

Excerpt from Seeking Alpha, January 5, 2021

<https://seekingalpha.com/article/4397398-invesco-wilderhill-clean-energy-portfolio-etf-enticing-basket-of-renewables>

Invesco WilderHill Clean Energy Portfolio ETF: An Enticing Basket Of Renewables

- Renewable energy stocks are in vogue with the transition away from fossil fuels.
- In this case, Invesco's PBW ETF provides an opportunity for diversified exposure across the renewal energy space.
- PBW, driven by its holdings has been growing at double-digits, thus the importance of providing a realistic growth forecast to investors used to prodigious gains.
- A peer comparison is done in the risk analysis part.
- Looking from the strategic perspective, higher valuations are justified but volatility will be a constant.

The energy transition is about moving from a system based on fossil fuels (oil, gas and coal) to one focused on the production of clean and renewable electricity. The underlying goal is to reduce carbon dioxide (CO₂) emissions in order to meet global climate goals but going green is also increasingly making economic

Looking further, the production of renewables is the most visible part of the energy transition process, but is only the first of the six underlying areas. Thus, in addition to production of non-polluting energy forms, there is storage, electricity transmission infrastructure, distribution networks, cleaner fuels and greener

Now, Invesco's WilderHill Clean Energy Portfolio ETF ([PBW](#)) underlying fund tracks the WilderHill Clean Energy Index, including companies that are active in all above Also, a look at the performance with a total return of 374% during the last five years, including the deterministic fashion in which the ETF rapidly overwhelmed the March lows, demonstrates the long-term investment opportunity, which far outpaces the expense ratio of 0.7%.

Figure 1: Price and total return performance.



Data by [YCharts](#)

However, since past performance is no guarantee for the future, it becomes crucial to analyze possibilities going down the road. I perform this task by drilling down into some

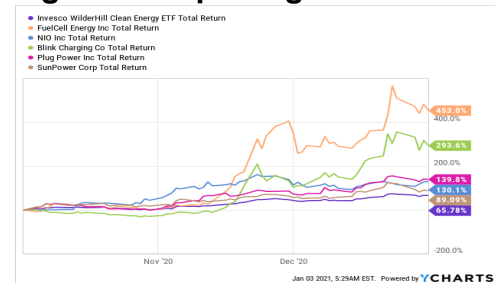
of the prominent stocks with the intent of highlighting potential transformations across the entire energy

PBW's holdings

First, FuelCell Energy ([FCEL](#)) surged 67% for seven consecutive days after the Congress [passed an alternative fuel tax credit](#) which will continue to support the expansion of renewable natural gas. The company designs and operates fuel cell power plants for generation and distribution

Looking backwards, shares of the company have soared 453% for the last three months, amid continued optimism surrounding the COVID-19 aid deal including provisions for fuel cell technologies which Congress passed late last

Figure 2: Exploring three-month performance of some of PBW's holdings.



Data by [YCharts](#)

Looking at energy storage, Plug Power (NASDAQ: [PLUG](#)), a provider of hydrogen fuel cell turnkey solutions has skyrocketed to its highest levels since the financial crisis in 2008, but its three-months performance at about 140% was dwarfed by electric vehicle charging equipment and services provider, Blink Charging (NASDAQ: [BLNK](#)) which has appreciated by nearly 294%.

Therefore, there is more at stake here than just fiscal stimulus measures.

First, there is the green energy mandate of President-elect Joe Biden who has shown a desire for a strong U.S. role in the climate-change fight. Also, he has said that [he'll reverse President Trump's withdrawal](#) from the Paris Climate Accord and he repeated that pledge

In terms of figures, Biden proposed a [\\$2 trillion](#) initiative to promote a clean-energy transition and creating green jobs. He seeks to reduce carbon footprint in the power sector by 2035 and reach net-zero emissions across the entire

Second, the alternative energy industry is still at the early stages of adoption, according to a report by ... on December 9, with further upside potential in the stock prices as earnings estimates are revised higher in response to ...

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