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<https://seekingalpha.com/article/4825003-invesco-wilderhill-clean-energy-etf-continued-outperformance-unlikely>

Invesco WilderHill Clean Energy ETF: Continued Outperformance Unlikely

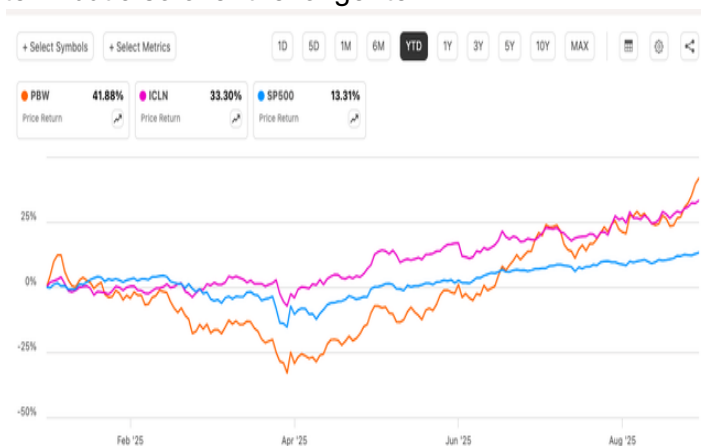
Invesco WilderHill Clean Energy ETF has surged ~42% YTD, outperforming both the ... ETF and the S&P 500.

PBW's outperformance is attributed to its diversified holdings across the high-performing technology as well as industrials and consumer discretionary, unlike ... 's utility-heavy concentration.

But it's hard to make a Buy case for PBW looking ahead, owing to the composition of its holdings and their prospects based on market multiples....

It has been a good year for clean energy ETFs, as evident in the 33.3% YTD increase in ... , which tracks By comparison, the S&P 500 has risen by a far smaller 13.3% in 2025 so far.

It would be a mistake to believe that despite its much bigger AUM of USD 1.6 billion, ... is the best in its segment. Even better performing is the much smaller Invesco WilderHill Clean Energy ETF (NYSEARCA:PBW), with an AUM of USD 397.4 million. The ETF's increase exceeds ... by a margin, at ~42% YTD. For exactly this reason, PBW is in focus here. Specifically, I discuss what explains its healthy increase and also whether it can continue to rise not just in the near term but also over the longer term.



Price Returns (YTD): PBW, ... , SP500 (Source: Seeking Alpha)

What Explains PBW's Lead?

To understand PBW's rise in 2025, the ETF can be looked at from two perspectives. The first is in comparison with ... , which can explain the relative difference in their performance. And the second is in terms of the performance of its biggest 10 holdings. Both are discussed below.

#1. Sectoral Makeup Makes a Difference

A key difference between PBW and ... is the sectoral weights. Industrials hold biggest weight for PBW, at 35%, followed by technology and consumer cyclical (see chart below).

Utilities, which account for over half the weight in ... , hold just 6.2% share in PBW. And this explains the gap in performance between the two ETFs, as the table below shows; both technology and industrials have exceeded utilities' returns YTD.

With a different sectoral makeup for PBW and ... , it follows that their biggest holdings are vastly different too. Among their top ten holdings, the two ETFs have exactly one stock in common, Bloom Energy (BE), the company whose technology can convert fossil fuels into electricity minus the polluting combustion process. While BE, which is PBW's biggest holding, has seen some 282% returns YTD, the number is at ~21% for First Solar (FSLR), the biggest holding for This further demonstrates the reason for the gap in their performance.

Holdings Breakdown

Stocks

● Industrials	34.79%	● Basic Material	16.32%
● Technology	23.89%	● Utilities	6.24%
● Consumer Cyclical	17.84%	● Consumer Defensive	0.92%

Bonds, Cash & Other

● Cash & Equivalents	0.13%
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Source: Seeking Alpha

US EQUITY SECTORS							
Name	Symbol	Today	5 Days	1 Month	YTD	1 Year	3 Years
Technology	XLK	1.01%	2.97%	6.61%	19.96%	24.73%	115.48%
Healthcare	XLV	-0.13%	-0.59%	0.39%	-0.20%	-11.95%	8.74%
Consumer Staples	XLP	-0.20%	-1.17%	-4.07%	0.98%	-3.96%	11.27%
Utilities	XLU	0.64%	-0.64%	-1.31%	12.23%	8.88%	13.33%
Consumer Discr.	XLY	0.38%	1.16%	5.02%	7.60%	22.45%	51.02%
Communication Svcs	XLC	0.41%	1.76%	8.38%	23.34%	34.32%	128.19%
Basic Materials	XLB	-0.04%	-0.93%	0.87%	7.95%	-4.13%	23.26%
Financial Services	XLF	0.22%	0.84%	3.14%	12.25%	18.73%	63.11%
Industrials	XLI	0.24%	1.02%	1.16%	16.21%	14.17%	70.15%
Energy	XLE	-1.33%	-0.09%	4.04%	3.34%	-0.49%	14.01%
Real Estate	XLRE	-0.50%	-1.18%	0.43%	2.90%	-6.50%	4.86%

Source: Seeking Alpha

#2. Notable Rise in Biggest 10 Holdings

It's not just BE that has supported PBW's YTD rise, though. The unweighted average gains for the ETF's top 10 holdings is a robust 147.2% YTD. Even the holding to see the smallest increase, the clean energy engineering services provider Ameresco (AMRC) has risen by ~32% YTD. On the other hand, the biggest gainer, the lithium-ion batteries' manufacturer Amprius Technologies (AMPX), has seen a massive 320% increase.

Performance of top 10 holdings		
	Weight, %	Price Returns, YTD,%
Bloom Energy Corp Class A	4.10	282.4
Amprion Technologies Inc	3.10	320.4
Sunrun Inc	2.91	79.2
QuantumScape Corp Ordinary Shares - Class A	2.74	158.6
NIO Inc ADR	2.50	69.0
Solid Power Inc	2.44	120.6
SolarEdge Technologies Inc	2.33	160.7
American Superconductor Corp	2.26	149.9
Ameresco Inc Class A	2.22	31.2
Eos Energy Enterprises Inc Ordinary Shares Class A	2.16	100.8

Source: Seeking Alpha

Can PBW Maintain Its Edge Over ... ?

The big question now is whether PBW can continue to rise. To start with, it certainly has an edge over ... that could support its performance going forward. And that's the distribution of its weights across holdings, despite having far fewer holdings than

It has just 65 holdings, compared to ...'s 146. However, the biggest ten hold a weight of just under 30% in the AUM. By contrast, some 50% of ...'s weight is in the biggest 10 holdings. This suggests that in the event of a pullback, PBW could be cushioned by smaller individual weights, though it also means it might be in a less advantageous position when its biggest holdings are rallying.

There's a good case for more evenly distributed weights for PBW, though. Most of its top 10 holdings are relatively small by market capitalisation [Mcap]. On average, the Mcap stands at some USD 6 billion. Six of the ten have an Mcap of lower than USD 3 billion. By comparison, the majority of the top 10 holdings under ... has Mcap in double-digit billions. This can imply lower volatility for ... then, though PBW could potentially make up for it with more even distribution of holding weights.

....

....

...the Long-term Looks Better, but Not Enough

Looking at the longer term, the picture improves for PBW. By this time, eight of the 10 top holdings are expected to turn profitable, as per analysts estimates on Seeking Alpha. But the unweighted average of their individual forward P/Es is still rather high at 29.3x, compared to the latest P/E available for the fund.

It's not as if the average is skewed by a stock or two either. On the contrary, only two of these eight have a forward P/E below the latest observed P/E for the ETF: the solid-state lithium batteries developer QuantumScape Corp. ([QS](#)) at 8.71x and energy storage systems manufacturer Eos Energy ([EOSE](#)) at 9.3x.

The forward P/S at 4.8x makes a better case for the ETF over the longer term. This is higher than the five-year average forward P/S for the biggest holdings at 3.72x, but there's a catch here. The average figure is available for only six holdings at present. If only these six stocks' average P/S is considered for 2030, the number falls to 2.7x, which makes it attractive.

Investor Takeaway

All things considered, though, the Buy case for PBW just isn't strong enough right now, tempting as it is to get behind its current momentum. The market multiples, for one, are uncomfortably high. And they don't improve significantly, even with the long term in mind.

Additionally, the fund's biggest holdings are still in the process of establishing, which means that they could be more prone to price volatility. Limited weights for these holdings do offer potential for greater stability, though, even though it adds to the case for PBW in a very limited way.

It's of course possible that the top holdings themselves will change, which can alter the story for the fund. But how much is unknown at present. I'm going with a Hold rating.

Editor's Note: This article covers one or more microcap stocks. Please be aware of the risks associated with these stocks.

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