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https://www.thedailyupside.com/etf/thematics-sectors/us-policy-whirlwind-threatens-clean-energy-etf-rebound/?utm_source=yahoofinance&utm_medium=organic

US Policy Whirlwind Threatens Clean Energy ETF Rebound

Clean energy funds that had begun to recharge after several years of setbacks are now grappling with fresh headwinds from recent actions by Congress and the White

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ETFs and mutual funds focused on solar, wind power and other renewable energy sources have returned 18.5% year to date, on average, or about 8 percentage points above the S&P 500, data from ... show. That follows tough years for the category, due partly to the high cost of borrowing for clean-energy projects. In 2024, for example, such funds, on average, saw negative returns of over 13%.

Average returns were -10% in 2023, -16% in 2022 and -3% in 2021. The much higher numbers so far this year follow implementation of the Biden-era Inflation Reduction Act, which provided tax incentives for alternative energy systems. And widely, the costs of materials have come down, said ..., head of sustainable investing

“The demand is there. As long as it costs less to produce energy from renewables, these companies will do well,” she said. “It depends on the cost of financing and the cost of materials. Because of innovation and competition, a lot of this is coming down.”

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Only two funds, the Invesco WilderHill Clean Energy ETF and ... ETF, brought in net inflows so far this year, at about

Even so, demand for clean energy has only increased in Europe, and there is a growing need for more power sources for data centers amid the AI boom, she said. “The long-term trend is that we need more renewable energy.