**GEOS January 2022 Update**

As we reflect on the volatility for clean technology stocks in 2021, cumulating with the correction of late December, we view much of the market action as unwarranted, and completely out of step with strong fundamental drivers. While we do concur that valuations were stretched in some segments of the clean technology stock arena after the outsized returns of 2020, most of the global risks at hand are catalysts for our approach to investing in climate solutions-oriented companies. Most importantly:

Global energy crisis: there are huge pressures on energy commodity prices, from natural gas in Europe to increased electric utility rates across the U.S. driven by severe weather and an ancient electrical grid. Climate change is causing more severe weather, from wildfires on the west coast, to December tornados in our nation’s interior leading to long-term blackouts which further degrade our electrical grid.

GEOS solution: the power technology theme has exposures to new technologies enabling safer, more resilient, and consistent electricity for commercial and residential use. Upgrading our electrical grid as enhanced and distributed technologies are adopted, from electric vehicles (EVs) to energy storage is leading to the increased need for utilities to manage electricity as it is digitized. This is one of the most important, long term clean technology trends, and GEOS has significant exposure here.

Inflation: cost pressures, given increased input costs for the industrial sector, or labor complexities with the *Great Resignation* means companies must learn to ***do more with less*** – the very essence of clean technology. Companies need better controls and systems throughout their entire business models, from sourcing materials, to managing production cycles, to shipping goods and delivering services. As importantly, increased pricing pressures and higher interest rates place a premium on optimizing cost structures so not to lose competitive edges. It is high time to invest in productivity, and control commodity price risks. These risks have been made all the more concerning with the recent supply chain problems.

GEOS solutions: in the clean tech and efficiency theme, exposure to industrial robotics, vision systems and factory automation as well as workplace productivity technologies. GEOS has exposure to augmented reality technologies that enable workers to be immediately upskilled on site as they repair, for example highly specified HVAC systems without calling for process engineers, optimizing human resource time and negating the need for additional “truck rolls.” Another solution in GEOS provides stationary power storage served by solar cells to isolate a data center from electricity price variability.

Lack of continued regulatory support: market consensus continues that clean technology is solely dependent on government support, whether tax incentives, or the need for Build Back Better (BBB) to make consistent profits. As we have oft expressed, *disruptive technology does not care who is in Washington*. Every management team of each GEOS holding will state with emphasis, that their business goals are not dependent on any incentives. We invest GEOS in holdings that represent services that are scaling because they make great economic sense based on their fundamental business case. Period. Recent management meetings have reinforced projections for 2022 are not dependent on BBB – that would be additive if it was to pass. We have learned in managing GEOS never to hold our breath awaiting political action – the essence of GEOS is harnessing the capital markets to solve grave global environmental and social problems, for social impact and strong long-term returns.

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