AlphaGeo

GeoSense
Industrial Renaissance Tracker
2024 Year-End Summary

January 2025

Section I: Introduction

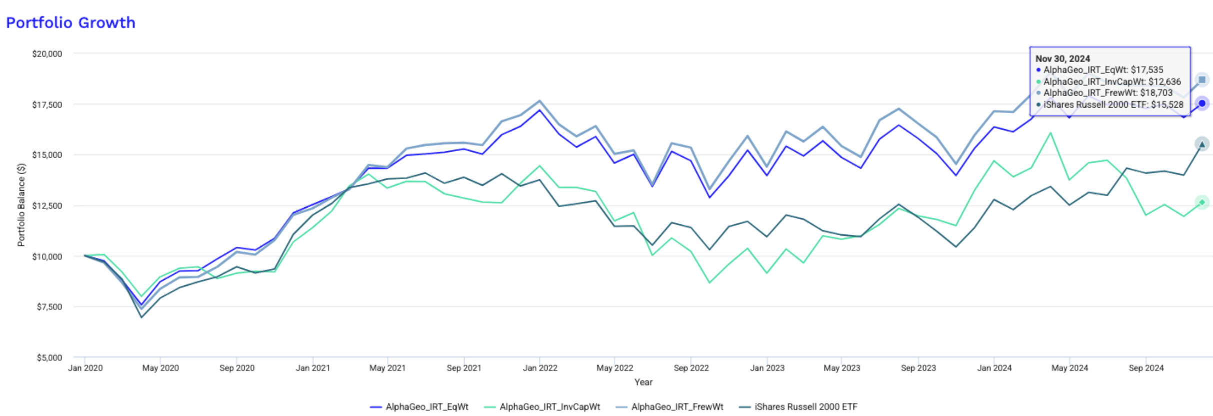
2024 provided a full year of simulated market performance for our hypothetical Industrial Renaissance Tracker (IRT) market index. The IRT was created as a tool to allow investors to capture market exposure to publicly listed equities that are poised to benefit from the earmarked and deployed capital resulting from US Federal legislation including the Inflation Reduction Act, the Chips and Science Act, and other vehicles designed to steer the next generation of industrial leadership.

Our thesis holds that investors can use the AlphaGeo investment framework to identify which geographies are positioned to be the initial beneficiaries from these capital injections, and then which companies will be the early winners in this decades-long industrial transformation. Some of the individual equity names that our process maps to may be evident, such as companies that incorporate new technologies to generate the more efficient computational infrastructure hardware that looks to be the backbone of industrial growth. Others may be more subtle, such as those in industries who will re-engineer how manufacturing is done with this next-gen technology base. Either way, now is the time to construct the portfolios of the future – dictated by geography and supply chains first, and regulatory frameworks second. While still early, the initial simulated performance of the IRT portfolio confirms that we are moving in the right direction.

Section II: IRT Performance

As we have reiterated in notes to clients, we believe that the Net Zero transition, enabled by and impacting nearly all industrial sectors, is poised to serve as the cornerstone for the next ‘Industrial Renaissance’ which many believe to be the largest transformation of the global economy since the Industrial Revolution. It follows that the investment opportunities that we highlight through the Industrial Renaissance Tracker (IRT) will help investors view this decades long transformation through the lens of geography. When constructing our portfolio and selecting the holdings, we believe that *where* is just as important as h*ow.*

In analyzing how our thesis played out in 2024, we see that performance remains favorable when benchmarked against many standard measures of risk adjusted returns.



5-year performance statistics for the AlphaGeo IRT relative to the IWM benchmark

When we look at the last five years in a simulated passive management environment, the IRT outperforms the benchmark iShares Russell 2000 ETF (IWM) in two of our three weighting schemes. The only IRT weighting scheme that underperforms during this period is the portfolio that assigns weightings based on proportion of total investment; this measure is heavily skewed towards two names, an approach that does not represent our portfolio approach by which no holding is attributed more than 10% of the total asset allocation.

Trailing Returns

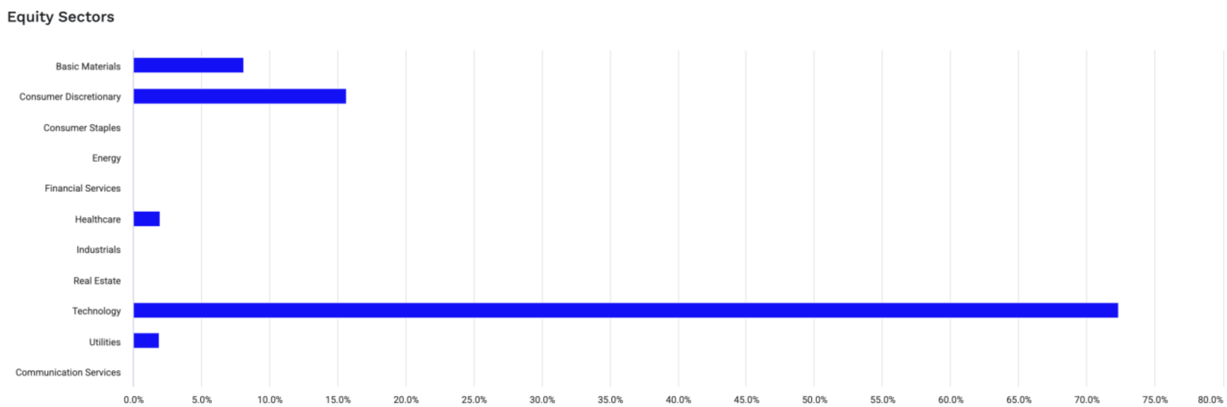
	Total Return			Annualized Return	
Name	3 Month	Year To Date	1 year	3 year	Full
AlphaGeo_IRT_EqWt	1.47%	7.18%	14.47%	2.27%	12.10%
AlphaGeo_IRT_InvCapWt	5.29%	-13.98%	-4.58%	-2.36%	4.87%
AlphaGeo_IRT_FrewWt	1.58%	9.09%	17.14%	3.35%	13.58%
iShares Russell 2000 ETF	10.28%	21.57%	36.32%	4.93%	9.36%

Trailing Return statistics for the AlphaGeo IRT relative to the IWM benchmark

The trailing returns summary in the table above highlight the one-, three- and five-year returns; again, stressing the favorable performance of our primary weighting schemes in a passive environment.

As the IRT strategy focuses on highlighting capital that is tied to but not defined by industries and companies that enable or benefit from decarbonization, understanding where these centers of activity are located will also lead to identifying new investment opportunities for companies that support growth through upstream and downstream suppliers, commodity supply chain constituent companies, and industries developing and utilizing efficient manufacturing processes.

Our goal in 2025 is to expand the passive 15 name portfolio to a more active approach that targets 30-40 holdings at any given time. We also aim to construct a portfolio that has a more equitable distribution across operating sectors. The chart below shows the current percentage allocation by sector. It is important to note the absence of the energy sector – this is not intentional. We feel that the energy sector has an outsized role to play in the energy transition, and forward-thinking energy companies who are looking to diversify their income streams will start to appear through our asset selection process.



Operating sector distribution for the current IRT portfolio

Section III: Summary

The IRT portfolio can be viewed hypothetical ETF or sample portfolio presently consisting of 15 public companies (three portfolios with different weighting schemes), that we compare to the IWM Russell 2000 benchmark. In 2025, we will begin to evaluate the index as if it were an actively managed fund, assigning more detailed weighting schemes and including rebalancing strategies with attribution factors. We believe that the evolution of this portfolio will allow asset managers to generate market beating returns that are not correlated to consensus factors.

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.