William H. Page, Senior Vice President, Essex Investment Management Company, LLC

United States

Where do you see opportunities for powerful, effective investing today?

Mr. Page: I have dedicated my career to clean technology investing in listed equities because there are multiple and related near- and long-term catalysts. I believe asset owners have tremendous opportunity investing in clean technology. With the Essex Global Environmental Opportunities Strategy (GEOS) the themes, industries, and companies represented by GEOS offer strong, long-term growth. The multiple, related, and converging challenges, such as non-OECD economic growth and global climate change, have created the greatest social challenges of our time. These challenges are social and economic, and thus have direct implications for investors. These risks are, and will continue to be, reflected in investment portfolios. GEOS is an opportunistic solution, for these risks are countered by varied clean technologies that enable resource efficiency and distributed energy. GEOS is the nexus of environment and finance: my co-portfolio manager Rob Uek and I blend environmental technologies with companies exhibiting strong financial footing while having great social impact. As we have frequently expressed, it takes energy to power an economy, and the more flexible we can make our energy sources, the better. We must now do more with less—that is our definition of clean technology. Clean tech will provide long-term growth for investors, as we see clean technologies such as LED, solar, and smart grid technology growth extending for over 15 years.

What sector has had the most significant impact on the renewable energy landscape thus far? Why?

Mr. Page: Solar energy has been experiencing a "Clean Tech 2.0 tipping point." Solar energy, as both a centralized and distributed form of power, is experiencing strong adoption rates from companies seeking to lessen their business risks by investing in and implementing distributed energy programs. These tipping points are due purely to strong economics in the form of high return on invested capital (ROIC). GEOS exercises the same investment philosophy—seeking strong returns on capital in companies developing commercially-viable technologies.

Companies are adopting clean technologies because they make economic sense. When GEOS was launched five years ago, solar module prices were around $3.50 per watt while today modules are below $0.60 per watt. In many locations and in many applications, solar energy makes economic sense and adds to business flexibility given its distributed nature—the energy is owned, and the costs are fixed with very few input costs for at least 20 years. Solar power allows energy migration from baseload to distributed form, where it becomes a flexible asset, lessening exposure to oil prices and the vagaries of utility power pricing. Since energy is a significant variable cost for manufacturing and services industries, owning distributed energy sources such as solar power provides competitive advantage. Many multinational companies are aggressively scaling solar power, led by retailers such as Kohl's, Whole Foods, Wal-Mart, and Staples, with their retail locations and distribution centers providing ample roof-top real estate for solar panel installation and use (source: EPA National Top 100, April 2014).

Debates about environmental issues and solutions are common among the public and governments. What role do you think investors could play in establishing active working relationships with all stakeholders to effectively address environmental challenges?

Mr. Page: I believe investors should harness the equity markets, and move. The global equity markets provide access to a multitude of investment opportunities that are directly tied to solving environmental and social issues. For the most part, there are many established, liquid companies that offer solutions to all our grave, global environmental issues.

BIOGRAPHY

Bill is a portfolio manager on the Essex Global Environmental Opportunities Strategy (GEOS). He directs environmental investment policy and research for Essex and is on the Investment and Proxy Voting Committees. Before joining Essex in 2009, he spent eleven years at State Street Global Advisors (SSgA), most recently as the lead portfolio manager for GEOS and head of the Environmental, Social, and Governance (ESG) investment team. Bill developed GEOS over a four-year period at SSgA, and was a member of the Global Fundamental Strategies group. Before SSgA, Bill worked in product management for Wellington Management Company, LLC, and before then, for Fidelity Investments in asset allocation. Bill has lectured extensively on environmental investing at global investment conferences and academic institutions. During business school, Bill worked on socially responsible investment research at KLD Research & Analytics. Bill is on the Advisory Board of the *Journal of Environmental Investing,* a peer-reviewed, open-access journal that publishes original research at the intersection of the environment and investing. He earned a bachelor's degree in economics from Boston University and an MBA from the F.W. Olin School of Business at Babson College.

Essex Investment Management Company, LLC, was founded in 1976. The firm is a boutique growth-equity manager with 20 employees, 10 of whom are investment professionals. Essex serves institutional as well as individual clients and offers five distinct growth-oriented investment strategies as well as two hedge funds. In October of 2012, Essex bought back the majority interest held by the Affiliated Managers Group (AMG) for 14 years to restore the firm to a 100% employee-owned entity. The firm has since optimized both staff and strategy to focus on our key strengths and product offerings, specifically including the Essex Global Environmental Opportunities Strategy (GEOS) and the investment team of Bill Page and Rob Uek.

The Essex GEOS capitalizes on the global need to do more with less. We are at the tipping point in the adoption of many of the resource optimization solutions offered by companies in the GEOS portfolio. Some examples include LED lighting, natural-gas-powered engines, desalination, and solar power. These technologies are being adopted today not only because it is the right thing to do, but also because these solutions make economic sense. The bulk of our companies are not dependent on government subsidies and they are profitable enterprises.

The Essex GEOS is benchmarked to the MSCI World Index Total Return (MSCI World), and more narrowly to the Wilderhill Clean Energy Index (ECO). The primary benchmark is MSCI World, yet ECO is considered to compare GEOS to the relevant clean technology/new energy sector. GEOS is an all-cap, global, listed-equity strategy, investing across nine environmental technology themes in long-only fashion.

The GEOS investment philosophy—*companies that recognize the opportunities and costs associated with clean technology and resource scarcity will deliver greater shareholder returns over time*—allows for a broader investment opportunity and greater diversification than narrowly defined sustainability or renewable energy investments. The GEOS investment process leverages climate change mitigation and adaptation opportunities across nine environmental themes: agricultural productivity and clean fuels; clean technology and efficiency; efficient transport; environmental finance; power merchants and generation; power technology; renewable energy; low carbon commerce; and water.