AlphaGeo

Quarterly Letter

2Q24 (July 2024)

Section I: Introduction

We invite you to read the first AlphaGeo Quarterly Market Intelligence letter for the second quarter of 2024.

In this letter, we reintroduce the investment engine that AlphaGeo (formerly Climate Alpha) has created, identify thematic market trends that guide our outlook, and examine products including hypothetical fund performance. As always, we encourage readers to contact anyone on the AlphaGeo team with any questions, and to learn more about how we can work together.

Rising geopolitical tension, economic competition and climate volatility collectively demand that investors broaden their aperture when it comes to assessing risk and seeking alpha-generating investments. 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.

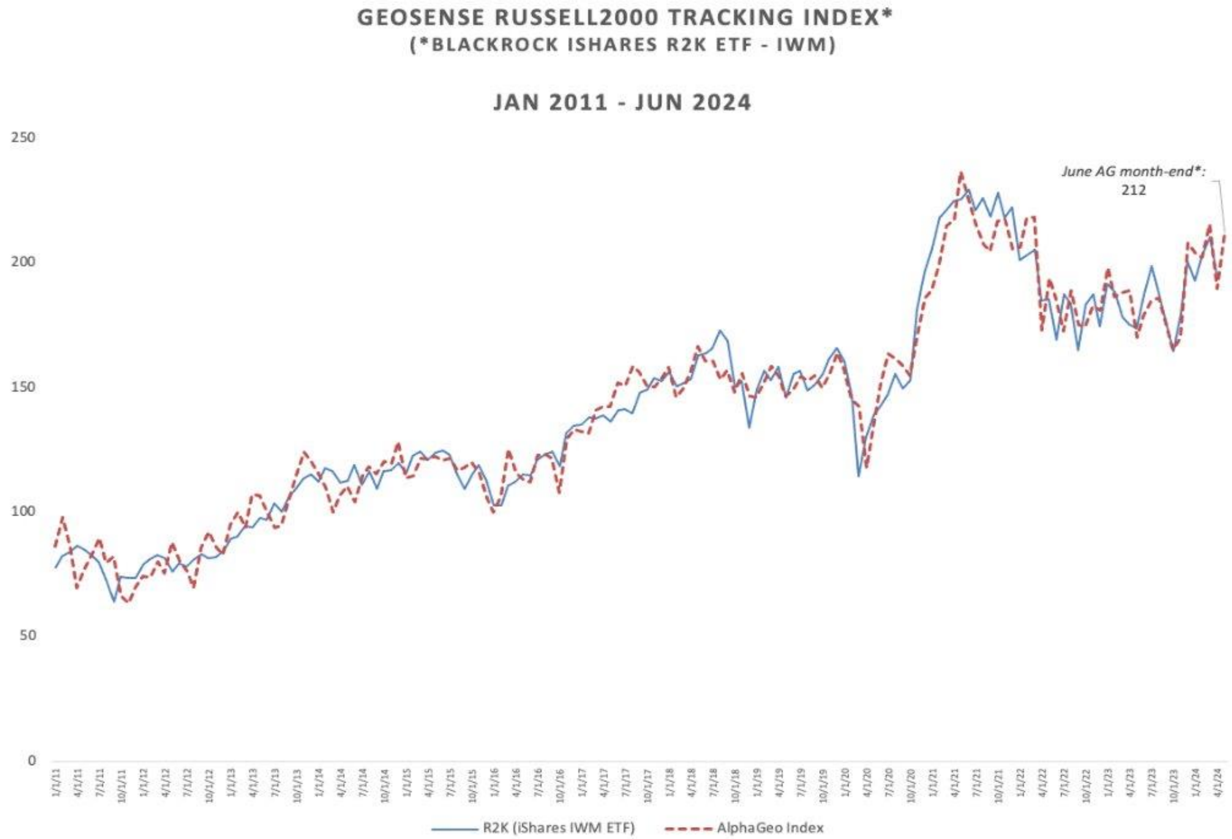
The investment framework which we have developed at AlphaGeo guides the asset identification and selection process using an approach that links geography and environment to financial outcomes. This lens – *known as spatial finance* – examines thematic drivers and constructs opportunistic portfolios with a focus on physical exposures, linkages and location intelligence. Read on to discover how geographic arbitrage can be a key component in your asset selection and management process.

Section II: The GeoSense Market Tracking Index

One tool that we have developed for investors is a proprietary marketing tracking index, designed to capture the behavior, and more importantly the non-traditional market drivers, relevant to the performance of the BlackRock iShares Russell 2000 ETF (ticker: IWM).

We selected IWM as the initial benchmark for several reasons. First, it is considered one of the standard benchmarks for overall market performance and sentiment. Second, by including mid cap names, we are not restricting the analysis to only large caps that tend to be overweight in many thematic portfolios. Third, the secular and thematic trends which drive market activity are, in our opinion, better represented by an index that covers a broader sector of the global economy. We will be adding additional index comparisons in the months to come, however, we feel that our launch of the product is justified against the selected index.

While our tracking index has only been 'live' for four months, the following chart shows that it appears to be capturing market activity very closely. We use current month data to make one-month forward projections (for monthly closing price), and in each month our projection of the forward behavior for IWM has been accurate, both in direction and magnitude. (The chart shows performance through June 2024.) While we do not disclose the equations in the model that are used to generate the index, we are transparent in our monthly market intelligence reports with respect to the variables that the model selects as key market drivers.



Monthly performance of the AlphaGeo Tracking Index relative to the IWM benchmark.

Our feature selection process continues to suggest that commodity, weather and macroeconomic variables are weighing more heavily than other seasonal or discretionary data points with respect to IWM performance. We are seeing that the metals complex (including copper, zinc, gold and silver) remain relevant principal components. In addition, we also find that oil, the USD-RMB exchange rate, agriculture and soft commodity prices, and US employment data tend to be key drivers. As discussed in the June report, the index has also selected weather and climate factors related to the now well-publicized La Niña transition as key determinants. These climate factors could become more prominent market drivers as we progress through the Northern Hemisphere summer, exerting influence on oil and natural gas prices with spillover effects into publicly listed equities.

Section III: Industrial Renaissance Tracker

We firmly believe that the Net Zero transition will transform all sectors of the global economy; however, emissions indicators alone are insufficient as a foundation for successful investment strategies that use this thesis as a catalyst for investment. This 'Industrial Renaissance' may be the largest global economic transformation since the Industrial Revolution. To use this transformation as an investment tailwind, we have created the Industrial Renaissance Tracker (IRT) to guide investors through this massive economic opportunity with tremendous upside across all operating sectors.

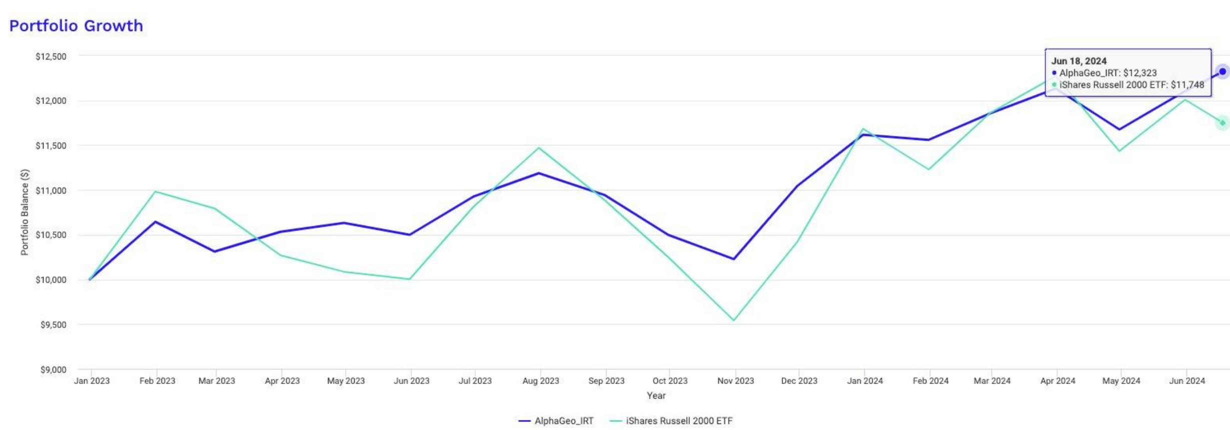
The IRT guides investors by:

> *(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 AlphaGeo IRT strategy focuses on linking decarbonization, geography and other financial and non-financial sustainability metrics to market performance. We employ a multivariate approach that maps interactions between material factors, minimizes biases, and takes a long duration approach towards asset selection. 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.

As with the tracking index described above, our IRT has been live for four months, and performance is showing that the approach is outperforming the IWM benchmark. Again, in the months ahead, we will compare IRT performance to a variety of benchmarks.

The IRT portfolio can be viewed hypothetical ETF or sample portfolio presently consisting of 20 public companies, equally weighted, that we compare to the IWM benchmark. These companies have been identified as relevant to supporting the clean energy transition. In the next 1-2 months, we will begin to evaluate the index as if it were an actively managed fund, assigning weighting schemes and including rebalancing strategies with attribution factors. The figure below shows the trailing 3-month, year-to-date, one-year and 17-month performance metrics.



Trailing Returns

	Total Return			Annualized Return
Name	3 Month	Year to Last Month	1 year	Full
AlphaGeo_IRT	2.09%	4.19%	15.27%	14.42%
iShares Russell 2000 ETF	1.25%	2.78%	20.05%	13.79%

Trailing returns are as of last calendar month ending May 2024

Performance statistics for the AlphaGeo IRT relative to the IWM benchmark.

Section IV: Summary

We can see that the recent and longer-term performance of the AlphaGeo portfolio continues to both identify non-correlated performance driving assets and outperform the IWM benchmark. Please continue to read and distribute the monthly GeoSense reports, and do not hesitate to reach out to the AlphaGeo leadership team if you have any questions.