

# WisdomTree European thematic monthly update

August 2024

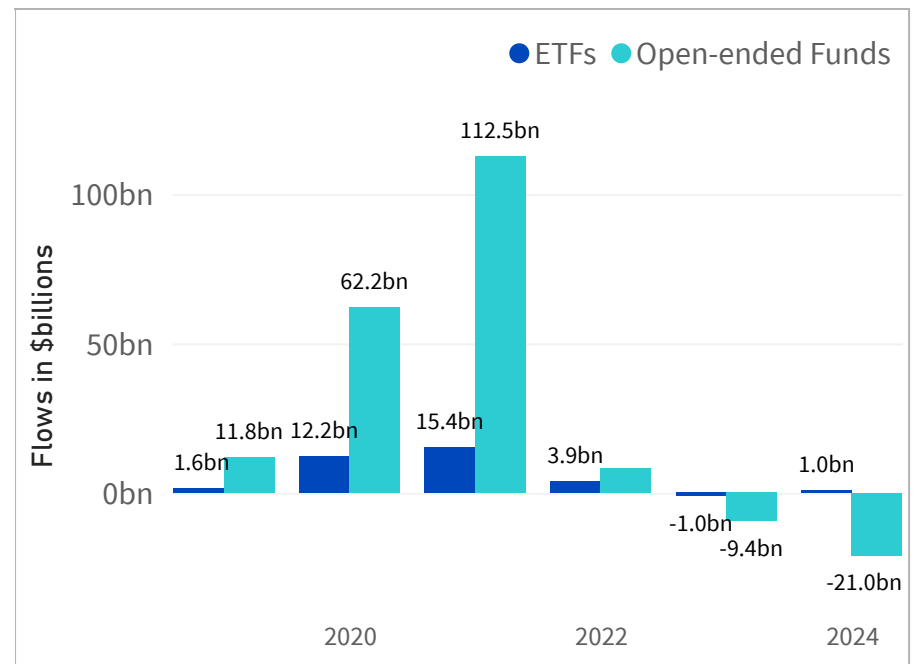
## Thematic universe overview

+ AUM in thematic Exchange Traded Funds (ETFs) and open-ended funds increased to \$334.3 billion, primarily driven by positive performance despite \$373 million in outflows. ETFs maintained a market share of approximately 14%, with a total AUM of \$46.9 billion.

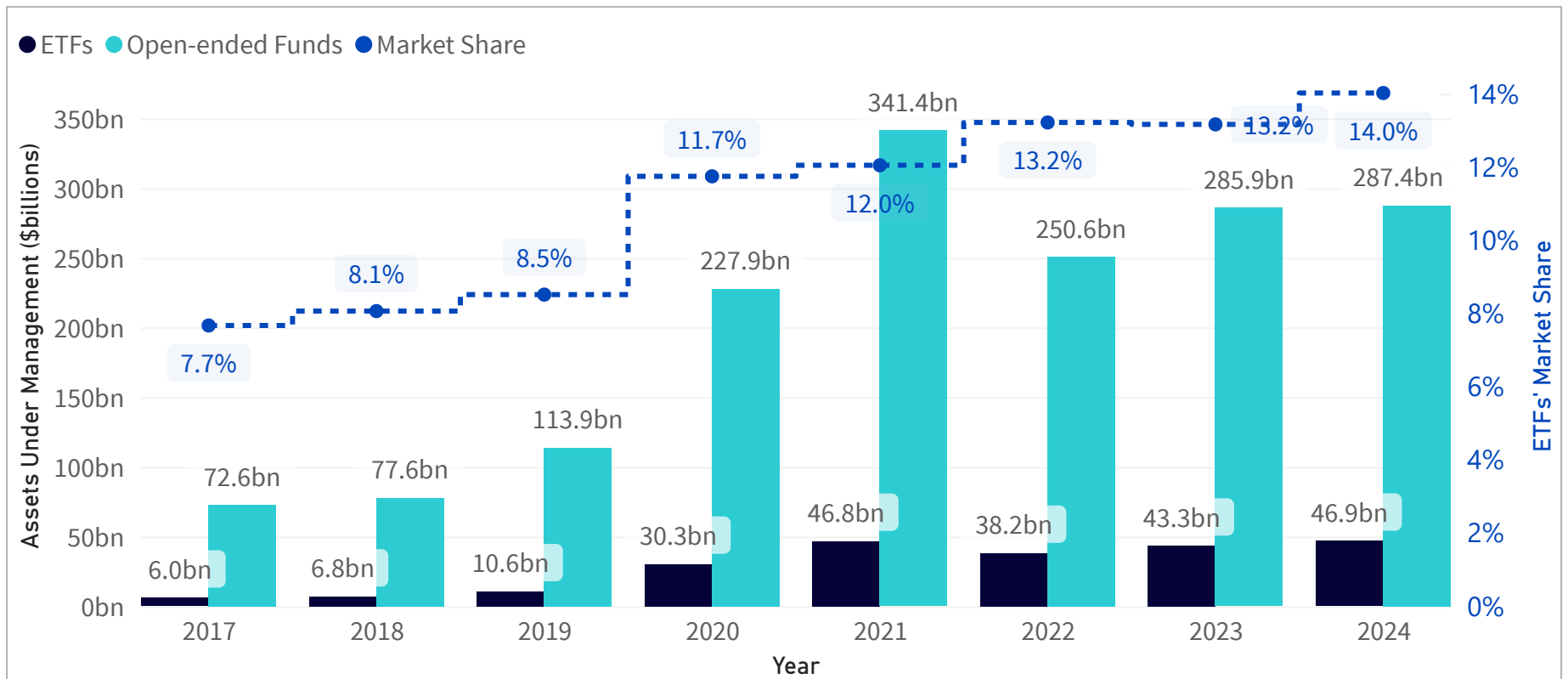
+ Most themes posted positive returns in August, with 37 themes closing the month above flat. Fifteen of these outperformed the MSCI ACWI index which gained 2.4% during the month. The “Rise of Tension” theme rose by 5.9%, making it the best-performing theme in August and year-to-date. Conversely, the “Nuclear” theme declined by 8.5% in August, dragging its year-to-date (YTD) return into negative territory, making it the worst-performing theme for the month.

+ In August, thematic ETFs saw \$232 million in inflows, with nearly all clusters experiencing positive flows except for “Environmental Pressures.” In contrast, open-ended funds experienced \$0.6 billion in outflows, with only “Diversified Thematics” recording inflows. The trend of inflows to thematic ETFs and outflows from thematic open-ended funds continued in August, resulting in \$1.0 billion in inflows to ETFs and \$21.0 billion in outflows year-to-date.

## Recent yearly flows in Europe



## Europe-domiciled thematic AUM evolution and ETFs' market share



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/08/2024 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar. More information on the WisdomTree Thematic classification can be found in the Appendix. **Historical performance is not an indication of future performance, and any investments may go down in value.**

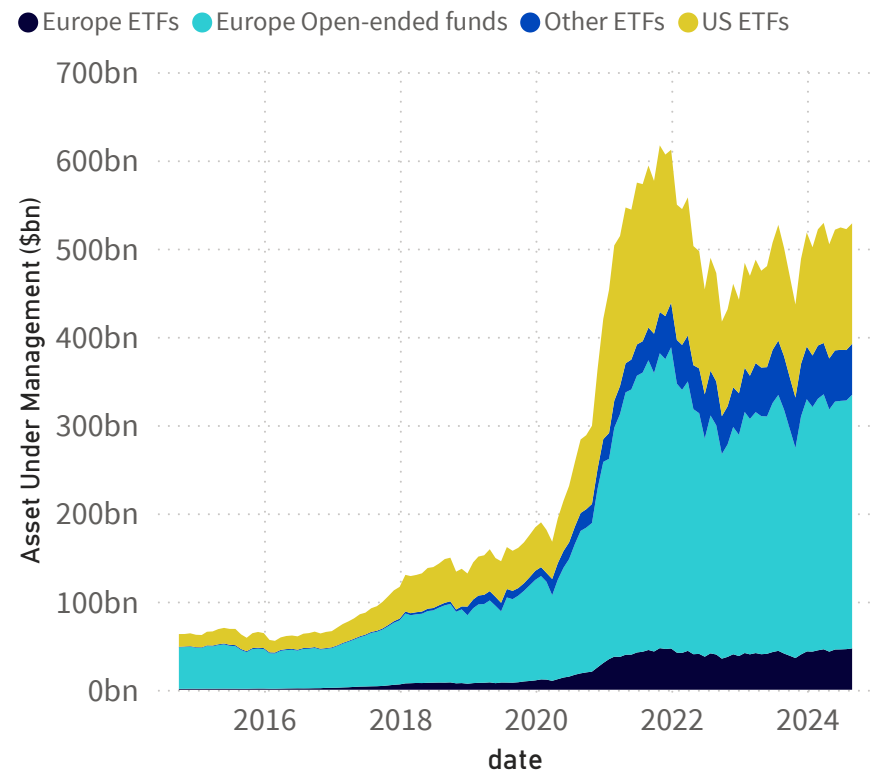
## Thematic universe overview (continued)

+ The combined AUM in global thematic ETFs and open-ended funds slightly increased to \$528 billion, reaching the highest point since April 2022, though still below the historic peak in December 2021. However, the AUM in thematic ETFs in Europe was very close to the highest level recorded in October 2021.

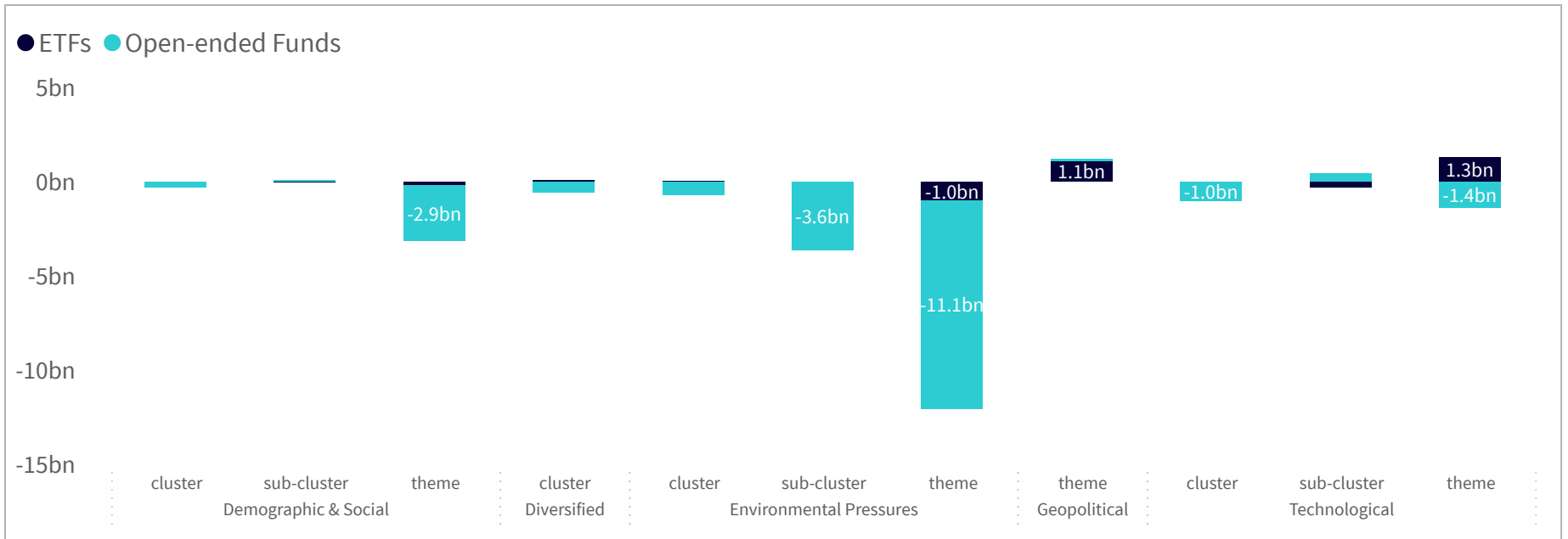
+ In Europe, “Environmental Pressures” was the cluster with the most outflows in August, with \$1.2 billion exiting thematic ETFs and open-ended funds. Year-to-date, thematic ETFs and open-ended funds lost \$20.0 billion flows in total, with \$16.3 billion of outflows from “Environmental Pressures.” On the other hand, “Diversified Thematics” saw the most inflows in August, primarily into open-ended funds.

+ As of the end of August 2024, “Environmental Pressures” remained the largest group in Europe, with \$131.6 billion in assets, closely followed by “Technological Shifts” at \$117.8 billion. The gap between these two groups has narrowed compared to the previous year.

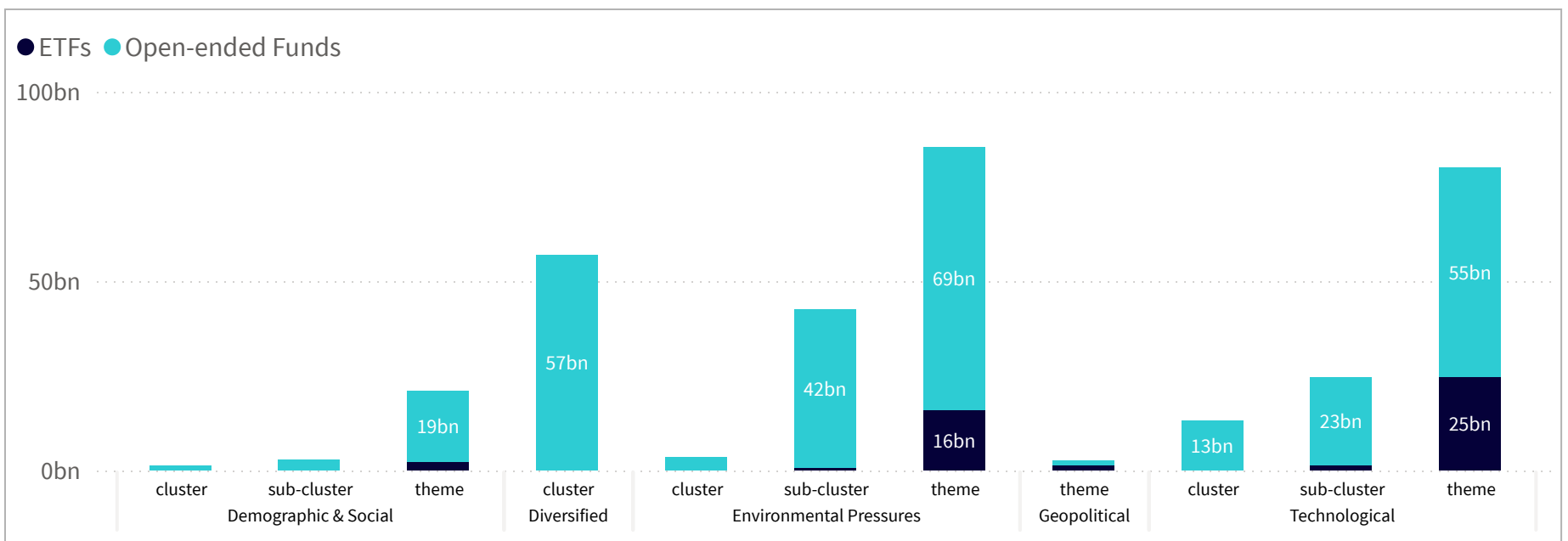
## AuM in Thematics by region (Last 10Y)



## YTD flows in Europe by wrapper in cluster, sub-cluster and focused themes



## AuM in Europe by wrapper in cluster, sub-cluster and focused themes



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/08/2024 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar More information on the WisdomTree Thematic classification can be found in the Appendix. **Historical performance is not an indication of future performance, and any investments may go down in value.**

## Thematic flows in Europe

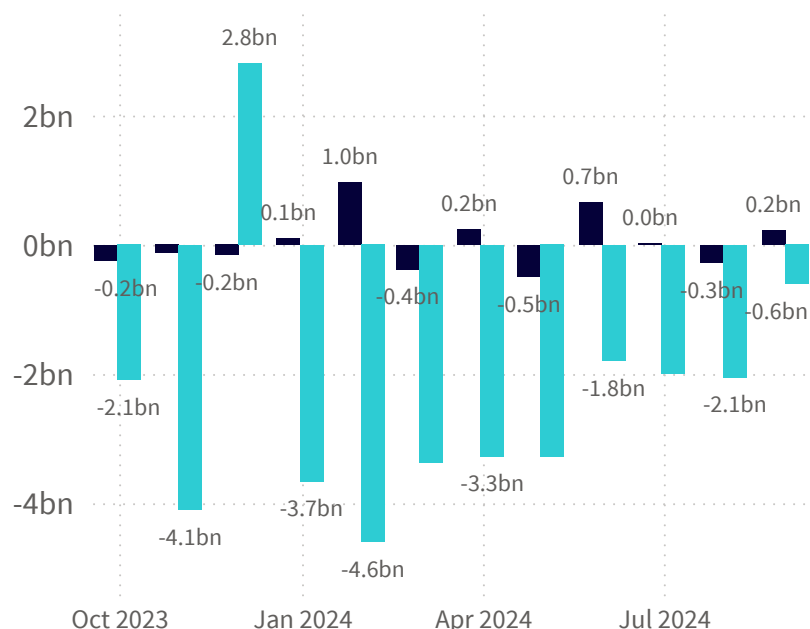
+ Flows in August were positive for ETFs (+\$232 million) but negative for open-ended funds (-\$605 million), resulting in \$1.0 billion in inflows to ETFs and \$21.0 billion in outflows year-to-date.

+ In August, “Semiconductors” attracted the most inflows again, with \$321 million. Although “Artificial Intelligence & Big Data” saw inflows in ETFs, it still lost \$41 million when combined with open-ended funds. Year-to-date, it remains the theme attracting the most inflows, with \$1.9 billion, followed by “Semiconductors.” The gap between these two themes has narrowed due to sustained flows into “Semiconductors.” “Equality, Inclusion & Diversity” and “Rise of Tension” were the second and third themes attracting the most inflows in August. The former’s inflows offset its earlier outflows, resulting in positive flows year-to-date, while the latter’s inflows secured its third position in year-to-date flows.

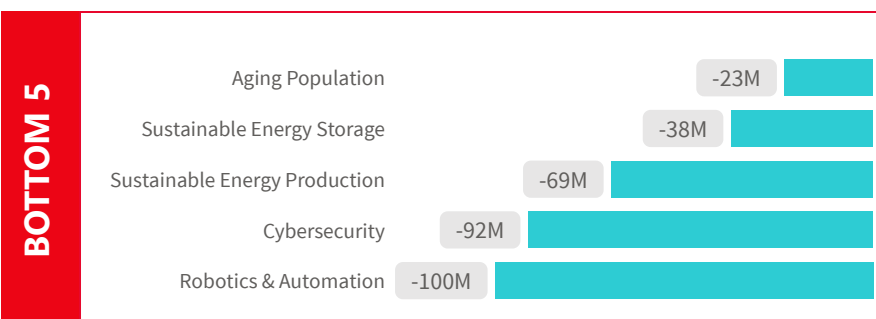
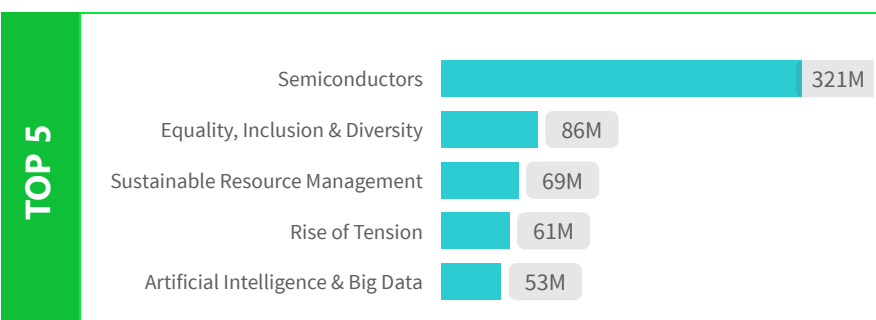
+ “Sustainable Energy Production” continued to lead outflows in August with -\$792 million. “HealthTech” and “Robotics & Automation” also suffered outflows of \$143 million and \$115 million, respectively. Year-to-date, green themes continue to bear the brunt of outflows, with four of these themes in the bottom five, cumulatively losing more than \$10.1 billion.

## Month-on-month thematic flows

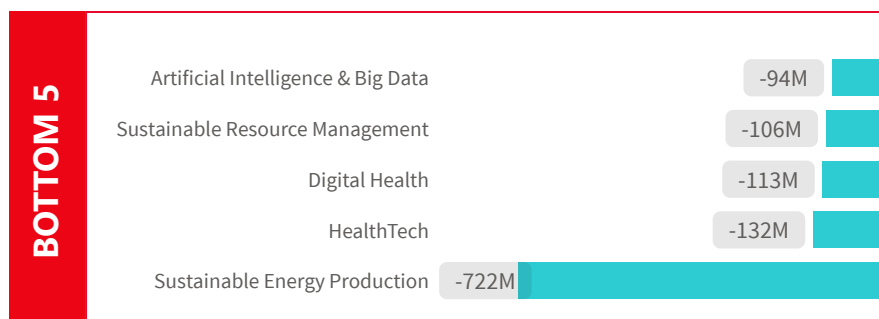
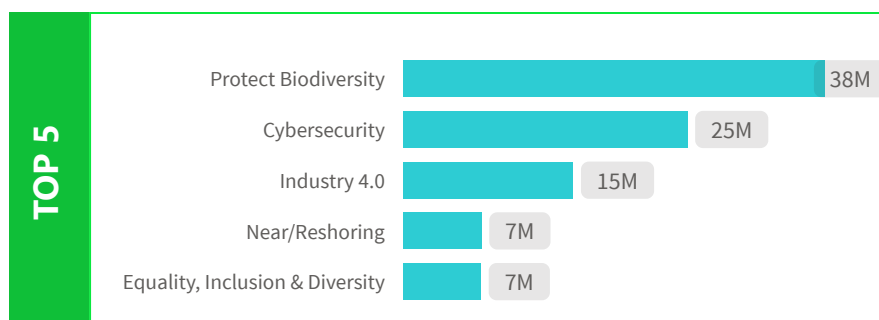
● ETFs ● Open-ended Funds



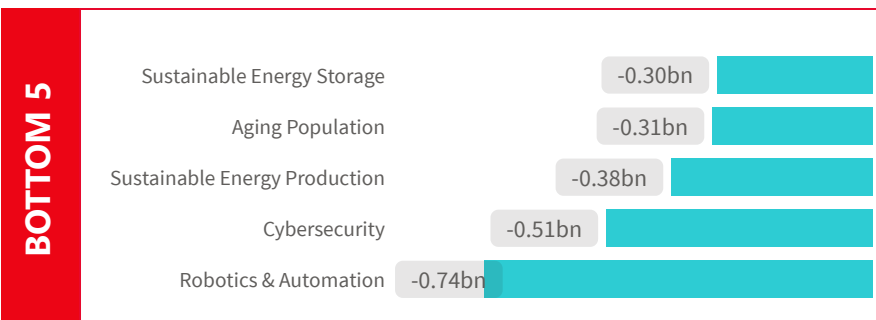
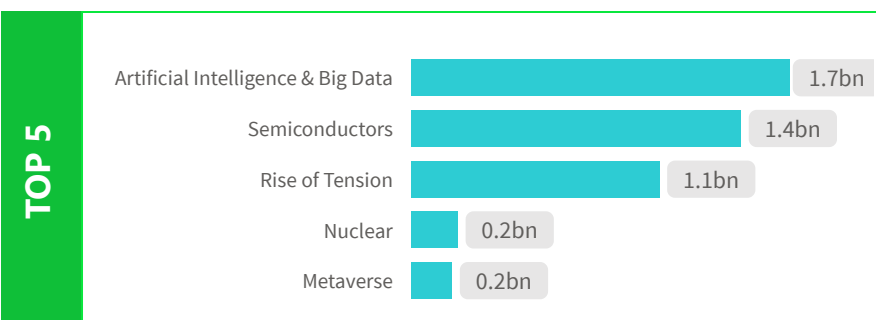
## August Top/Bottom flows in Europe ETFs



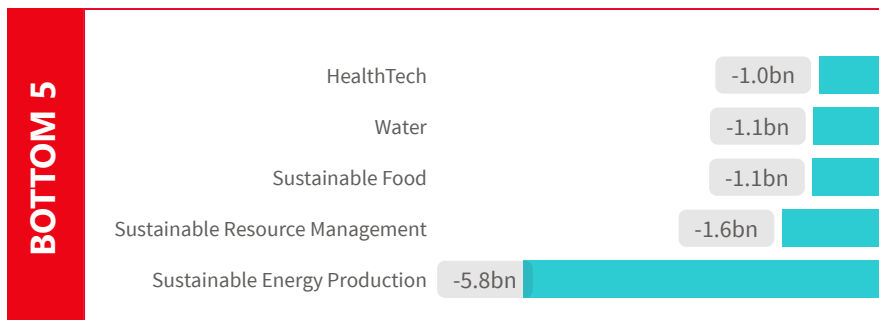
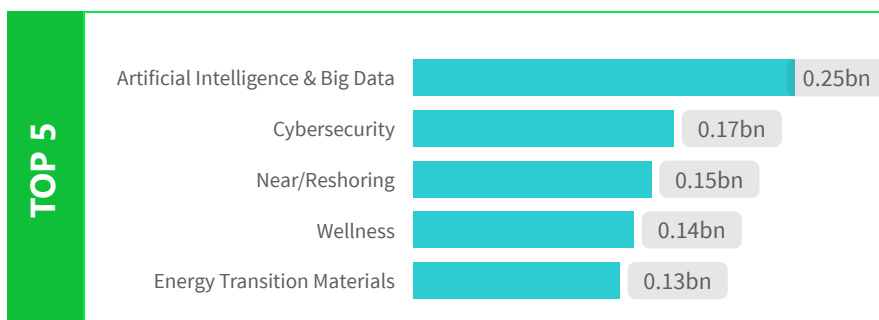
## August Top/Bottom flows in Mutual Funds



## YTD Top/Bottom flows in Europe ETFs



## YTD Top/Bottom flows in Mutual Funds



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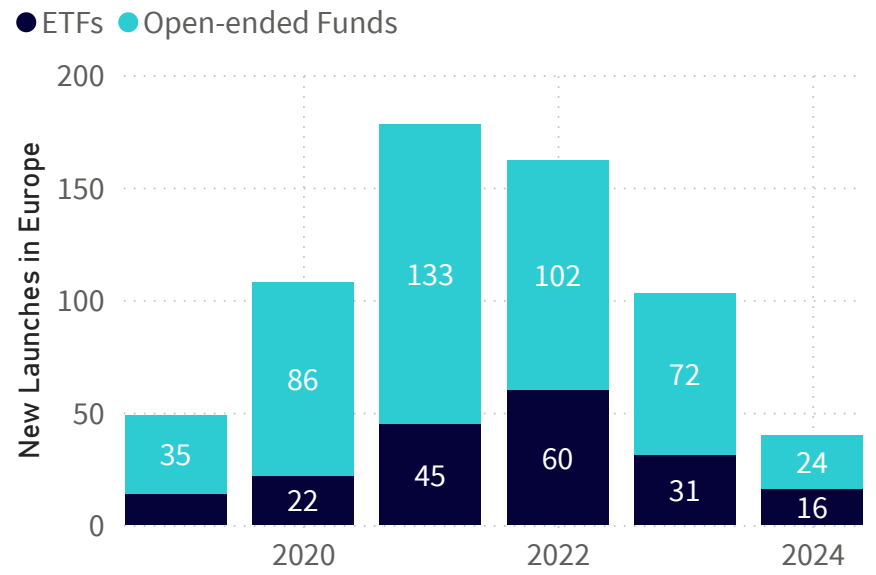
## Thematic performance and launches in Europe

+ In August, “Rise of Tension” posted a 5.9% return, making it the best-performing theme of the month. It also returned 32.1% year-to-date, becoming the best-performing theme year-to-date. “Fintech & Digitalisation of Finance” and “Digital Health” rounded out the top three. Although “Semiconductors” was the second-best performing theme year-to-date with a 29.9% return, it declined by 1.1% in August and 7.0% quarter-to-date. Along with “Rise of Tension,” it was one of the only two themes to outperform the MSCI ACWI year-to-date.

+ “Nuclear,” “Blockchain,” and “Rise of China Tech” were the three worst-performing themes in August, with “Nuclear” being the worst. Despite performing well earlier in the year, “Nuclear” has seen weak performance in recent months, resulting in a negative year-to-date return of -6.3%, placing it among the bottom five themes year-to-date. Although green themes did not enter the bottom five in August, they still accounted for three of the bottom five performing themes year-to-date.

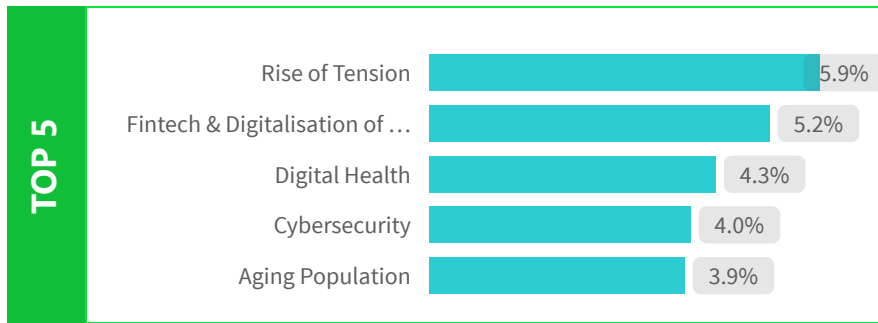
+ As of the end of August, only 40 thematic ETFs and open-ended funds were launched this year, marking the slowest pace since 2019.

## Yearly thematic launches in Europe\*

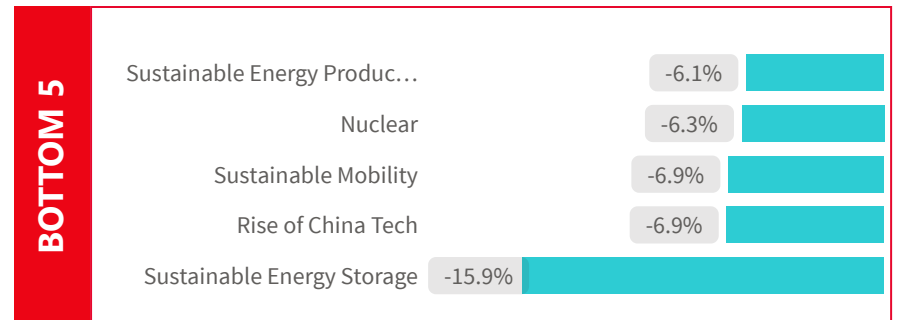
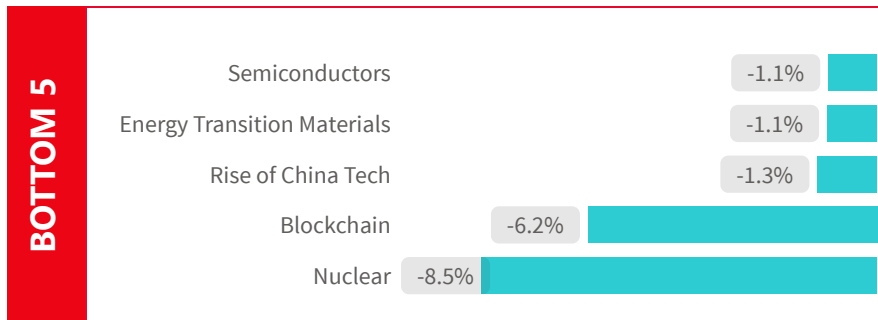
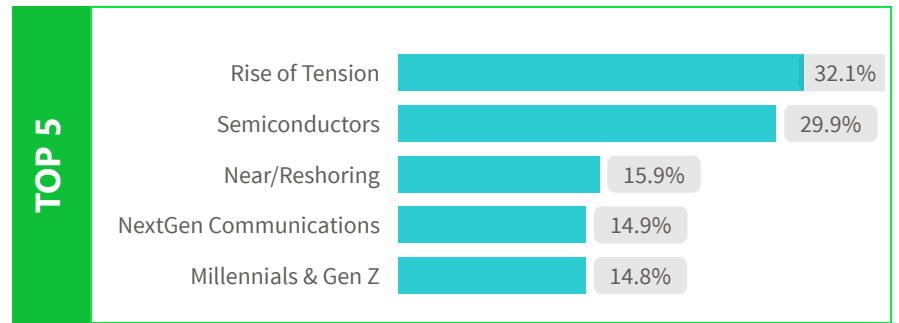


\* New launches are updated quarterly

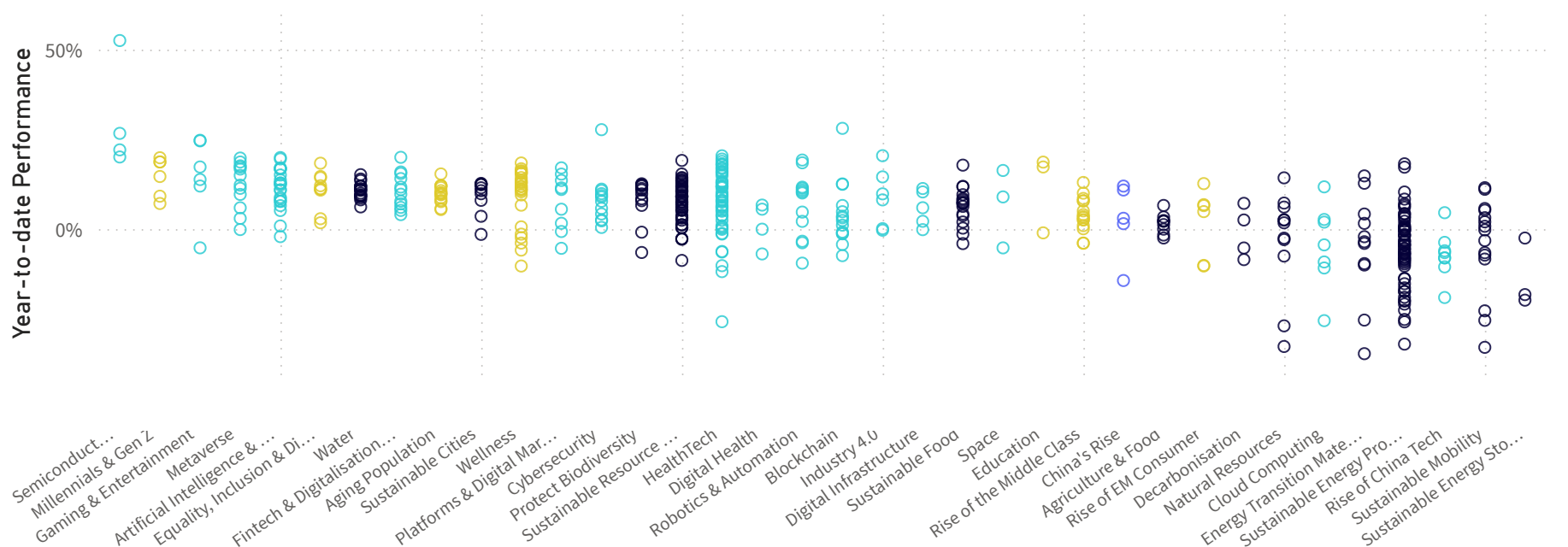
## Top 5/Bottom 5 by performance in August



## Top 5/Bottom 5 by YTD performance

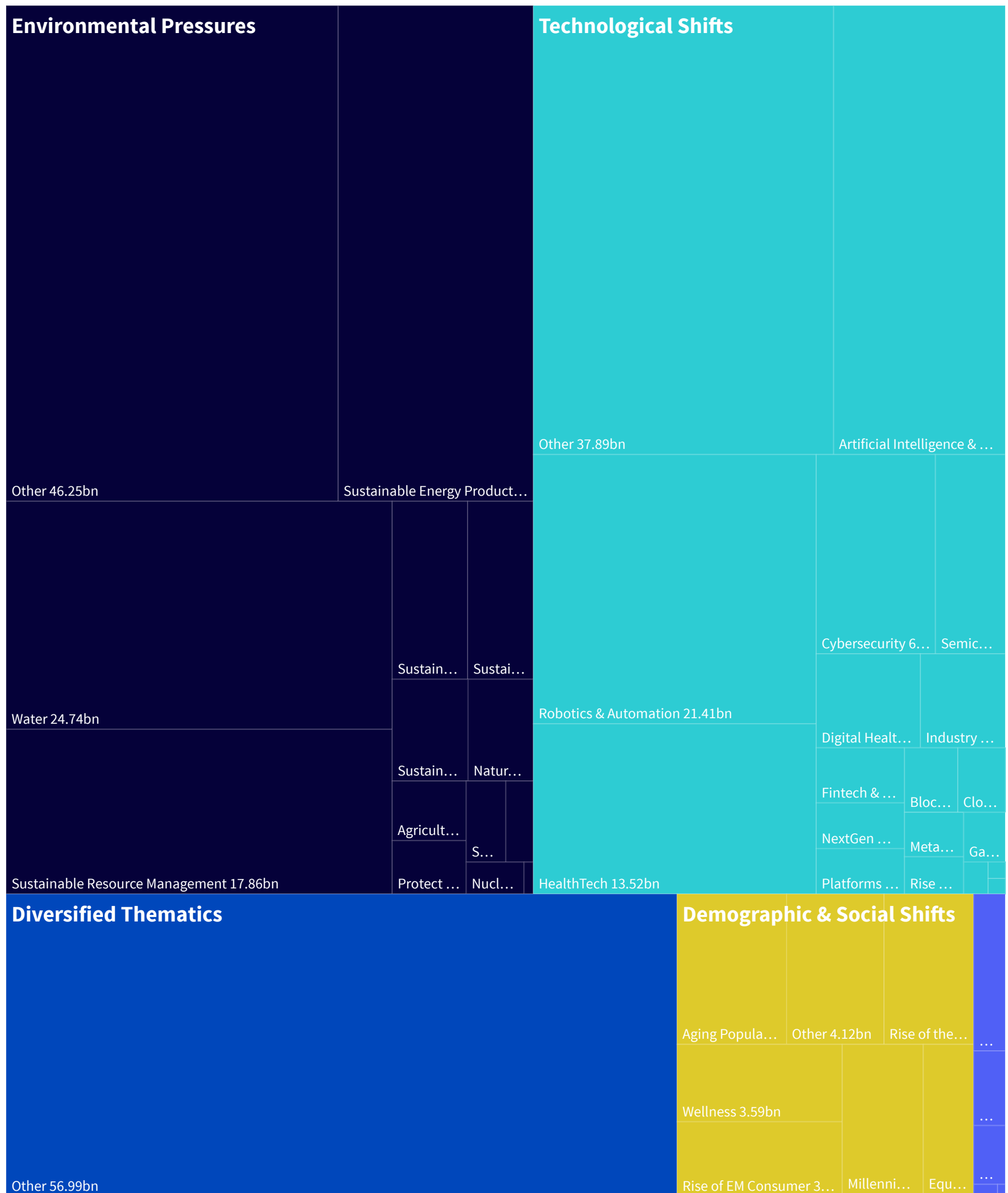


## Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/08/2024 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar. More information on the WisdomTree Thematic classification can be found in the Appendix. **Historical performance is not an indication of future performance, and any investments may go down in value.**

# AUM per theme in ETFs and open-ended funds domiciled in Europe (\$billions)



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## Appendix - Multi themes & diversified thematic ETFs and Open-ended funds

Cluster	Sub-Cluster	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)
Technological Shifts		13,215.97M	58.06M	-1,034.67M
Technological Shifts	Disruptive Technologies	16,122.63M	68.75M	-350.25M
Technological Shifts	HyperConnectivity & Digitalisation	8,556.35M	-58.72M	507.25M
Environmental Pressures		3,618.61M	-85.92M	-672.71M
Environmental Pressures	Climate Change & Sustainability	42,619.73M	-123.69M	-3,613.04M
Environmental Pressures	Limited Resources	10.98M	-0.02M	-0.42M
Diversified Thematics		56,986.53M	1,132.12M	-509.24M
Demographic & Social Shifts		1,264.74M	-3.82M	-308.16M
Demographic & Social Shifts	Demographic Shifts	2,850.98M	14.88M	67.87M
Demographic & Social Shifts	Social Shifts	5.06M	0.00M	-9.40M

## Appendix - Theme focused ETFs and Open-ended funds

Theme Name	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)	Performance Last Month	Performance YTD
Aging Population	4,628.65M	-77.29M	-1,059.65M	3.9%	10.0%
Agriculture & Food	1,241.45M	-42.32M	-530.13M	2.6%	1.6%
Artificial Intelligence & Big Data	21,652.60M	-40.64M	1,902.62M	2.1%	11.0%
Blockchain	965.17M	18.71M	20.59M	-6.2%	6.4%
China's Rise	522.38M	-14.14M	-57.31M	1.2%	2.5%
Cloud Computing	860.23M	-4.42M	-79.81M	0.5%	-4.6%
Cybersecurity	6,675.00M	-66.31M	-340.97M	4.0%	8.9%
Decarbonisation	82.11M	0.05M	-10.10M	1.3%	-1.3%
Digital Health	2,750.84M	-112.68M	-403.53M	4.3%	7.7%
Digital Infrastructure	74.55M	0.04M	-3.46M	2.9%	6.0%
Education	78.02M	-0.62M	-253.46M	2.9%	4.3%
Energy Transition Materials	623.78M	-7.08M	289.00M	-1.1%	-4.1%
Equality, Inclusion & Diversity	2,119.36M	92.78M	27.67M	3.5%	11.4%
Fintech & Digitalisation of Finance	1,366.64M	-64.30M	-226.04M	5.2%	10.7%
Gaming & Entertainment	580.58M	-6.87M	-149.11M	1.7%	14.2%
Global Logistics	25.79M	-1.28M	-2.07M	0.9%	2.8%
HealthTech	13,522.73M	-143.50M	-1,206.61M	2.3%	8.0%
Industry 4.0	2,238.24M	15.10M	87.22M	0.7%	6.5%
Internet of Things	219.95M	0.27M	70.38M	1.9%	4.7%
Metaverse	738.95M	16.13M	306.87M	1.1%	12.6%
Millennials & Gen Z	3,409.33M	-22.41M	-385.16M	3.4%	14.8%
Natural Resources	1,861.67M	16.14M	-293.13M	0.1%	-0.7%
Near/Reshoring	663.11M	6.95M	153.40M	2.3%	15.9%
NextGen Communications	1,135.03M	-15.42M	-174.12M	1.8%	14.9%
Nuclear	516.73M	13.33M	203.74M	-8.5%	-6.3%
Platforms & Digital Markets	1,124.22M	-30.37M	-437.92M	1.1%	9.0%
Political Polarisation	80.20M	0.00M	39.77M	2.1%	8.5%
Protect Biodiversity	1,108.62M	37.52M	-1.12M	1.8%	8.1%
Rise of China Tech	617.08M	-10.46M	-20.86M	-1.3%	-6.9%
Rise of EM Consumer	3,460.62M	-55.85M	-846.34M	0.7%	1.6%
Rise of Tension	1,394.68M	60.67M	1,085.32M	5.9%	32.1%
Rise of the Middle Class	3,787.24M	-81.98M	-839.00M	3.6%	4.0%
Robotics & Automation	21,405.53M	-114.95M	-900.69M	1.2%	7.5%
Semiconductors	3,908.01M	321.26M	1,442.44M	-1.1%	29.9%
Space	79.76M	0.18M	22.57M	2.8%	4.8%
Sustainable Cities	2,167.64M	0.25M	-268.75M	3.1%	9.7%
Sustainable Energy Production	27,165.42M	-791.82M	-6,164.24M	-0.1%	-6.1%
Sustainable Energy Storage	902.94M	-39.08M	-337.47M	-0.6%	-15.9%
Sustainable Food	3,774.39M	-59.36M	-1,126.55M	2.0%	5.0%
Sustainable Mobility	3,278.83M	-69.88M	-1,132.18M	0.1%	-6.9%
Sustainable Resource Management	17,856.29M	-37.42M	-1,689.27M	1.1%	7.9%
Water	24,735.18M	-58.61M	-1,002.66M	1.1%	10.7%
Wellness	3,591.24M	-5.53M	198.51M	3.4%	9.6%

Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/08/2024 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar. More information on the WisdomTree Thematic classification can be found in the Appendix. **Historical performance is not an indication of future performance, and any investments may go down in value.**

## Appendix - Definitions

The WisdomTree Thematic classification is built around 4 main thematic clusters

### Technological Shifts

This cluster focuses on the different themes that originate from the introduction of new technologies and innovation. It incorporates disruptive and emerging technologies as well as their impact on societies and economies, such as the increasing digitalisation and connectivity of the world.

### Demographic and Social Shifts

This cluster focuses on the themes that originate from changes in population and societies alike. For example, it incorporates changes in the world's pyramid of age, the impact of the growing, younger, wealthier populations in emerging markets, as well as changes to societal values and lifestyles.

### Environmental Pressures

Focusing on the environment and, more importantly, on the impact of human activities on the planet, this cluster incorporates changes driven by sustainability issues, the increasing scarcity of resources and the need to address global warming and climate change.

### Geopolitical Shifts

This cluster focuses on the themes driven by the globalisation and the changes in the global geopolitical order with the rise of new geopolitical powers like China. It also taps into the increasing polarisation of modern societies as a counterforce to globalisation.

All thematic ETFs and open-ended funds in the WisdomTree Thematic classification are classified into

- **Diversified thematics**, if they try to harness a large number of megatrends in one go. Those funds tend to have a very diluted focus, which could mean that it might be harder to find sources of potential differentiation against a broad market benchmark.
- **A specific cluster**, if they try to harness multiple themes across sub-clusters but within one particular cluster. For example, a fund investing in Artificial Intelligence, Robotics, Cloud, and Cybersecurity would be classified as a 'Technological Shifts' fund.
- **A particular sub cluster**, if a strategy aims to invest in most of the themes within that sub cluster. For example, a fund investing in Cloud Computing, Platforms, Cybersecurity, and Fintech would be classified as a 'Hyperconnectivity & Digitalisation' fund.
- **A theme**, if the investment strategy is focused on a specific, clear theme.

**YTD** stands for Year to Date

**MTD** stands for Month to Date

For all of our calculations, we use the WisdomTree Thematic Classification that we have previously introduced here and can be found in the next page.

**Performance of a theme.** For any given theme, we consider each month all the ETFs and open-ended funds classified in that specific theme that have published a monthly return for that month in Morningstar. We then calculate the average of all those monthly returns to compute the average monthly return for that theme. So, the monthly return for January 2020 for the theme may include 19 funds, while the February 2020 return may comprise 21 funds (if two funds classified in that theme have been launched in the meantime). By collating monthly returns for the theme, we get the theme's average historical performance. Therefore, the theme's average historical performance incorporates every ETF, and open-ended fund focused on this theme. The theme's average historical performance is not biased towards surviving funds or successful funds. Every fund alive in a given month is included irrespective of its future survival or success. Investments that try to focus on multiple themes and, therefore, classified either at Cluster or Sub-Cluster Level are not included.

# The WisdomTree Thematic Classification

DIVERSIFIED THEMATICS							
TECHNOLOGICAL SHIFTS		DEMOGRAPHIC AND SOCIAL SHIFTS		GEOPOLITICAL SHIFTS		ENVIRONMENTAL PRESSURES	
DISRUPTIVE TECHNOLOGIES	HYPER CONNECTIVITY & DIGITALISATION	DEMOGRAPHIC SHIFTS	SOCIAL SHIFTS	GLOBALISATION	MULTI-POLARITY	CLIMATE CHANGE & SUSTAINABILITY	LIMITED RESOURCES
	Artificial Intelligence & Big Data	Aging Population	Education	Global Logistics	China's Rise	Decarbonisation	Agriculture & Food
Blockchain	Rise of China Tech	Millennials & Gen Z	Equality, Inclusion & Diversity		Political Polarisation	Protect Biodiversity	Natural Resources
HealthTech	Cybersecurity		Rise of the Middle Class		Rise of Tension	Sustainable Mobility	Water
Industry 4.0	Digital Health		Rise of EM Consumer		Near/Reshoring	Sustainable Energy Production	Nuclear
Next Gen Communications	Digital Infrastructure		Wellness			Sustainable Energy Storage	
Robotics & Automation	Fintech & Digitalisation of Finance					Sustainable Food	
Semiconductors	Gaming & Entertainment					Sustainable Cities	
Smart Materials & Nano Tech	Internet of Things					Sustainable Resource Management	
Space	Metaverse					Extreme Events	
	Platforms & Digital Markets					Energy Transition Materials	
	Social Media & Media						

Source: WisdomTree, as of 31/12/2023

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