Excerpt from Raymond James, November 24, 2021

How Crowded Is Clean Tech Investing? More Capital Markets Activity in 2020-2021 Than Previous Ten Years Combined

With the benchmark ECO index down 15% year-to-date, what can clean tech investors be thankful about as 2021 winds down? There has been profit-taking after the epic 2020 surge of more than 200%, but clean tech is as popular as it has ever been — in the broader context of the ESG investing megatrend — and indeed that popularity is, perhaps paradoxically, the cause of some of the weakness seen this year. Investability has never been greater — $2.5 trillion of market cap across 200 companies — but there are side effects. For companies that are already public, there is ample ability to raise fresh capital, albeit with inevitable dilution. For companies that aim to go public, both avenues are open — SPACs … and traditional IPOs — which has the crowding effect of drawing attention away from “older” names. ….

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…. On the one hand, the market's appetite for funding such a vast array of companies shows the well-deserved excitement about the underlying megatrends of decarbonization and energy transition, as embodied by the recent COP26 conference. The flip side, however, is that the clean tech landscape has become much more crowded — in a literal sense — than one or two years before. Naturally, there are fundamental drivers (e.g., supply chain complications and higher interest rates) for the year-to-date underperformance, but the crowding effect is also readily apparent. ….