

## Just How Green Is Your ‘Green’ Fund?

IN INVESTING, powerful emotions drive people’s decisions. And nowhere was that more true in 2020 than in environmental, social, and governance (ESG) stock funds—where investors’ passions, fears, and hopes about the state of the planet fueled a record-shattering year.

ESG funds promise to steer their assets toward companies that avoid harm or do social good. And as the world reacted to COVID-19 lockdowns, social unrest, and ecological disasters, money flowed into these funds faster than oil sprays out of a broken pipeline. Net new investment reached \$51.1 billion in 2020, ....

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One reason ESG funds in general outperformed the broader market in 2020 is that few of them own fossil-fuel stocks, which generally tanked last year. But clean energy is a narrower focus whose long-term outlook remains strong. Two promising ETFs in the space ... both **Invesco Solar (TAN)** and **Invesco WilderHill Clean Energy (PBW)**. TAN holds about 50 primarily solar-focused companies, with 20% of the fund split between the U.S. company Enphase Energy and Israel’s SolarEdge Technologies; PBW invests in a broader range of energy firms. While their investors may never outdo 2020, when shares in both ETFs rose more than 200%, they’re likely to keep benefiting from an economy that’s gradually embracing the imperative of getting greener.

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