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https://seekingalpha.com/article/4475779-pbw-bloom-off-this-clean-energy-rose

PBW: The Bloom Is Off This Clean Energy Rose

- The Invesco WilderHill Clean Energy ETF is up 285% over the past 5 years but has given back ~30% so far this year.
- The bloom has obviously come off the rose. However, going forward, clean energy still has fundamental support from energy trends and governments.
- However, PBW appears to be a relatively and unnecessarily risky fund due to its over-weight in small-caps growth companies, some of which are not yet profitable.

The **Invesco WilderHill Clean Energy Portfolio ETF** (PBW) has spent most of this year consolidating the big gains it made last year as the market has arguably begun to rotate out of growth and into "value" - at least when it comes to the small-cap growth companies that dominate …. However, the long-term fundamentals behind the clean-energy sector are still very positive both in terms of new electrical capacity and global government …. That being the case, a clean energy ETFs may well turn out to be an excellent opportunity for long-term oriented investors who want exposure to the sector. But is PBW the right choice among various alternatives? ….

Investment Thesis

Despite the recent lack of performance in many of the clean energy related companies, the fundamentals of the sector remain very strong. ….

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However, the recent sell-off in the clean energy sector was - at least in part - due to the fact that Senator Manchin of West Virginia is a huge impediment to passing President Biden's Build Back Better plan, which - in its initial proposal - included significant clean-energy incentives and funding.

Regardless, let's take a look to see how the PBW ETF has positioned investors to benefit from the multi-year secular growth trend in renewable energy.

Top-10 Holdings

The Invesco WilderHill Clean Energy ETF's top-10 holdings are shown below and equate to what I consider to be a relatively diversified 19.5% of the entire 72 company portfolio:

as of 12/16/2021

TICKER	COMPANY	% OF FUND
ENVX	Enovix Corp	2.19
MP	MP Materials Corp	2.03
LAC	Lithium Americas Corp	2.02
EVGO	EVgo Inc	1.93
TSLA	Tesla Inc	1.91
SLI	Standard Lithium Ltd	1.91
GOEV	Canoo Inc	1.90
WLDN	Willdan Group Inc	1.87
ORA	Ormat Technologies Inc	1.87
WOLF	Wolfspeed Inc	1.85

Source: Invesco

The #1 holding with a 2.2% stake is **Enovix Corp**. (ENVX). The Fremont, California-based company designs and manufactures lithium-ion based batteries. ENVX is not yet profitable and is not expected to turn a profit next year as well: ….

As far as I am concerned, Enovix is a very odd choice to be the high-profile #1 holding in a clean energy fund considering it has no revenue and just produced its first battery cell in September of this year.

EVgo (EVGO) is the #4 holding and is more the type of holding I would expect to see in a clean energy fund. Earlier this month, the company received a $1.7 million grant from the state of California to install 5 new fast-charging locations (38 total stalls) which will include one large site in LA with 18 stalls. EVgo currently has over 330 sites and 820 fast charging stalls in the state of California. Note that EVgo's mobile PlugShare app ….

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Ormat Technologies (ORA) is the #9 holding with a 1.9% weight. Ormat is arguably the leader in global geothermal technology and deployment. However - as I pointed out in previous ….

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The #10 holding is **Wolfspeed** (WOLF). WOLF's IPO in October went off around $80 and the stock is currently trading at $107. WOLF is not yet profitable and is not expected to be profitable next year despite its $13 billion market cap.

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