

Excerpt from Citywire, U.K., March 4, 2021

<https://citywire.co.uk/wealth-manager/news/the-top-fund-managers-in-citywires-new-esg-sectors/a1471238>

The Managers to Watch in Citywire's New Ecology, Clean Energy & Water Sectors

As part of Citywire's ongoing efforts to provide the best data and analytical tools to enable investors to make better investment decisions,

Bringing together similar strategies more accurately than ever before, we have launched dedicated equity sectors covering agriculture, clean energy, ecology, robotics, and water. As more funds are launched into these new categories, the need for better peer-to-peer analysis is paramount.

ESG factor investing continued to gain traction in 2020, driven by changing priorities among investors. This caused clean energy, renewable energy and ecology funds to attract significant flows during the year.

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EQUITY - CLEAN ENERGY

Clean energy represents another theme that has come to the fore during the Covid-19 pandemic. Companies linked to solar and wind energy broadly performed well in 2020, bolstering returns for many investors.

There was, however, a divergence in performance between active and passive funds. Active managers struggled to outperform the benchmark constituents of both the S&P 500 Clean Energy index and the WilderHill Clean Energy index, against which most of the funds we track in the clean energy sector are benchmarked.

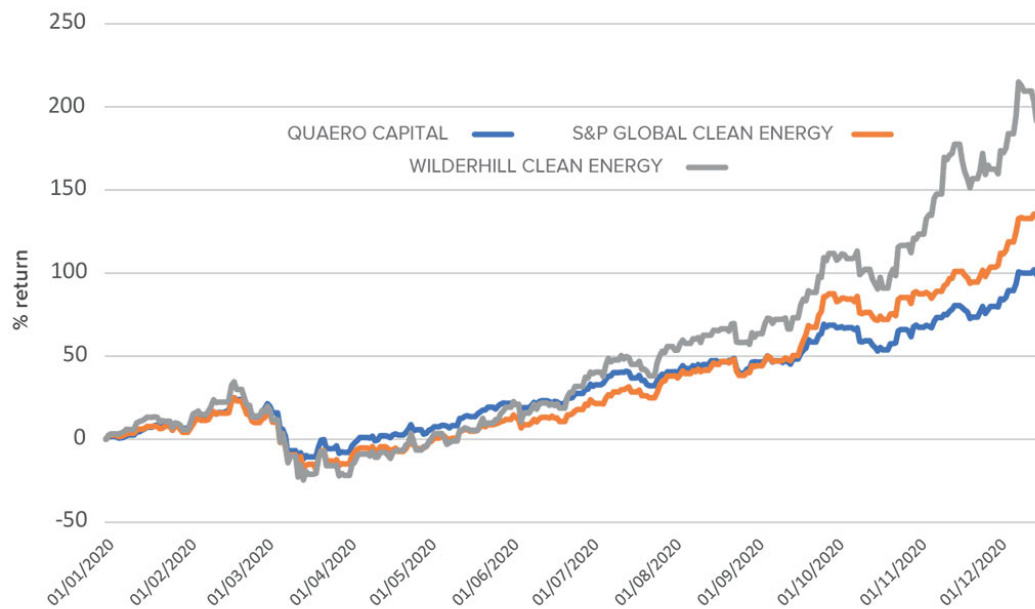
Over the past year, the S&P Global Clean Energy index was up 134.6%, while the WilderHill Clean Energy index rose by 194.4%.

Anyone seeking exposure to this theme will need to choose the right index to measure an active portfolio against. Both indices differ in their constituents and have different geographical breakdowns as a result: the WilderHill index has 72% in the US and 13% in China, while the S&P index has 35% in the US and 8% in China.

In addition, the S&P index has a high utilities sector weighting of 49%, while the WilderHill index has only 6%. These differences help to explain why the performance of the two indices varied to such a degree.

The top-performing active manager in the sector in 2020 was Martina ... of ... , which returned 99.5% over the year.

CLEAN ENERGY FUNDS WERE CLEAR WINNERS DURING THE PANDEMIC



Source: Morningstar. Three-year total return % to end Dec 2020, in GBP; Citywire.

In contrast, her Citywire-assigned benchmark, the S&P 500 Global Clean Energy index, rose by 134.6%. Despite her phenomenal returns during the year, it was not enough to beat the index. Her fund is concentrated, with 39 positions, and top holdings in Sunrun, Plug Power, Enphase Energy and Ørsted.

So, are you better off buying an index tracker for exposure to clean energy? Lower cost ETFs performed better in 2020. However, the jury is out when it comes to how this year will unfold. Looking ahead,

Alternatives to active portfolios include the ..., Invesco WilderHill Clean Energy ETF and for a more concentrated approach to solar investing, the Invesco Solar ETF.

It is important to look at the constituents of your ETF as the name may be the same – in this case ‘Clean Energy’ – but the constituents may not be what you expect. In this case, the WilderHill-focused ETF produced the best returns over the past year,

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