

Excerpt from Morningstar, June 8, 2021

Are Thematic Funds Worthy of the Hype or a Risky Distraction?

Thematic funds have been one of the big winners to emerge from the coronavirus pandemic, with many posting eye-catching returns over the period. These funds attempt to harness secular growth themes ranging from

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1) Thematic Funds' Strong Performance During the Pandemic Has Piqued Investors' Interest The growth of U.S. thematic funds in 2020 was nothing short of remarkable. Strong performance, persistently high inflows, and a bevy of new launches combined to push the assets in these funds to heights never seen before.

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Although ARK funds dominate the largest owners table in this image, they are not the only ones with concentrated holdings. Alternative energy funds' recent growth spurt has also seen them build large stakes in smaller firms. For example, Invesco WilderHill Clean Energy ETF ([PBW](#)) recently held 18% of the free float of the micro-cap Infrastructure and Energy Alternatives ([IEA](#)).

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