

WisdomTree European thematic monthly update

February 2024

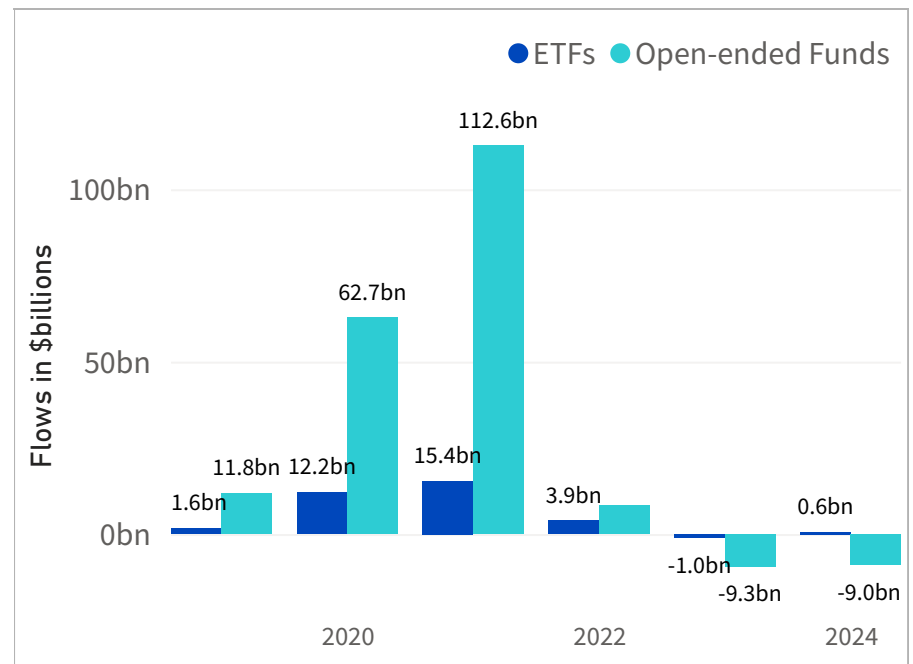
Thematic universe overview

+ AUM in thematic Exchange Traded Funds (“ETFs”) and open-ended funds increased in February to \$328.8 billion driven by strong performance and despite outflows, mostly out of open-ended mutual funds. ETFs’ market share is increasing further to 13.6%, on the back of better flow performance, with a total AUM of \$44.7 billion. AUM in ETFs is now up compared to last year and less than 2 billion off the all-time high in December 2021. This highlights the bifurcation we continue to observe between Thematic ETFs and open-ended funds. ETF performance and flows have been more resilient since mid-2023.

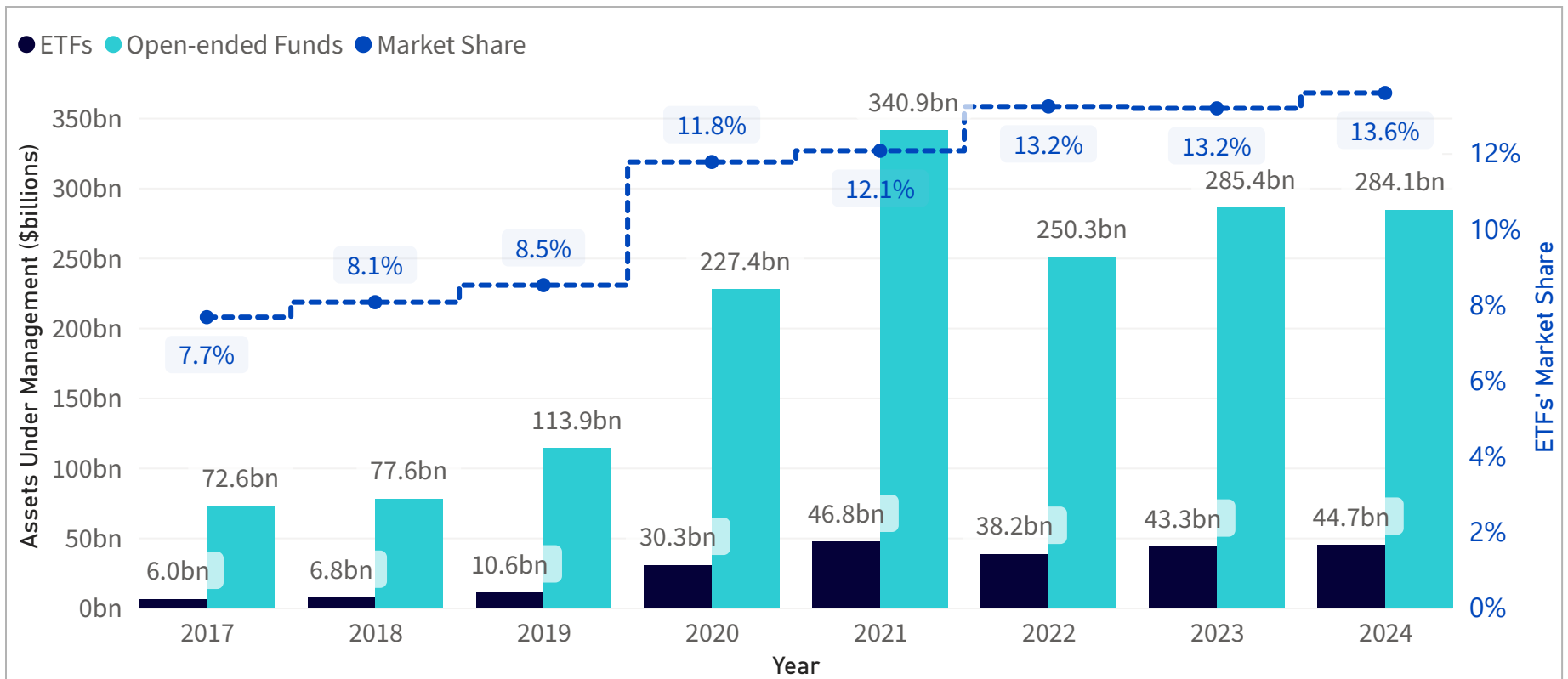
+ Performance in February turned positive again. 18 themes beat the MSCI All-Country World this month. Tech themes continue to dominate, and only "Sustainable Mobility" outperformed the market out of the "Environmental Pressures" cluster.

+ Flows in February remained negative, with -\$4.7 billion in Europe. However, the bulk of the outflows continue to come from open-ended funds. This is a continuation of the trend observed in 2023, with ETF flows being more resilient. Inflows remain concentrated in the "Technological Shifts" Cluster.

Recent yearly flows in Europe



Europe-domiciled thematic AUM evolution and ETFs’ market share



Source: WisdomTree, Morningstar, Bloomberg. All data as of 29/02/2024 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.**

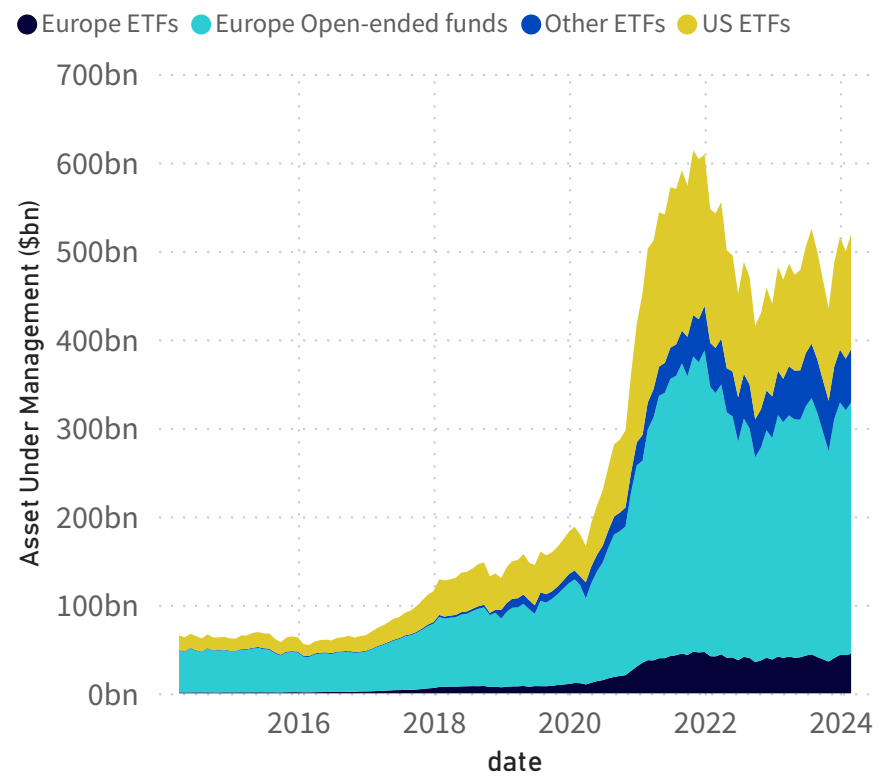
Thematic universe overview (continued)

+ Joint AUM in global thematic ETFs and open-ended funds in Europe are up \$3 billion Year to Date. This increase is driven by the rebound of Tech themes over the month and, in particular, after the NVidia results announcement.

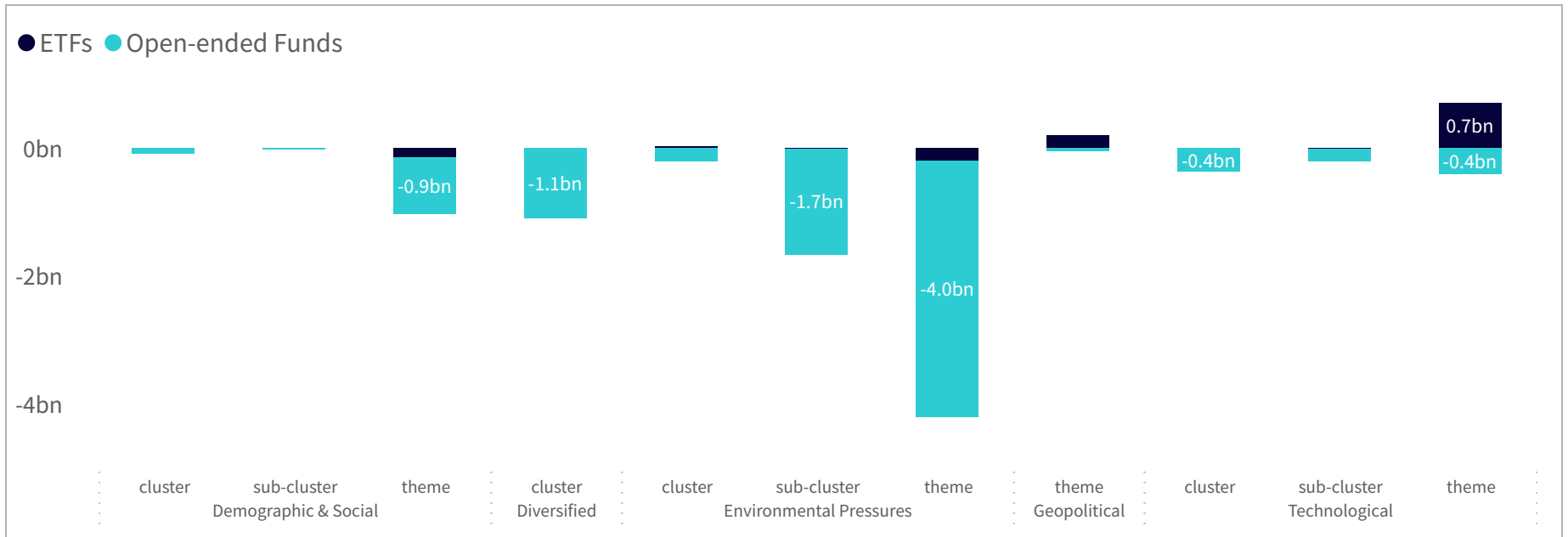
+ Year-to-date, European open-ended funds have suffered outflows across all clusters but one: "Geopolitical Shifts". This cluster has received \$162 million of new money most of which is in ETFs. Overall, outflows have been strongest out of the "Environmental Pressures" cluster but also the "Diversified Thematics" one.

+ The "Environmental Pressures" cluster remains the biggest cluster in Europe with \$133 billion of assets, but Technological Shifts is narrowing the gap with \$114 billion as of the end of February 2024. It is worth noting that in the US, "Technological Shifts" is almost three times bigger than "Environmental Pressures".

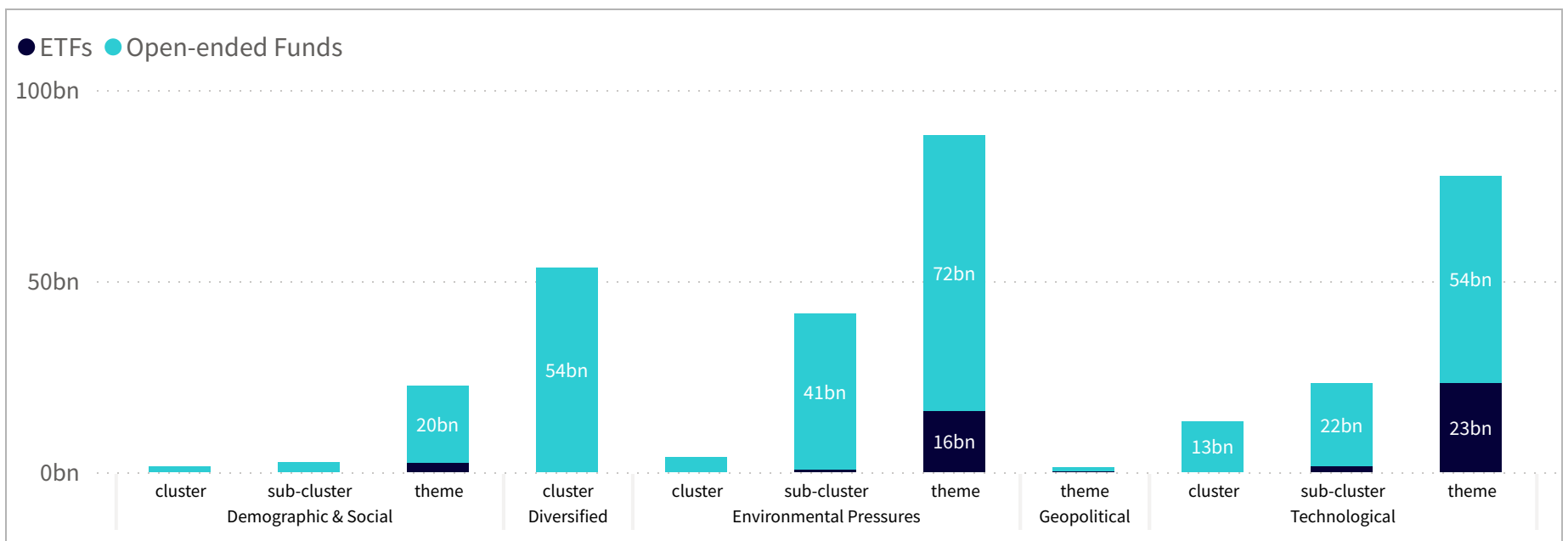
AuM in Thematics by region (Last 10Y)



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 29/02/2024 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.**

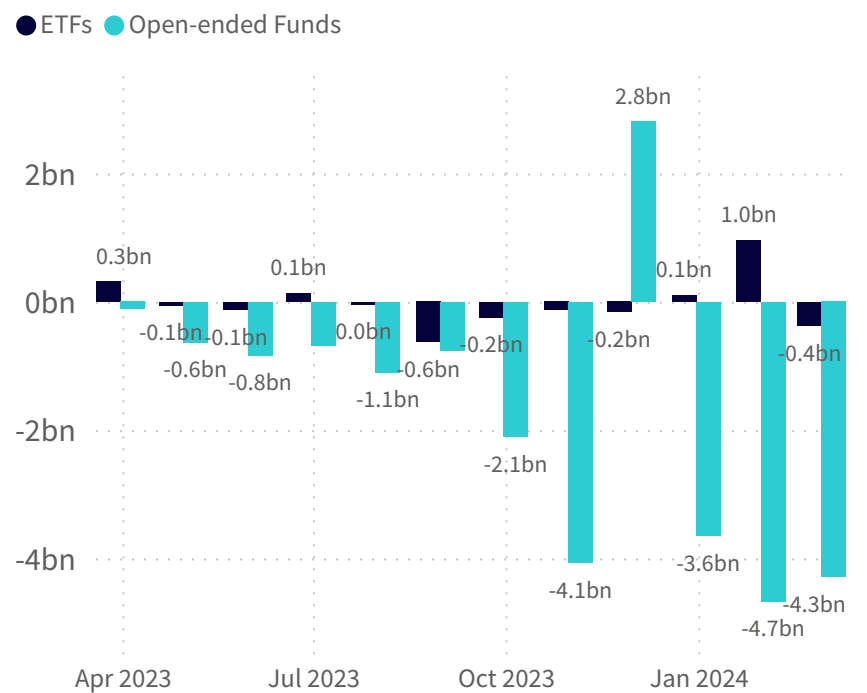
Thematic flows in Europe

+ Flows in February were negative for both wrappers - \$372 million for ETFs and -\$4.3 billion for Open-ended Funds.

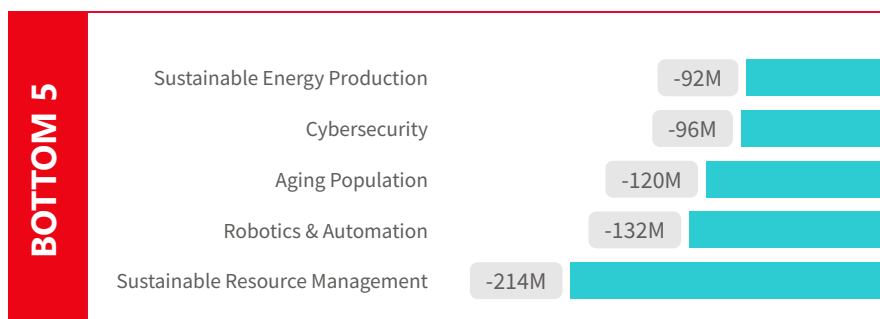
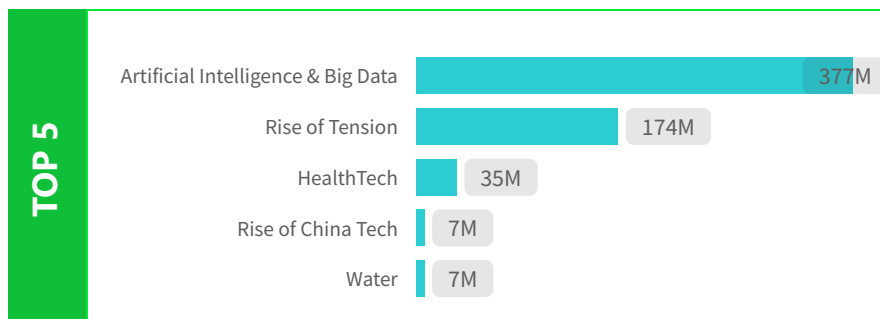
+ In February, "AI & Big Data" gathered the most assets again, with 593 million across both wrappers, showing that the theme is continuing to attract interest. YTD the theme is now up \$1.03 billion. "Rise of Tensions" was second with +\$173 million. "Metaverse" closes the top 3 with +\$38 million. Year to Date, Semiconductors remained second despite a weak February. Total inflows in the theme sum up to \$288 million. "Rise of Tensions", "Nuclear" and "Energy Transition Materials" are just behind.

+ The worst performer for the month was "Sustainable Energy Production" again, with another \$932 million in outflows. "Sustainable Resource Management" and "Sustainable Food" followed with \$584 million and \$304 million of outflows respectively. Those 3 themes are at the bottom YTD as well. "Water" and "Sustainable Mobility" closed the Bottom 5. Overall, green themes continued to suffer the majority of outflows in thematic.

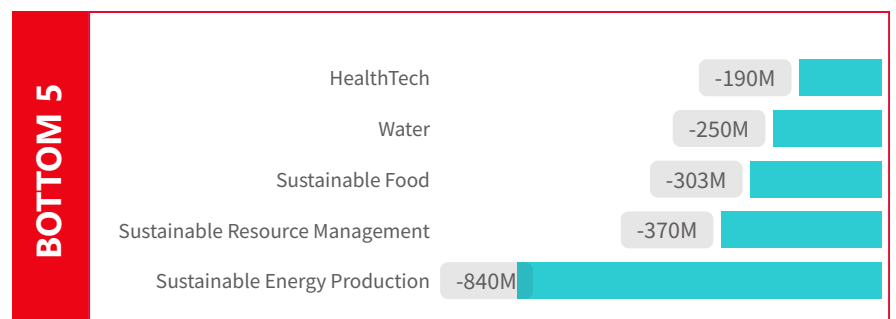
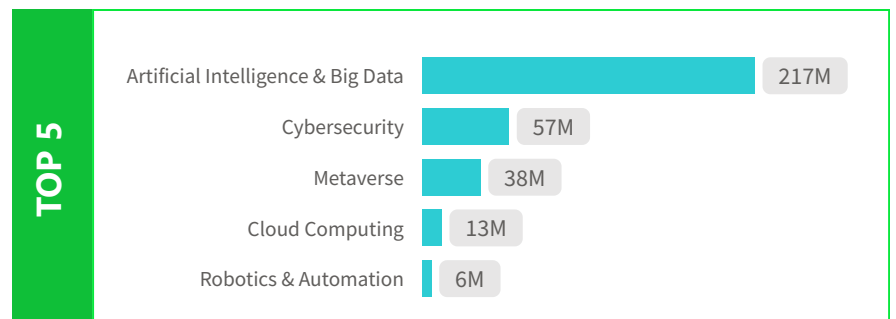
Month-on-month thematic flows



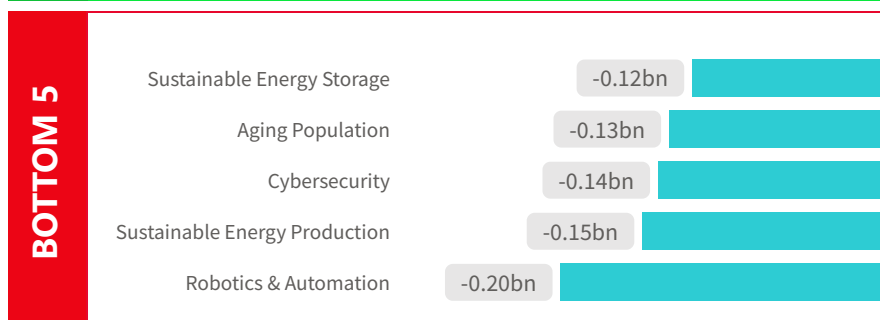
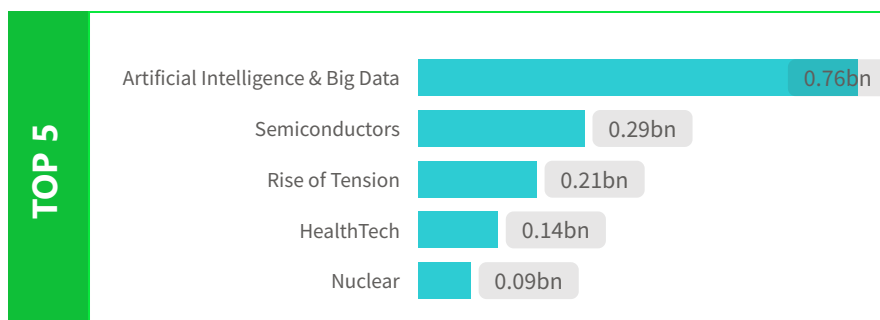
February Top/Bottom flows in Europe ETFs



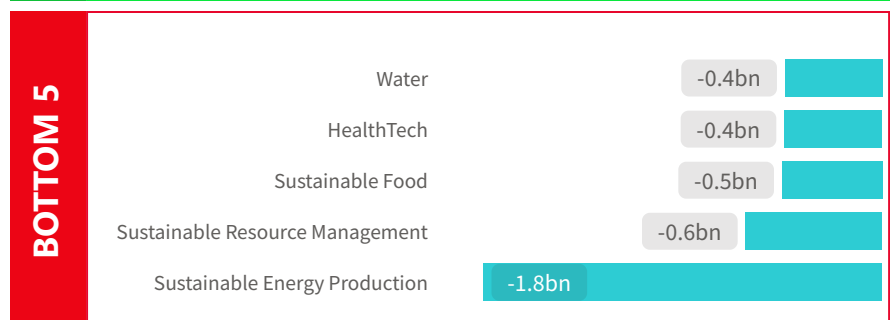
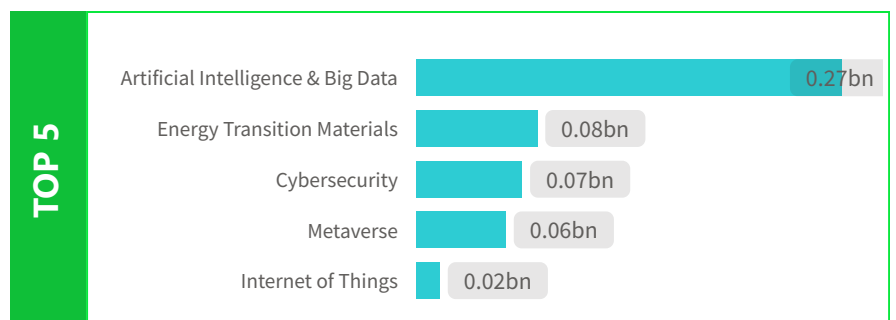
February Top/Bottom flows in Mutual Funds



YTD Top/Bottom flows in Europe ETFs



YTD Top/Bottom flows in Mutual Funds



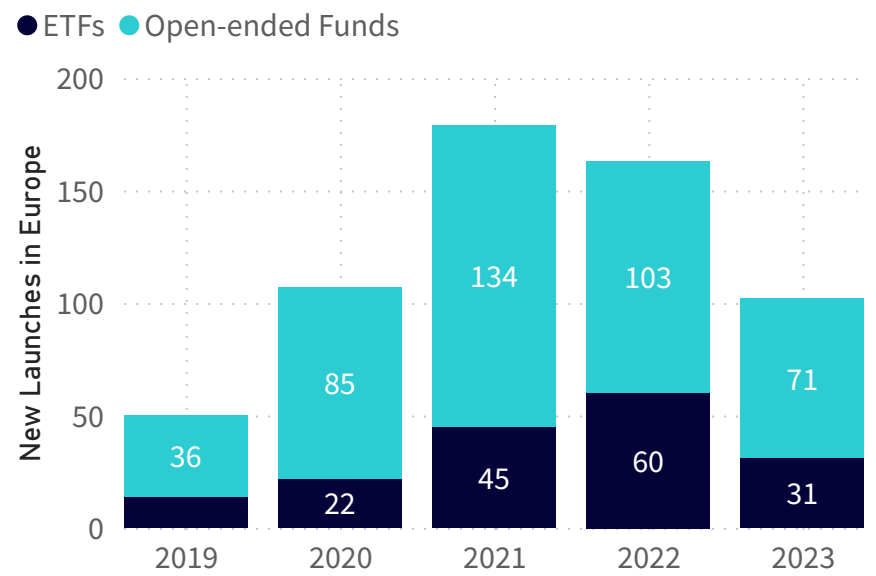
Source: WisdomTree, Morningstar, Bloomberg. All data as of 29/02/2024 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar More information on the WisdomTree Thematic classification can be found in the Appendix. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Thematic performance and launches in Europe

+ In February, "Blockchain" jumped back on top, returning +21.5%. The whole theme was buoyed by the run-in Bitcoin and cryptocurrencies in general. "Semiconductors" also performed strongly with +12.8% on the month on the back of strong NVidia performance. "China Tech" and "Rise of Tensions" follow just after with almost 12% each. Year to Date, "Semiconductors" end up on top followed by "Rise of Tensions" and "Near/Reshoring". The "Geopolitical Shifts" cluster continues to show a lot of strength in this complicated geopolitical landscape.

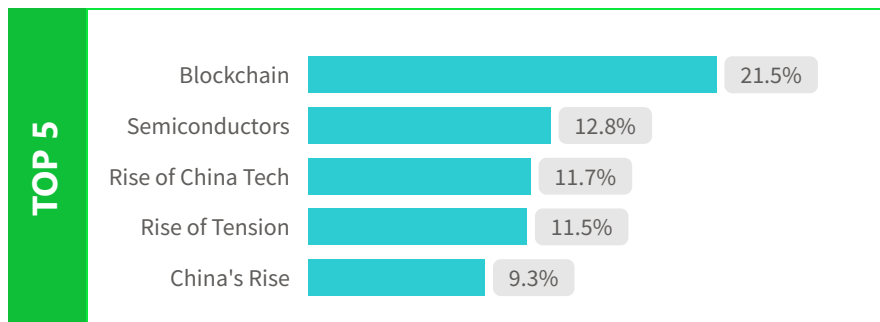
+ The worst-performing theme for the month was "Nuclear" after a very strong month of January. "Natural" Resources" and "Energy Transition Materials" closed the bottom 3. Year to Date, green themes continue to suffer and lead the way down. "Energy Transition Materials," "Sustainable Energy Production" and "Sustainable Energy Storage" all posted between -8% and -10% over the last 2 months.

Yearly thematic launches in Europe*

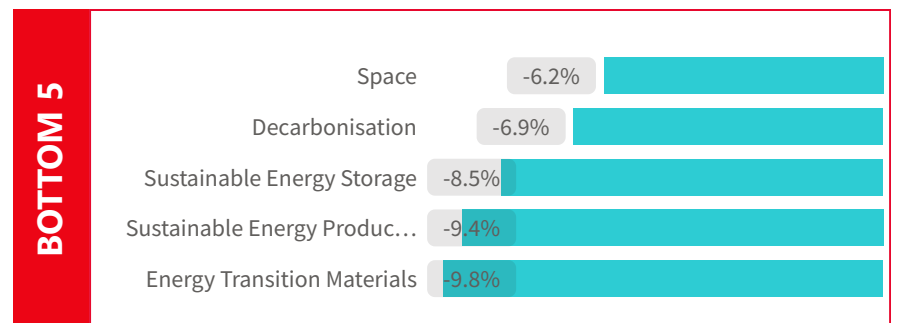
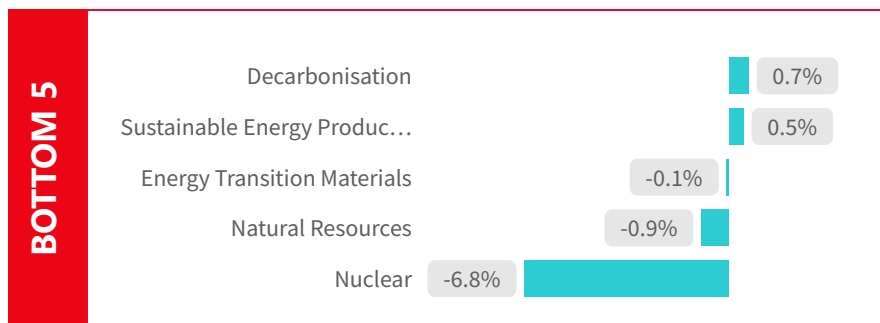
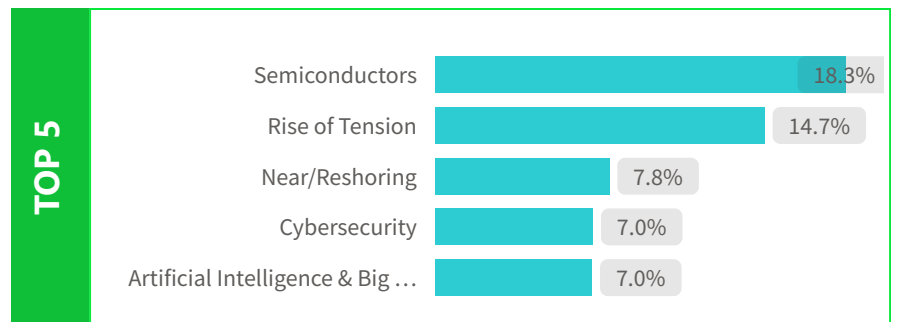


* New launches are updated quarterly

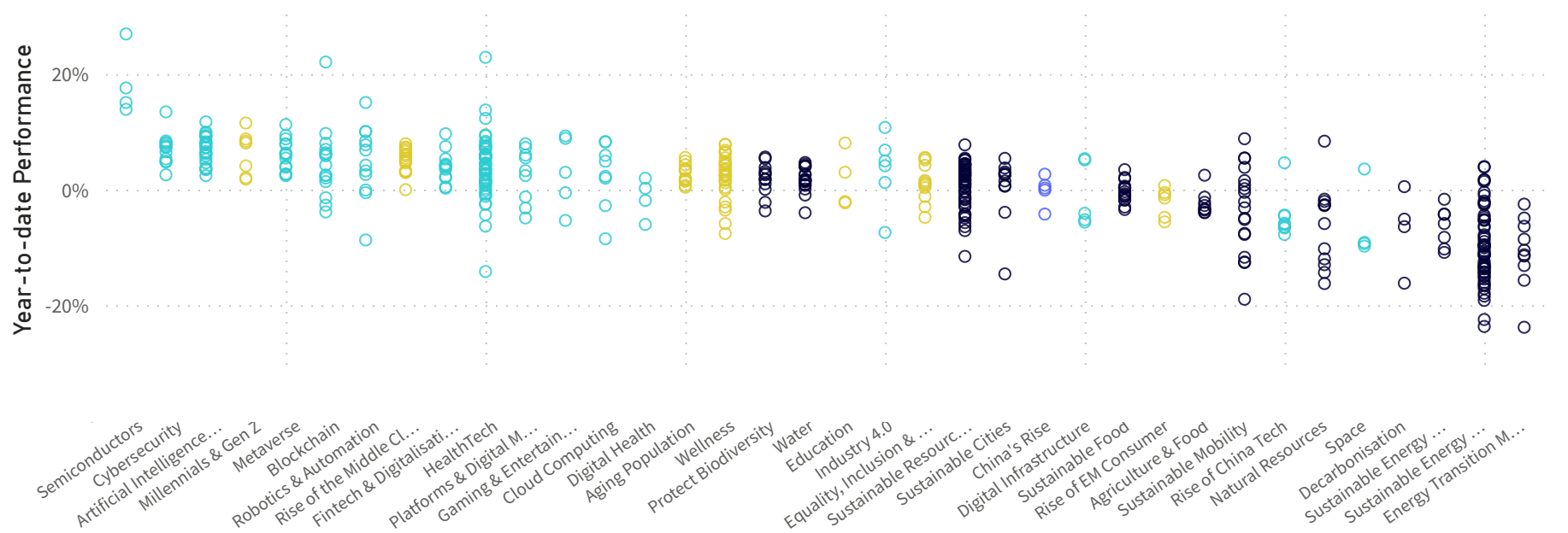
Top 5/Bottom 5 by performance in February



Top 5/Bottom 5 by YTD performance

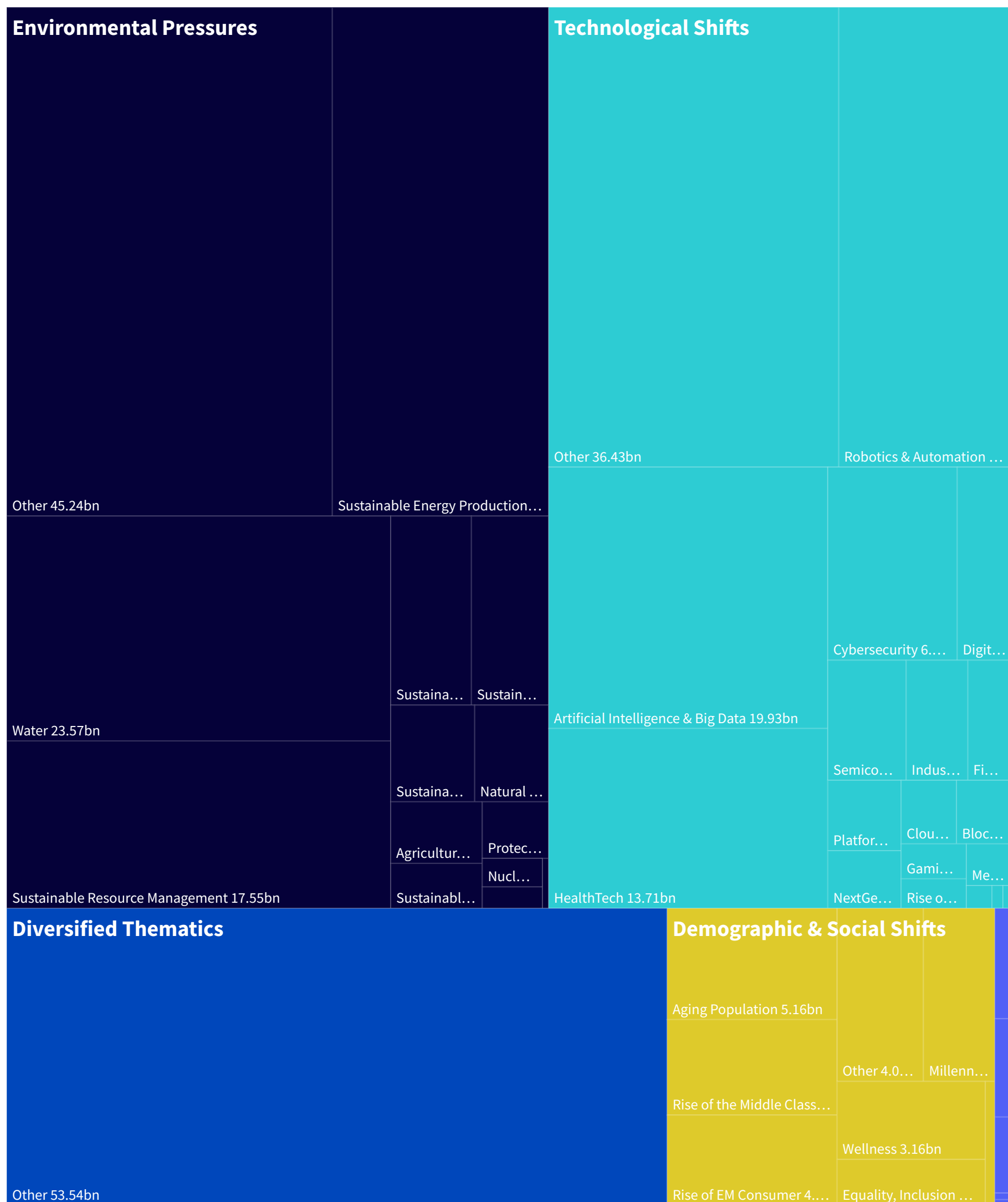


Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 29/02/2024 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)



Source: WisdomTree, Morningstar, Bloomberg. All data as of 29/02/2024 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 - Multi themes & diversified thematic ETFs and Open-ended funds

Cluster	Sub-Cluster	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)
Technological Shifts		13,219.54M	-129.76M	-368.94M
Technological Shifts	Disruptive Technologies	15,913.87M	7.66M	-160.48M
Technological Shifts	HyperConnectivity & Digitalisation	7,296.91M	-31.94M	-40.78M
Environmental Pressures		3,834.80M	-70.16M	-170.43M
Environmental Pressures	Climate Change & Sustainability	41,397.00M	-926.90M	-1,659.57M
Environmental Pressures	Limited Resources	9.74M	-0.26M	-0.45M
Diversified Thematics		53,541.78M	-539.08M	-1,097.21M
Demographic & Social Shifts		1,519.91M	-48.24M	-87.19M
Demographic & Social Shifts	Demographic Shifts	2,546.50M	-10.58M	-17.78M
Demographic & Social Shifts	Social Shifts	13.02M	-1.52M	-2.03M

Appendix - Theme focused ETFs and Open-ended funds

Theme Name	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)	Performance Last Month	Performance YTD
Aging Population	5,164.67M	-225.54M	-343.75M	2.5%	2.6%
Agriculture & Food	1,539.12M	-71.22M	-189.75M	0.9%	-2.4%
Artificial Intelligence & Big Data	19,926.10M	593.36M	1,035.25M	5.3%	7.0%
Blockchain	961.08M	-14.99M	13.98M	21.5%	5.7%
China's Rise	513.31M	-15.16M	-33.15M	9.3%	0.0%
Cloud Computing	961.18M	-8.84M	-27.52M	4.7%	2.8%
Cybersecurity	6,828.17M	-39.60M	-72.84M	4.1%	7.0%
Decarbonisation	83.10M	-2.56M	-4.55M	0.7%	-6.9%
Digital Health	2,882.53M	-60.52M	-108.26M	3.8%	2.6%
Digital Infrastructure	67.87M	-4.62M	-5.56M	2.5%	-0.9%
Education	321.98M	-12.63M	-23.97M	4.1%	1.6%
Energy Transition Materials	351.41M	-1.19M	72.16M	-0.1%	-9.8%
Equality, Inclusion & Diversity	1,856.99M	-12.89M	-46.29M	2.4%	1.4%
Fintech & Digitalisation of Finance	1,443.97M	-33.52M	-92.64M	4.9%	4.0%
Gaming & Entertainment	622.50M	-13.28M	-29.11M	4.7%	3.5%
Global Logistics	26.46M	0.25M	-0.27M	1.9%	-1.5%
HealthTech	13,705.29M	-155.38M	-310.36M	4.8%	3.9%
Industry 4.0	2,020.65M	0.53M	0.78M	3.7%	1.6%
Internet of Things	159.42M	3.55M	15.00M	3.2%	1.6%
Metaverse	518.65M	37.49M	58.93M	5.4%	6.1%
Millennials & Gen Z	3,377.64M	-58.85M	-103.46M	4.6%	6.4%
Natural Resources	1,949.03M	-39.77M	-131.18M	-0.9%	-5.2%
Near/Reshoring	456.74M	-2.75M	-9.26M	6.7%	7.8%
NextGen Communications	1,153.17M	-34.36M	-69.05M	5.2%	5.6%
Nuclear	469.27M	-6.01M	91.10M	-6.8%	3.5%
Platforms & Digital Markets	1,411.23M	-88.76M	-150.07M	5.3%	3.8%
Political Polarisation	30.66M	-0.85M	-0.85M	1.7%	-3.4%
Protect Biodiversity	1,023.54M	-13.32M	-20.44M	3.7%	1.8%
Rise of China Tech	525.71M	9.64M	-8.35M	11.7%	-4.5%
Rise of EM Consumer	4,190.87M	-99.62M	-184.32M	6.0%	-2.1%
Rise of Tension	353.31M	173.95M	205.21M	11.5%	14.7%
Rise of the Middle Class	4,435.08M	-192.93M	-336.09M	6.1%	4.7%
Robotics & Automation	21,738.43M	-125.95M	-242.22M	5.3%	5.3%
Semiconductors	2,571.10M	-13.41M	288.13M	12.8%	18.3%
Space	55.74M	3.00M	4.25M	2.8%	-6.2%
Sustainable Cities	2,215.47M	-62.40M	5.03M	2.8%	0.4%
Sustainable Energy Production	30,040.27M	-932.87M	-1,979.60M	0.5%	-9.4%
Sustainable Energy Storage	1,124.04M	-48.50M	-135.61M	4.2%	-8.5%
Sustainable Food	4,163.46M	-304.07M	-460.94M	1.8%	-0.9%
Sustainable Mobility	3,981.07M	-154.67M	-363.01M	5.9%	-3.9%
Sustainable Resource Management	17,554.25M	-584.06M	-637.47M	3.7%	0.9%
Water	23,571.78M	-243.47M	-440.05M	4.0%	1.8%
Wellness	3,158.62M	-56.17M	5.28M	2.8%	2.4%

Source: WisdomTree, Morningstar, Bloomberg. All data as of 29/02/2024 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	Cloud Computing	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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WisdomTree European Thematic Monthly Update

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