

Excerpt from Seeking Alpha, March 28, 2011

<https://seekingalpha.com/article/4416505-invesco-clean-energy-etf-long-term-bet-in-trillion-dollar-industry>

Invesco Clean Energy ETF: A Long-Term Bet In A Trillion Dollar Industry

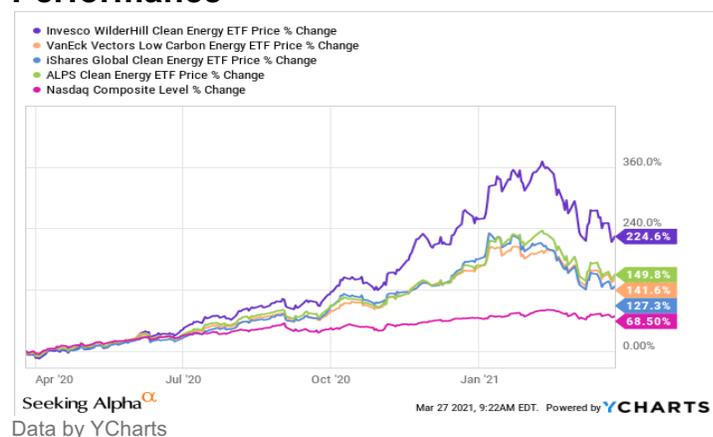
- The diversified ETF includes over 50 holdings that are weight-balanced, focusing on the quickly-growing renewable energy industry.
- The ETF widely outperformed the broader technology index as clean energy stocks surged due to favorable macro conditions.
- Unlike other ETFs, PBW includes mostly undervalued companies in the industry, one of the reasons why it outperformed competing ETFs.
- Investors should consider various risks including high volatility and profitability uncertainty.

Invesco WilderHill Clean Energy ETF (NYSEARCA:[PBW](#)) offers investors a chance to invest in the ever-growing renewable energy industry while diversifying risk. The highly diverse [ETF](#) reaches beyond pure cleantech plays such as wind, solar biofuels, and geothermal companies to include companies based on their perceived relevance to the renewable energy space. The ETF has an equal weighting structure with the largest individual holding being capped at 4%

PBW has an average weighted market cap of \$27 billion and includes 51 holdings in total. Its expense ratio stands at 0.7%, representing the average costs of an initial investment. Since its inception in 2005, the ETF dropped by roughly 80%, yet widely outperformed the broader market throughout last year. As demand for clean energy solutions is further growing in the future, the ETF might therefore be an attractive investment opportunity for growth-focused investors with a certain degree of risk tolerance.

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Performance



PBW ETF widely outperformed competing ETFs and the broader technology market. Here, the ETF gained 224% in a year as opposed to the Nasdaq Index, which only gained 69%. The ETF

benefited from the pandemic, as significant monetary easing caused growth to outperform stable and profitable companies. Moreover, the ETF benefited from the outcome of the presidential election,

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Competing ETFs also outperformed the broader market yet lag behind notably. For instance, ... advanced 150% in a year, while ... gained 127% YOY. The answer for the large fluctuations in Performance is revealed when looking at the components of the different ETFs. The largest holding of PWB, Daqo New Energy, surged by 555%, while the second-largest holding, ReneSola, jumped 815%. Other ETFs such as ... or ... do not include these companies in their top 10 holdings, therefore slightly underperforming the ETF.

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Unlike many other ETFs, PBW does not allocate significant weight towards prominent names such as Plug Power (NASDAQ:[PLUG](#)), Enphase Energy (NASDAQ:[ENPH](#)), Tesla (NASDAQ:[TSLA](#)), and NIO (NYSE:[NIO](#)), being reflected in the valuations of the ETF. In this context, while most overcrowded clean energy companies trade at nauseous valuations, companies in PBW appear fairly valued despite rallying by more than 200% on average. Here, solely GreenPower Motor Company (NASDAQ:[GP](#)) looks overvalued, trading at 32x forward

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