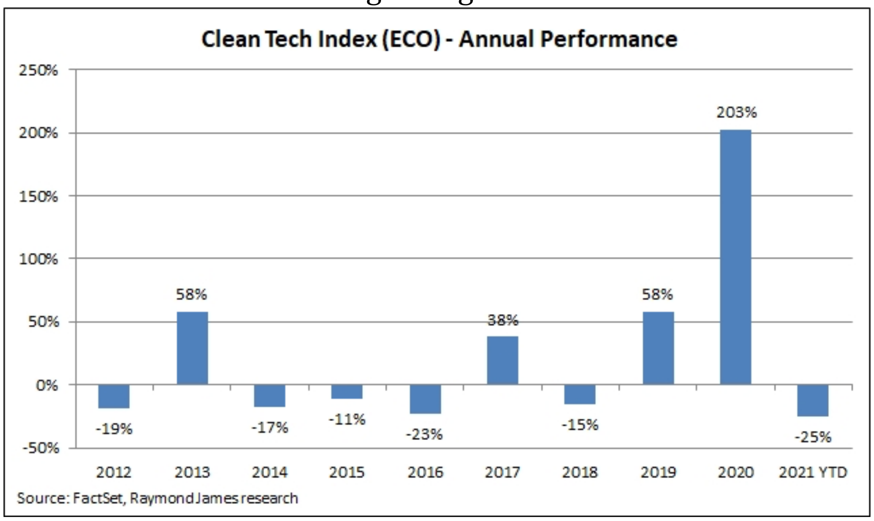
Excerpt from Raymond James, October 5, 2021

YTD Action Brings Pressure but Also Some Excess ….

Too many SPACs but not enough stuff: that, to put it bluntly, is why clean tech stocks have been under pressure over the past nine months. The WilderHill Clean Energy index (ECO) posted a 3Q drop of 17%, bringing its year-to-date decline to 25%. However, when we zoom out and recall that the average clean tech stock had tripled in 2020, the year- to-date market action takes on a more benign image.



Six months ago, it had been already clear that the global surge of commodity cost inflation — steel, glass, polysilicon, lithium, carbon fiber, etc. — would create margin pressure for most of the verticals in clean tech. Throughout 3Q, it became apparent that margin pressure is not even the worst of it. With supply chains already tight amid robust demand, Delta-related lockdowns across Asia-Pacific exacerbated the situation, resulting in physical shortages of key components — batteries, transistors, capacitors, etc. — and thus revenue shortfalls. In other words, on occasion these components have been unavailable, at any price. Here is the good news: per our global reopening tracker, each of the past four months showed ….

There is a second reason for the year-to-date downdraft in many clean tech stocks — a less fundamental but nonetheless important consideration. Too much paper is floating around. By which we mean: this year's record pace of capital markets activity in clean tech — particularly the veritable explosion of SPAC transactions — has given investors a plethora of choices. This is a classic instance of "too much of a good thing": the investability of clean tech has never been better, but on the flip side, the unprecedentedly rapid increase in the number of public companies means that they are competing for a finite amount of mindshare and in some sense crowding each other out. Is it healthy to have 63 clean tech-related SPAC deals in a year and a half? (Yes, we are counting... if you'd like to see the full list, just ask.) To a lesser degree, but compounding the SPAC excess, equity and convert issuance have also contributed. The bottom line is that, of the U.S.-listed clean tech companies, approximately one-third started trading at some point since January 2020. ….

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