



## **Investment Case**

February 2023

# WisdomTree New Economy Real Estate UCITS ETF



WisdomTree.eu  
+44 (0) 207 448 4330

# WisdomTree New Economy Real Estate UCITS ETF

Megatrends have been among the key focal points for investors in recent years, as they offer growth opportunities in the context of structural changes that are shaping our world. To support the proliferation and continued functioning of a range of megatrends, very specific types of infrastructure must be in place.

This is why, WisdomTree believes that **investing in real estate infrastructure with a focus on powering the growth of many different megatrends, or ‘New Economy’, represents an exciting investment opportunity at the verge of thematic investing and real estate.**

‘New Economy’ real estate offers both exposures to megatrends and the diversification benefits associated with the asset class:

**Cloud Computing** is a megatrend in its own right, changing the way that software and computer resources are consumed. The **data centres** that are central to its existence require specially designed warehousing to function.

There is a lot of excitement around **4G and 5G Connectivity**—without the **telecommunication tower sites** designed to support this, the proliferation of this connectivity would not be possible.

**Logistics/Supply Chain** require a lot of very specialised buildings and warehouses, allowing more and more consumers and businesses to order anything they might need for fast delivery. One example of this is refrigerated storage, as many types of food need to be transported/stored within strict regulatory guidelines.

The **Life Sciences Industry** is poised to gain a vast array of capabilities in the coming years. Laboratories are yet another example of very specialised real estate, without which many bio-tech efforts would struggle to get off the ground.

### Partnership for Expertise in Thematic Investing within Real Estate

To capture this exciting thematic investment opportunity within ‘New Economy’ real estate **WisdomTree has partnered with CenterSquare Investment Management LLC (CenterSquare)**, a global investment manager focused on actively managed public and private real estate, equity and private real estate debt strategies. CenterSquare’s management team holds an average of 30+ years of experience, with expertise across real assets and the liquidity spectrum.

### Index Methodology Summary

The CenterSquare New Economy Real Estate UCITS Index is designed to measure the performance of real estate companies that pass the following screening tiers:

**Environmental Social Governance (ESG) Screening:** WisdomTree collaborated with CenterSquare to introduce the WisdomTree ESG Framework into the index construction. For information on the WisdomTree approach to ESG, visit our [responsible investing page](#).

**CenterSquare Technology Score Screening:** Assesses companies for material direct and/or indirect exposure to technology, sciences and/or e-commerce related business models, industry sectors and/or geographies.

**Leverage Screening:** CenterSquare believes that balance sheet strength is an important factor in the long-term performance of a real estate or real estate related company. Leverage screening eliminates highly levered companies with Debt to Total Market Cap above 70%.

### CenterSquare Technology Score in Focus

The Technology Score is based on a proprietary approach developed by CenterSquare for its universe of global REITs (real estate investment trusts), real estate operating companies and real estate related companies. Companies are scored on a scale of 1-10 (with 10 being the highest) for positive sensitivity to technology. **All companies with a ‘Technology Score’ less than 7 are eliminated from the strategy.**

**There is a fundamental foundation to the score, based on such things as** 1) direct revenue received from the technology, life sciences and R&D sectors and 2) the enabling of e-commerce, new economy logistics or sciences. Additionally, a company's score is also a function of the geographic footprint of its assets, the tenants it serves, and the REIT's ability and experience implementing technology solutions when operating their assets.

*Technology exposure of the property subsector in which the REIT operates:* REITs, where technology is a primary and direct driver of real estate fundamentals and returns as per CenterSquare assessment, will receive higher scores. Whereas the 'Old Economy' REITs, such as brick and mortar retail, hotels, self-storage, casinos, farmland and others with little sensitivity to technology are scored lower.

*Exposure to technology-dominated geographic markets:* Companies with significant assets in the global 'tech hubs', where technology is a significant driver of the local or regional economy as identified by CenterSquare, will receive higher scores.

*Exposure to technology-tenants:* CenterSquare is also looking at **specific tenancy**. Tenants like Amazon, Google, Microsoft, Facebook—or similarly significant players—are also factored into the scoring process.

## Index Weighting and Rebalancing

The weighting approach is designed to form a portfolio of securities that are technology focused and have **attractive growth** and **valuation characteristics** relative to the investable universe.

The initial weights of constituents are based on the free-float market capitalisations, which are then adjusted based on their **New Economy Score**. Hence, securities with the better quintile ranking will be overweighted by up to 20% in the Index.

The New Economy Score = 60% (Technology Score) + 40% (Growth Rank + Value Rank)

1. The Growth and Value ranks are equal-weighted within the 40% component.

The Index is rebalanced and reviewed semi-annually in March and September.

The full methodology document that includes all relevant index details is available on WisdomTree's [website](#).

Fund information: WisdomTree New Economy Real Estate UCITS ETF

Ticker	Exchange	ISIN	Blommborg Code	Listing Currency	Base Currency	TER%
WTRE	LSE	IE000MO2MB07	WTRE LN	USD	USD	0.45%
WTNR	LSE	IE000MO2MB07	WTNR LN	GBX	USD	0.45%
WTRE	Borsa Italiana	IE000MO2MB07	WTRE IM	EUR	USD	0.45%
WTRE	XETRA	IE000MO2MB07	WTRE GY	EUR	USD	0.45%

TER: Total Expense Ratio.

## Important Information

**Marketing communications issued in the European Economic Area (“EEA”):** This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

**Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

**For professional clients only. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.**

An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

The products discussed in this document are issued by WisdomTree Issuer ICAV (“WT Issuer”). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland (“CBI”). WT Issuer is organised as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under the laws of Ireland and shall issue a separate class of shares (“Shares”) representing each fund. Investors should read the prospectus of WT Issuer (“WT Prospectus”) before investing and should refer to the section of the WT Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the Shares.

The Fund is not sponsored, endorsed, sold or promoted by CenterSquare Investment Management LLC (“CenterSquare”), any of its affiliates or any other third party involved in, or related to, calculating, compiling or creating the Index (collectively, the “CenterSquare Parties”). The Index is the exclusive property of CenterSquare and has been licensed for use for certain purposes by WisdomTree. CenterSquare and the Index’s name are trademarks of CenterSquare. None of the CenterSquare Parties makes any representation or warranty, express or implied, to the issuer or owners of shares of the Fund, or any other person or entity, regarding the advisability of investing in funds generally, or in the Fund particularly, or the ability of the Index to track its corresponding market performance. None of the CenterSquare Parties has any obligation to take the needs of the issuer or owners of shares of the Fund, or any other person or entity, into consideration in determining, composing or calculating the Index. None of the CenterSquare Parties is responsible for, or has participated in, the determination of the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by, or the consideration into which, the Fund is redeemable. Further, none of the CenterSquare Parties has any obligation or liability to the issuer or owners of shares of the Fund, or any other person or entity, in connection with the administration, marketing or offering of the Fund, whether as a result of statements included in the Fund’s public offering documents or otherwise

#### **Notice to Investors in Switzerland – Qualified Investors**

This document constitutes an advertisement of the financial product(s) mentioned herein.

The prospectus and the key investor information documents (KIID) are available from WisdomTree’s website: <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports>

Some of the sub-funds referred to in this document may not have not been registered with the Swiss Financial Market Supervisory Authority (“FINMA”). In Switzerland, such sub-funds that have not been registered with FINMA shall be distributed exclusively to qualified investors, as defined in the Swiss Federal Act on Collective Investment Schemes or its implementing ordinance (each, as amended from time to time). The representative and paying agent of the sub-funds in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent.

**For Investors in France:** The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto.

**For Investors in Malta:** This document does not constitute or form part of any offer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.

**For Investors in Monaco:** This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.

**For Investors in Israel:** Offering materials for the offering of the Shares and securities have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful. The products mentioned herein have not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law”), as applicable. The products are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, “Sophisticated Investors”) who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within



the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

This prospectus or this document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases a product is purchasing such product for its own benefit and account and not with the aim or intention of distributing or offering such product to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing a product for another party which is a Sophisticated Investor).

Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. A recipient of this document may be required to provide confirmation that it is a Sophisticated Investor purchasing a product for its own account or, where applicable, for other Sophisticated Investors.



WisdomTree.eu  
+44 (0) 207 448 4330