

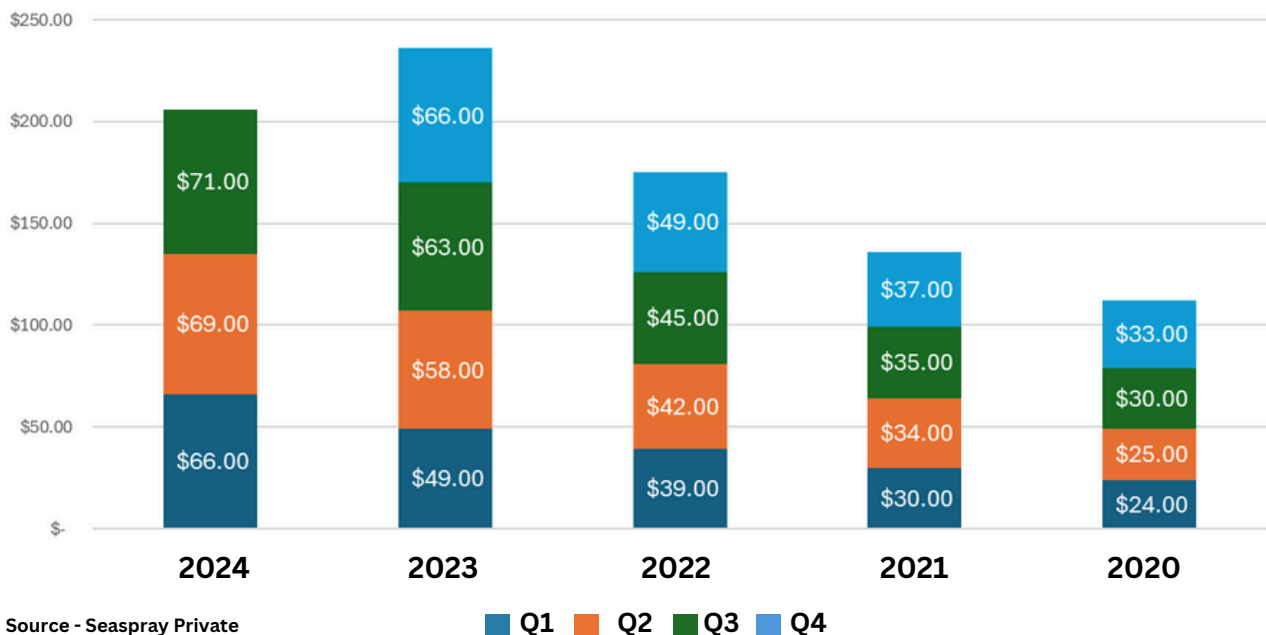
US Cleantech Investment and the Subtle Success of Water Funds

The future of Cleantech investment, particularly in the US, is perhaps more uncertain than ever after the recent election of Donald Trump to the White House. However, while the future may be unclear, what is clear is that the US is on track for a record year in terms of investment in clean technologies. In the third quarter of 2024, \$71bn of inward investment in the Cleantech sector was recorded in the US. The total investment figure comprises of three sectors: manufacturing, energy and industry, and retail.

- Manufacturing pertains to the development and expansion of factories that focus on creating clean technologies.
- Energy and Industry involves funding for new or existing facilities that generate clean energy sources like wind and solar.
- Retail investment refers to the acquisition or installation of clean electricity units, electric vehicles, or other clean technologies by individual households.

In the third quarter of 2024, the manufacturing sector received an injection of \$16 billion, while the energy and industry sector attracted \$20 billion. The retail sector saw a noteworthy investment of \$35 billion, indicating that US households are actively investing in clean technology solutions for their daily lives. Looking slightly deeper at these figures, in Q3 2024 of the \$16bn invested in Cleantech manufacturing, \$12.1bn of that \$16bn was in the manufacturing of batteries used for electric vehicles and energy storage, such as lithium batteries which store power created from solar energy. In terms of energy investment, \$9.74bn of the \$20bn recorded was invested in solar energy, nearly five times more than was invested in the wind energy sector. This follows the global pattern which sees solar energy as the key renewable energy source going forward. Finally, in the retail sector, \$24.54bn was spent in the US on zero emissions vehicles, while the remainder of the \$35bn was spent on heat pumps (\$6.55bn) and distributed electricity and storage (\$4.42bn). Overall, in 2024 \$272bn of investment has been recorded in the US, with each quarter of 2024 setting a new record for investment.

US Clean Investments by Quarter - 2020 - 2024

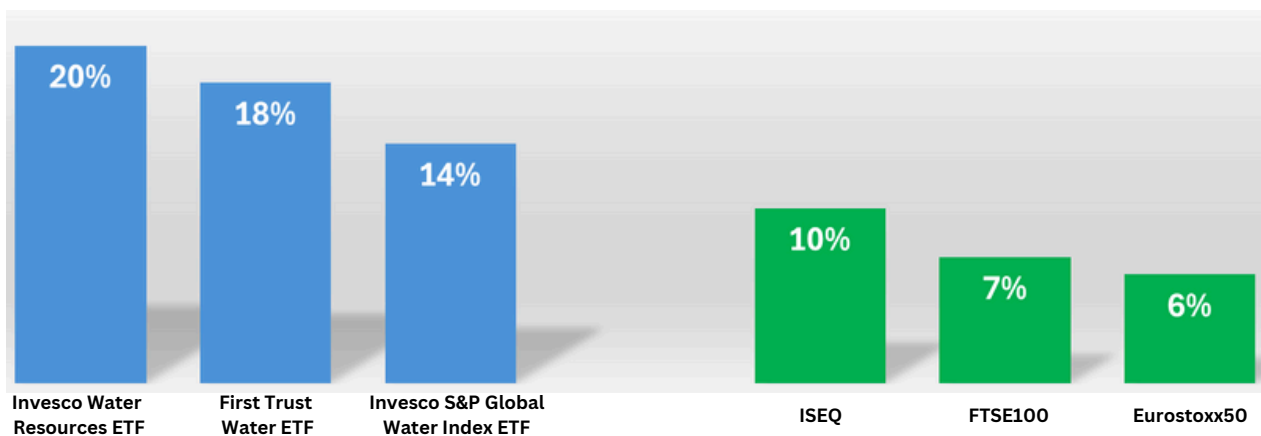


An often-overlooked area of renewable and clean technology is water, which does not receive the same level of attention as wind or solar energy. Investment in water and the development of its infrastructure are crucial for the world's future. Water is the most vital commodity on the planet, yet it is frequently taken for granted, with its applications spanning every aspect of society, from heavy industry to agriculture and beyond.

As water is a commodity with a virtually unlimited supply, when investing in it one is not investing in the value of the commodity, but the companies who are developing water infrastructure and technology globally. This approach can yield positive returns for investors while also benefiting the environment. For instance, the Invesco Water Resources ETF currently manages \$2.3 billion in assets and comprises of companies that specialise in filtration systems and pumping equipment for water supply and management. As of 2024, this fund has achieved a 20% return, outperforming the EU-based Eurostoxx50, the UK's FTSE 100, and Ireland's ISEQ index. Similarly, the First Trust Water ETF and the Invesco S&P Global water index have also outperformed the three European based indices, recording gains of 18% and 14% respectively. The funds provides exposure to companies who work in every aspect of the water industry, both in the US and on a global scale.

What the below chart tells us is that there are still opportunities for investors who wish to invest in more holistic and plant friendly industries, all without sacrificing potential gains typically associated with equity indices.

Global Water funds YTD return vs European Equities



Source - Seaspray Private