

THE HOTTEST ETF OF 2021

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Straight-Up
PROFITS

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After the biggest market crash since 2008, the market needed a leader in 2020. And it found that in big tech.

Investors jumped into stocks like Facebook, Apple, Amazon, Netflix, Facebook, and Google. These are the heavy weights of the Nasdaq 100, and they're the biggest reason that the index finished the year at all-time highs in the midst of COVID-19.

These "FAANG" names shouldered some serious weight. But now, they're seriously tired. And while these familiar big tech names may have been the hottest sector of 2020, it won't be the same in 2021.

I'm talking about a group of stocks that *doubled* the performance of the Nasdaq over the course of 2020. While tech stocks grew about 45%, these names shot up 147%.

And they're just getting started.

The group in question is clean energy – and it's what I like to call the "FAANG of the future."

See, the clean energy "movement" has become more than just a movement. It's not just millennials protesting anymore. It's more than Greta Thunberg sailing across the Atlantic... more than your neighbor's solar panels sitting atop their house.

Clean energy is now a mainstream investment sector. And with President Biden in office alongside a democratically controlled Senate, this sector just got another boost in the arm.

Some of you may remember the first time alternative energy took the reigns in the market. Back in 2007 and 2008, names like solar energy company **SunPower Corp.** (Nasdaq:[SPWR](#)) and **First Solar Inc.** (Nasdaq:[FSLR](#)) were hitting all-time highs...

Only to crash before we even hit the 2010s.

But that's because the technology simply hadn't caught up with the concept yet. I mean, people were still texting on Blackberries back then.

Technology has since changed a great deal. And I don't just mean with smartphones. Energy has seen a technological shift that's now cutting-edge – making the concept of clean energy not just an idea but a reality.

Last year, one of the biggest complaints about the alternative energy group was that the incentive to adopt clean energy initiatives would fade. But I think we've heard the last of that argument for a while as the incoming administration has a clear mandate to continue to invest in the concept.

This indicates that the sector has moved into the acceptance phase of its growth cycle, and it's quickly becoming one of the most powerful waves that investors can ride. But with hundreds of companies jumping into clean energy, how do you know which to put your money on?

Well, that brings me to my top ETF pick of 2021: **the iShares Global Clean Energy ETF** (Nasdaq:[ICLN](#)). This is one of the best ways to cash in on the alternative energy trend.



The ICLN invests in more than three dozen companies from around the world. Well-known companies like **Enphase Energy Inc.** (Nasdaq:[ENPH](#)) and **Plug Power Inc.** (Nasdaq:[PLUG](#)) top the holdings list.



Now, you may be thinking, “Well-known? I’ve never even heard of those companies.”

But that’s the point. Imagine if you had invested in a company like **Apple Inc.** (Nasdaq:[AAPL](#)) *before* it became a household name. Before Steve Jobs had a movie made about him. Before everyone you know owned an iPhone.

The Nasdaq 100 heavy lifters are about as well-known as it gets because they’ve already moved through the acceptance phase that generates real investment growth. As I said before, the clean energy stocks *just* entered the acceptance phase.

Now, let’s get into the technicals...

Volatility for the **ICLN** has been lower than that of the Nasdaq 100 over the last year.

That’s right, the speculative clean energy shares have been less volatile than the large-cap tech stocks. While volatility for the **ICLN** has been on the rise lately, it’s being caused by upside movement, not sell-offs.

Currently, 80% of **ICLN** shares are trading in a bull market trend, which is comparable to the Nasdaq 100’s 82% reading of the same breadth indicator.

Return and relative strength, however, are a completely different story.

The **Invesco QQQ Trust** (Nasdaq:[QQQ](#)), the ETF that tracks the Nasdaq 100, boasts a return of 9% since the beginning of November, while the **ICLN** shares are up 47.3% for the same period. Over the last year, the returns are 45% and 147%, respectively. Get used to that differential as we head into 2021, because it’s going to continue.

Now, for the kicker – here’s how to trade **ICLN** in your portfolio.

The bonus facet of this ETF is that both traders *and* investors will love its activity through 2021, as this ETF offers a “trending trading range.”

What I mean by that is that the ETF trades in an upward trend of continuous new highs followed by short corrections. This allows traders to effectively time the **ICLN**, which generates higher returns for the year.

At the same time, investors will love the shares because of the strong long-term trend. This means that you can buy and hold the ETF through 2021 for some impressive returns. Expect some bumps in the road, but the long-term results should outpace the broader market.

There you have it, my number-one ETF pick for the new year: **ICLN**.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnson". The signature is stylized with a large, looped initial "J" and a cursive "ohnson".

Chris Johnson
Quantitative Specialist

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