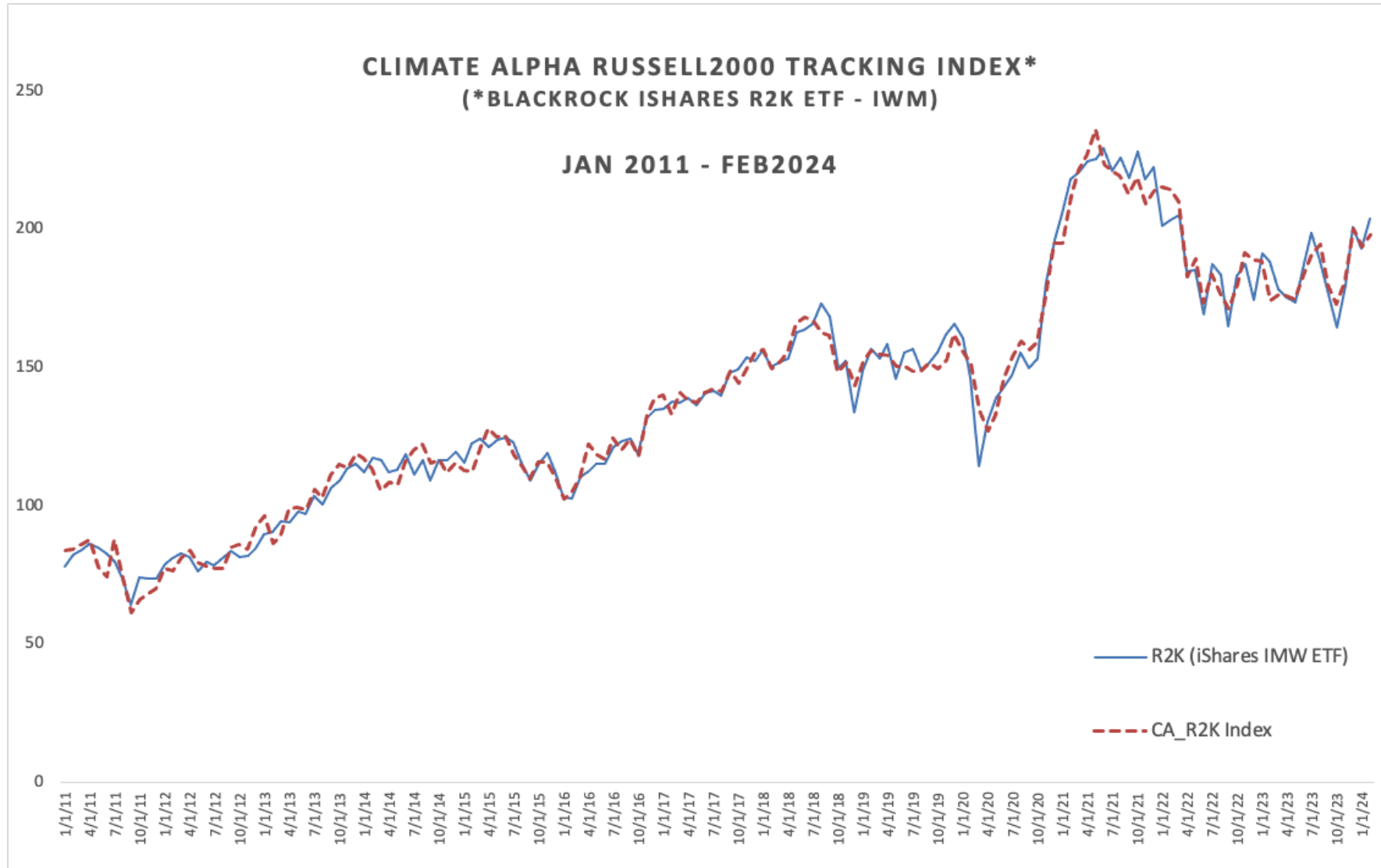
The training data for this model shown on the next slide includes a broad combination of macroeconomic, environmental and socioeconomic factors, and the index we have created exhibits a statistically significant relationship between these independent variables and the dependent variable (IWM). (Most variables generate p-values below 0.05, indicating that the relationship between the variables and the benchmark can be determined to be non-random.)

Adding this tracking index to portfolio analysis implies that for this benchmark, the independent and non-correlated data we use can serve as a guide for forward headwind/tailwind assessment related to the behavior of major market indices.

While the equations used in the proprietary index model will not be shared, future reports will discuss some of the input variables, our expectations for forward month analysis, and potential impacts on the market. We will focus our commentary on where and why market moving factors are occurring to aid investors in applying these insights to their portfolio.



GeoSense's Russell 2000 Market Tracking Index



The Industrial Renaissance Tracker (IRT)

The Net Zero transition will transform all sectors of the economy – but emissions indicators alone are insufficient as a foundation for successful investment strategies.

AlphaGeo's strategy is to tie decarbonization and other sustainability metrics to financial performance. We employ a multivariate approach that maps interactions between material factors and minimizes biases. The initial focus targets hard-to-abate sectors including energy, mobility, materials and real estate, mapping them to regions with strong policy support for transitional investments. We also cover upstream and downstream firms in manufacturing and components, commodities and materials, enabling technologies and carbon offset strategies.

Geography matters immensely for the success of long-term capital commitments. AlphaGeo employs the methods of spatial finance in which geographic signals have material economic impact. Our location-based analytics integrate socio-economic, market, and climate factors into comprehensive forecasts.

This month's report highlights a new product that we have developed for public market investors, the Industrial Renaissance Tracker (IRT). The IRT was developed to point investors to the future geography of economic growth in America. The Inflation Reduction Act (IRA) and the CHIPS and Science Act are the first wave in an ongoing stream of legislation that will steer capital deployment to industries and population centers at the heart of the energy transition. This 'climate tailwind' will benefit certain geographies and companies most rapidly shifting towards cleaner and sustainable energy sources. The IRT guides investors by:

(a) following announcements and capital flows resulting from legislation or innovation tied to the energy transition,

(b) identifying the locations that are poised to benefit and appreciate from these emerging economic opportunities,

(c) correlating these geographies to AlphaGeo's proprietary spatial index of risk and resilience indicators, and

(d) mapping assets and companies that are most likely to be the winners from this confluence of sustainability drivers.

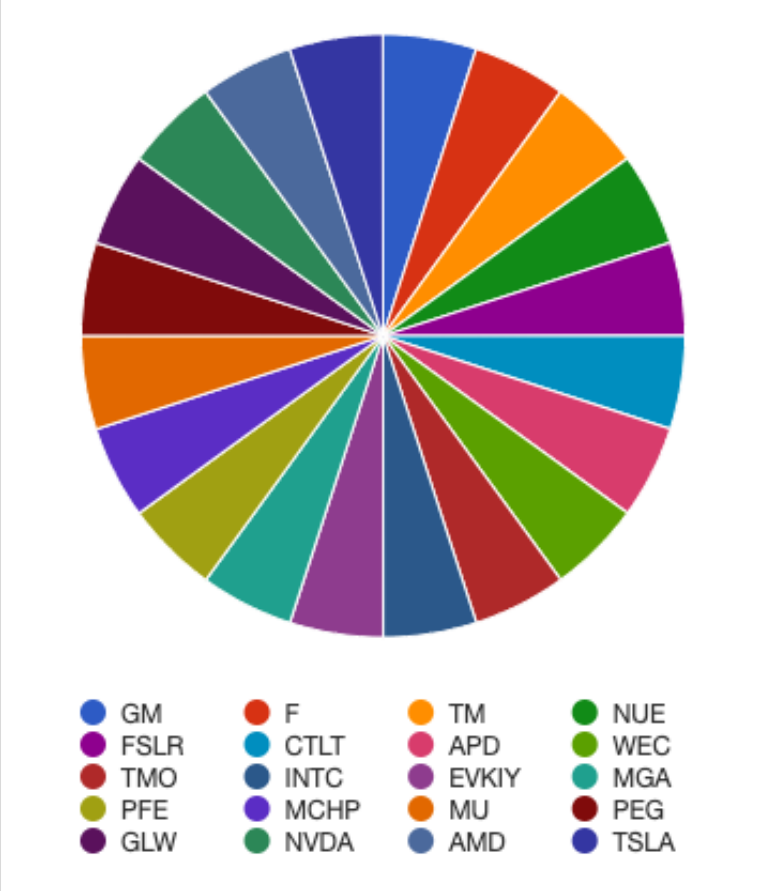
The Industrial Renaissance Tracker (IRT)

There are limited studies published that evaluate how a company's financial performance is affected by a combination of socioeconomic and climate factors. Moreover, there are multiple ways to define financial. Using our approach to construct a sample hypothetical portfolio of names who will benefit from the IRA and the Chips Act. The first phase of these two acts alone will be responsible for the deployment of three quarters of a trillion dollars to stimulate this economic transformation, and there will be much more to come regardless of which administration is in control after the 2024 election.

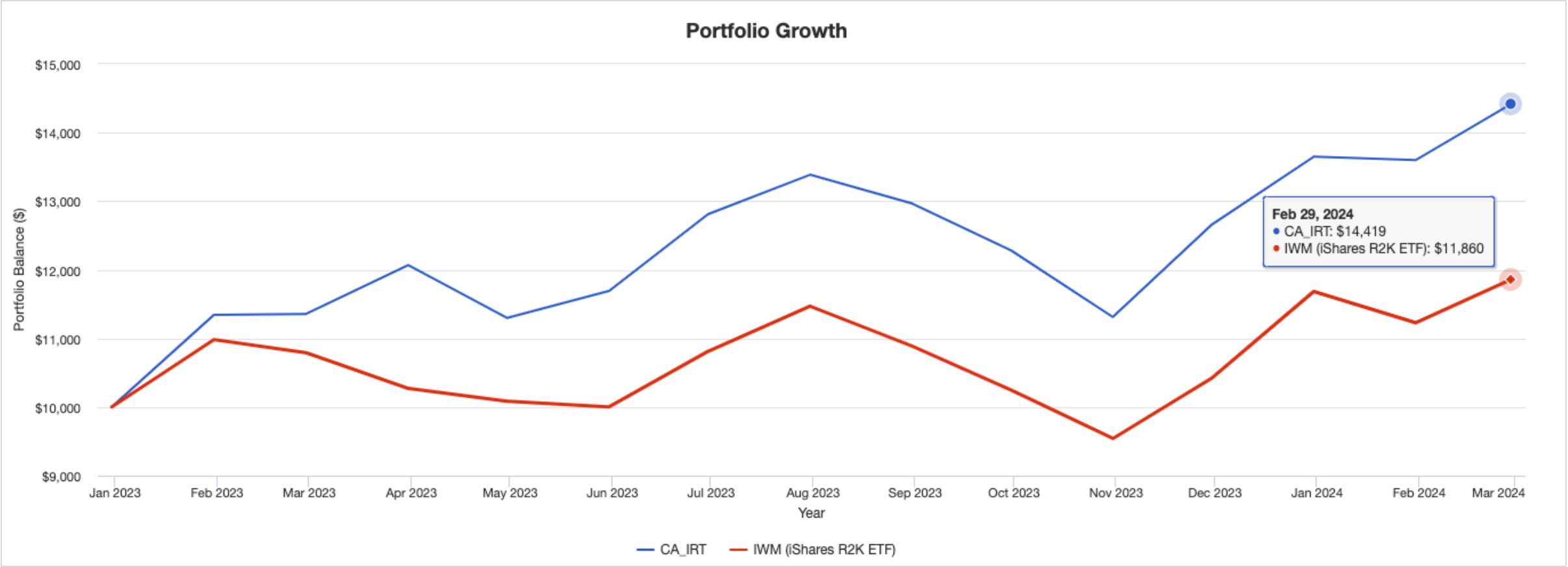
The names we identified for this simulated portfolio consist of 20 public companies, and we assigned an equal weighting for simplicity. If we compare this portfolio to the IWM benchmark, we could view this as a 'hypothetical ETF'. The figures on the following slides highlight the one and three year performance charts as compared to the Russell 2000 benchmark.

We can see that the one and four year performance of the Climate Alpha portfolio is outperforming the benchmark, but as our thesis is focusing on the IRA and the Chips Act as catalysts, we advise readers to pay more attention to recent performance, starting in 2023.

Future reports will continue to monitor the evolution of the IRT, and while we expect that this fund would display low turnover, any additions, deletions or rebalancing decisions will be highlighted as part of this ongoing discussion with readers.

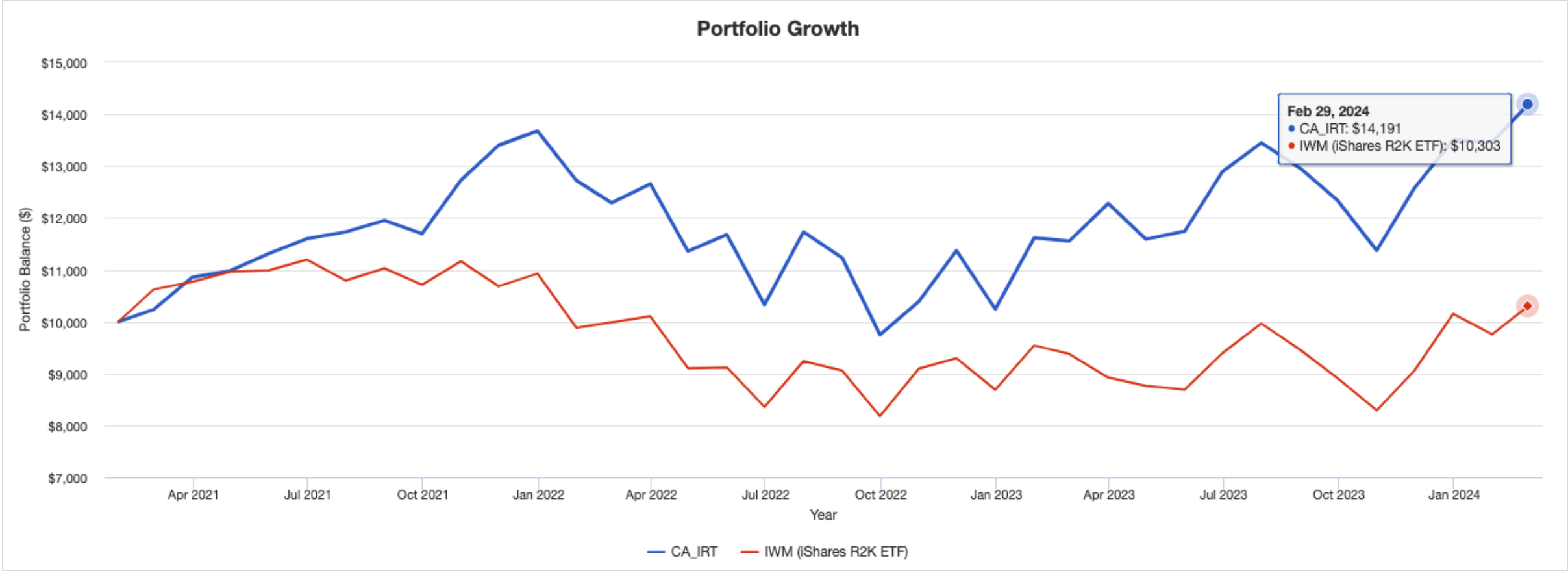


The Industrial Renaissance Tracker (IRT) Hypothetical Portfolio 1-year performance vs benchmark



The Industrial Renaissance Tracker (IRT)

Hypothetical Portfolio 3-year performance vs benchmark



Our Team



Dr Parag Khanna

Founder & CEO

GEOGRAPHY and MACROECONOMICS

Scenario-planning and strategy advisor to major financial institutions and governments. Bestselling author of *Connectography* and *Financial Times* Book of the Year *MOVE* on human geography and climate migration. Young Global Leader of the World Economic Forum. PhD from the London School of Economics.



Chris Marlin

Chairman of the Board

REAL ESTATE and GOVERNANCE

Formerly Founding President of Lennar International (NYSE:LEN) and responsible for over \$12b in real estate transactions; significant cross-border real estate fundraising/transaction track record. Former global head of strategy/business ops for CNN Worldwide. Director, The United States Atlantic Council. Former World Economic Forum Future Council on Cities; assisted Forum in founding Centre for Urban Transformation.



Dr. Michael Ferrari

Chief Scientific & Chief Investment Officer

GEOPHYSICS and SPATIAL FINANCE

More than 20 years leadership in climate, data science and investment management. Formerly the Chief Science Officer and Chief Data Scientist at hedge fund Engine No. 1, portfolio investment strategist at Point72, science advisor to the MIT Media Lab, and Head of AI & Data Science at IBM/The Weather Channel and Syngenta.



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DATA SCIENCE and CLIMATE MODELING

PhD Researcher at the Singapore-ETH Center Future Cities Lab. Expert in urban data mining and analytics with academic publications in scientific journals on geospatial data and generative AI.



Mark Langan

Chief Operating Officer

TECH and PRODUCT MANAGEMENT

Former Vice President of Hedge Fund Research and PMO to the Chief Data Office at Preqin, a leading data platform for alternative investors, with expertise in SaaS, client relations, process automation, program management, data management and compliance.

Our global team of 15 seasoned professionals spans the US and Asia – and we plan to hire more data scientists, product managers and sales executives.

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