

WisdomTree European thematic monthly update

February 2025

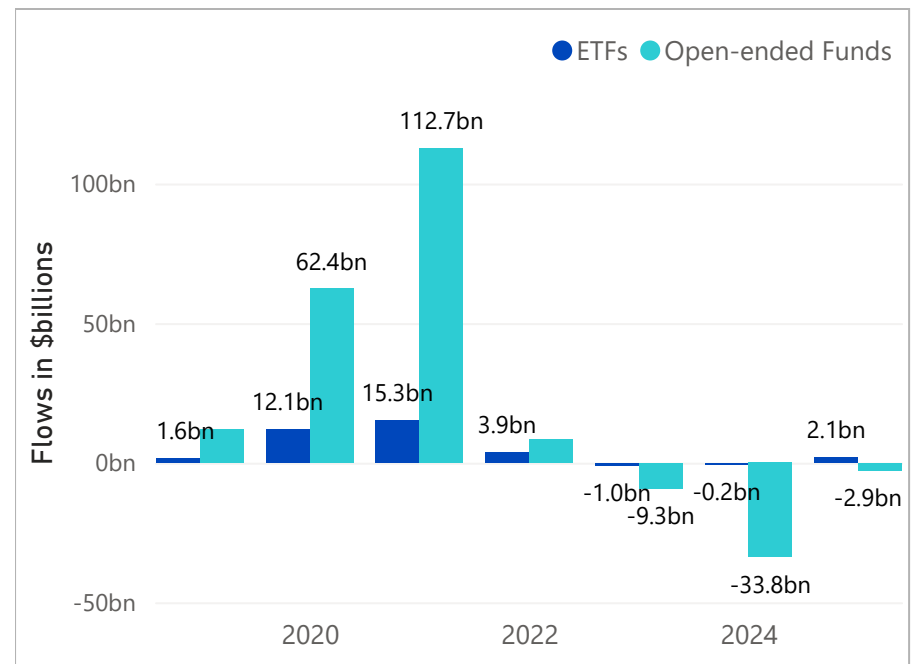
Thematic universe overview

+ AUM in thematic ETFs and open-ended funds decreased to \$316.6 billion, primarily driven by negative performance in February. As thematic ETFs' AUM remained at \$48.6 billion while thematic open-ended funds' AUM declined, the market share of ETFs among thematic funds in Europe also reached a record high of 15.4%, based on monthly data.

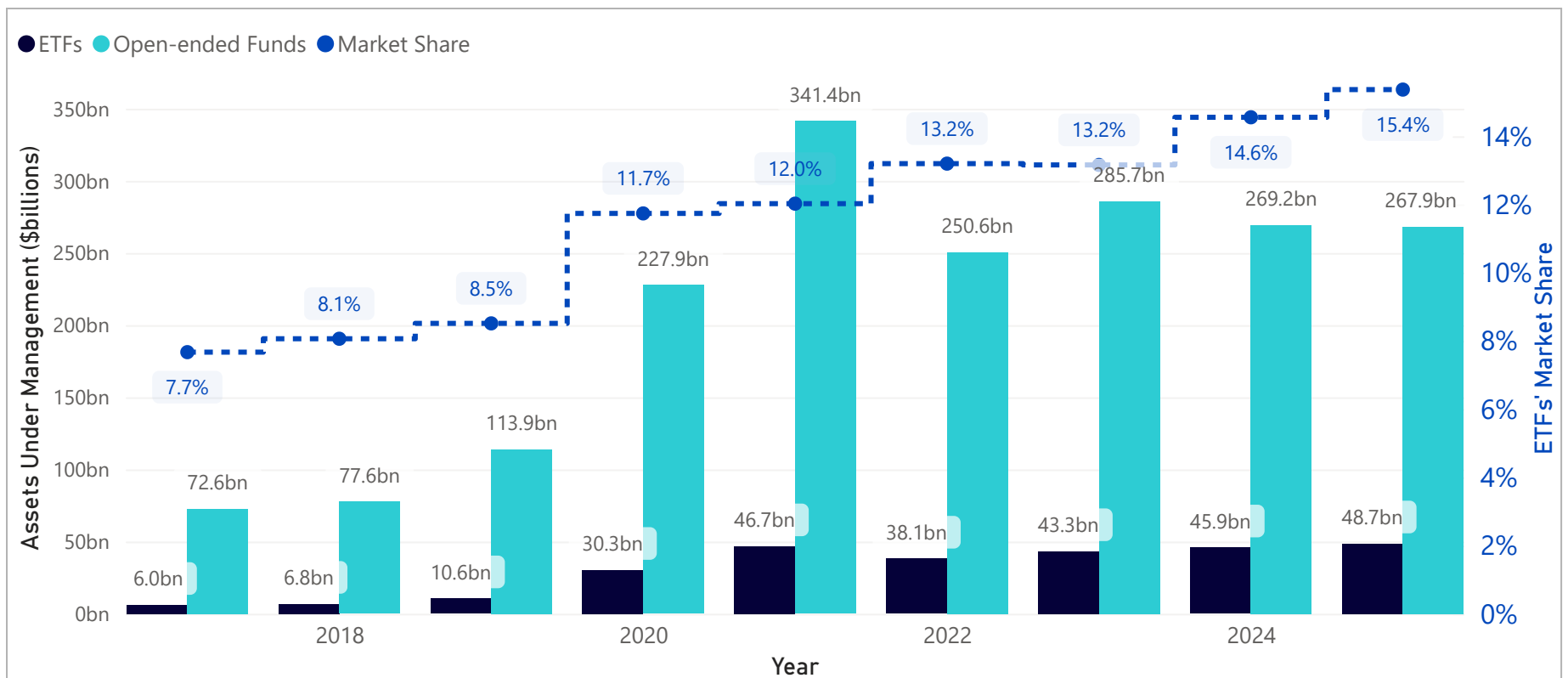
+ Total flows reversed to positive at around \$37 million for the first time over the last 12 months. The flows to ETFs were positive for the second consecutive month, reaching \$1.2 billion in February. In contrast, thematic open-ended funds experienced around \$1.2 billion in outflows during the month. "Rise of Tension" theme, which currently primarily includes defence-themed funds, saw the most inflows (\$808 million) in February. "Sustainable Energy Production," again, saw the largest outflows (-\$636 million) in the month, causing its cumulative 12-month outflow to reach \$8.9 billion.

+ Performance in February was broadly negative, with 11 themes outperforming the market (MSCI ACWI returned -0.6%) and only 7 themes closing the month with gains. "China Tech" was the best-performing theme, posting 10.2% in the month and boosting its trailing 12-month return to 28.3%. Meanwhile, "Nuclear" was the worst-performing theme, losing 13% in the month and reversing its trailing 12-month return to negative.

Recent yearly flows in Europe



Europe-domiciled thematic AUM evolution and ETFs' market share



Source: WisdomTree, Morningstar, Bloomberg. All data as of 28/02/2025 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)

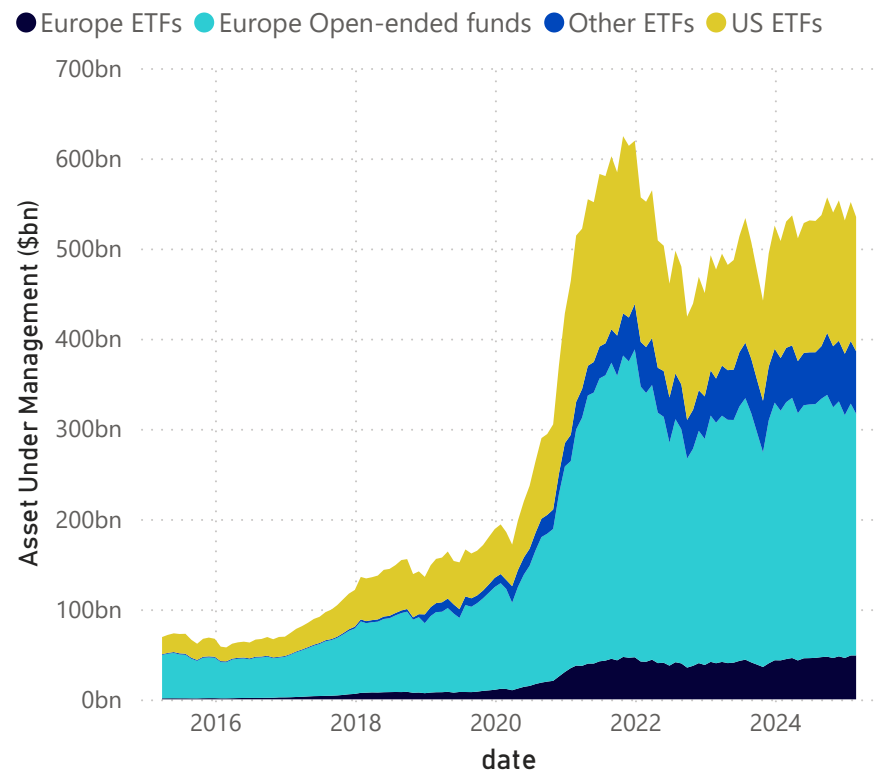
+ At the cluster level, "Environmental Pressures" recorded the largest outflows (\$1.9 billion) in February, primarily due to outflows in green themes, resulting in trailing 12-month outflows of \$22.6 billion. This cluster used to have the largest AUM but was surpassed by the "Technological Shifts" cluster in December.

+ "Technological Shifts," on the other hand, attracted \$1.1 billion in inflows during the month, benefiting from flows to the "AI & Big Data" and "Cybersecurity" themes. Notably, around 75% of these inflows were allocated to thematic ETFs while the remaining 25% were directed to open-ended funds, despite ETFs accounting for only 24% of the cluster's AUM. With strong outflows from "Environmental Pressures" and robust inflows to "Technological Shifts," the gap between these two widened to \$7.2 billion.

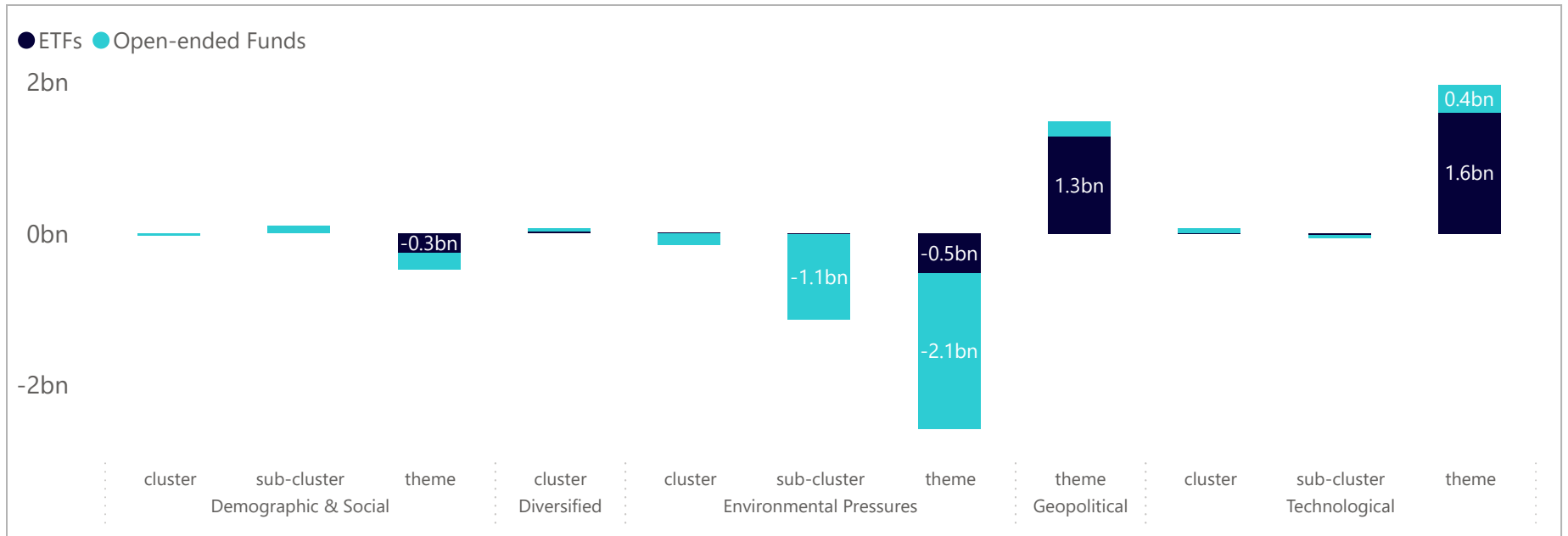
+ The "Geopolitical Shifts" cluster also experienced strong inflows in February, with around \$903 million in inflows led by the "Rise of Tension" theme, making it the only cluster with positive flows over the last 12 months.

+ Globally, the combined AUM in global thematic ETFs and European thematic open-ended funds decreased to \$535 billion in February, down from \$551 billion in January, with the "Technological Shifts" cluster maintaining the largest AUM among clusters at \$273 billion.

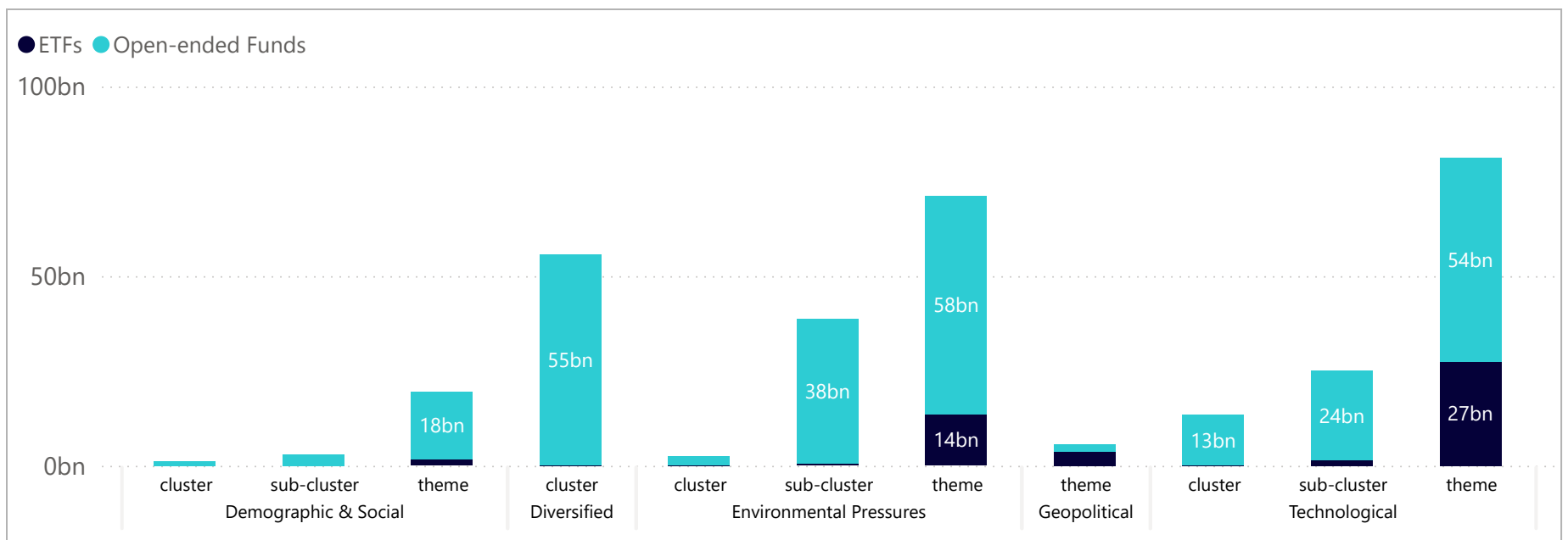
AuM in Thematics by region (Last 10Y)



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 28/02/2025 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

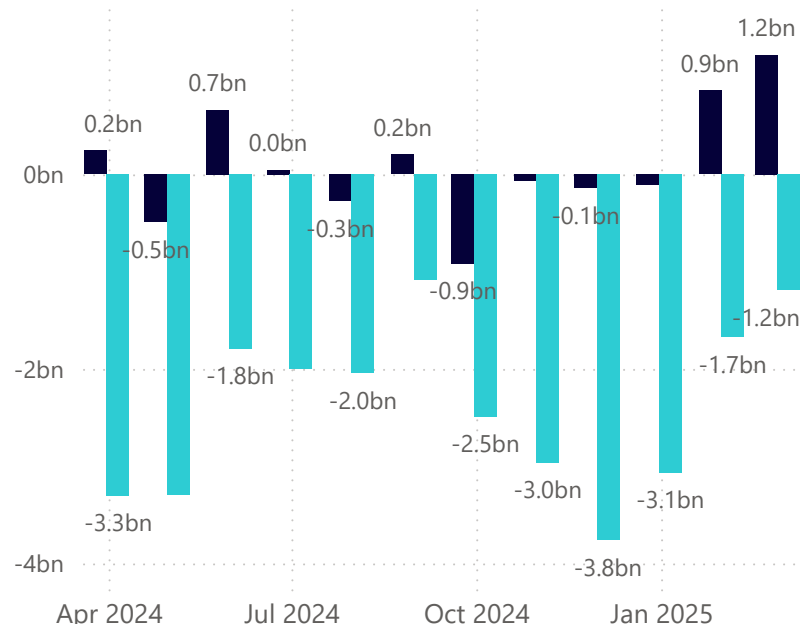
+ European thematic ETFs and open-ended funds recorded combined net inflows slightly above zero in February, rebounding from negative flows since March 2024.

+ Geopolitical tension was a regular headline in February, and the "Rise of Tension" theme (primarily including defence-themed funds) saw \$808 million in inflows, bringing its trailing 12-month inflows to \$2.8 billion. This theme was the strongest performer in terms of flows for both February and the last 12 months. "AI & Big Data" continued its strong momentum, recording \$514 million in inflows during the month. Although "Cybersecurity" experienced outflows in late 2024, it recorded inflows in the first two months of this year, totalling \$407 million across ETFs and open-ended funds in February. Despite a correction in February, "Blockchain" still received \$52 million in inflows, bringing its YTD flows to \$222 million and ranking it 5th on a YTD basis.

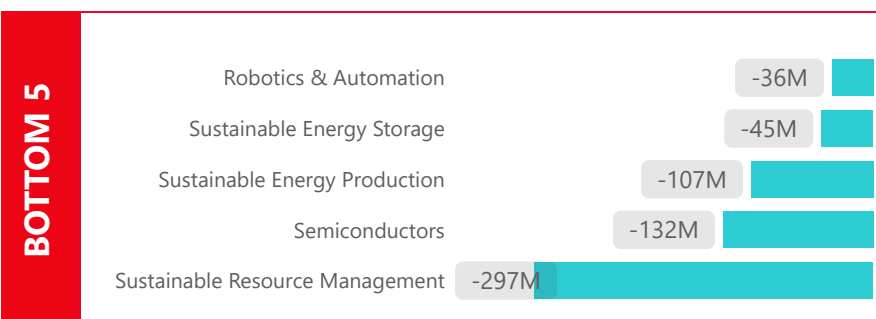
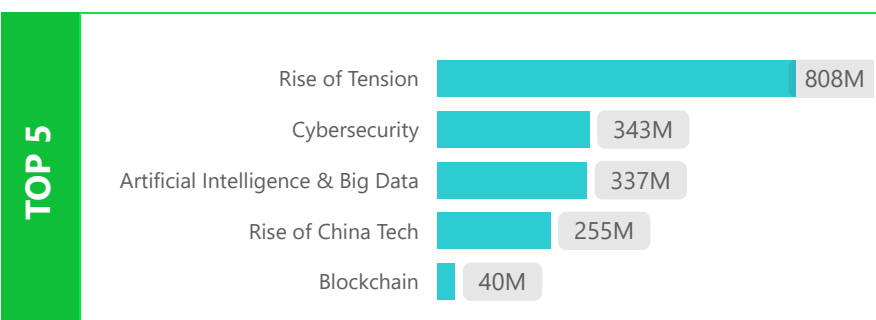
+ Conversely, green themes generally saw outflows in February, with four of the bottom five themes by flows being green. "Sustainable Energy Production" had the largest outflow (\$636 million). "Semiconductors" was the only non-green theme among the bottom five. Although the "AI & Big Data" theme attracted significant inflows, "Semiconductors" experienced substantial outflows, suggesting that investors were more interested in broader AI applications rather than focusing solely on hardware.

Month-on-month thematic flows

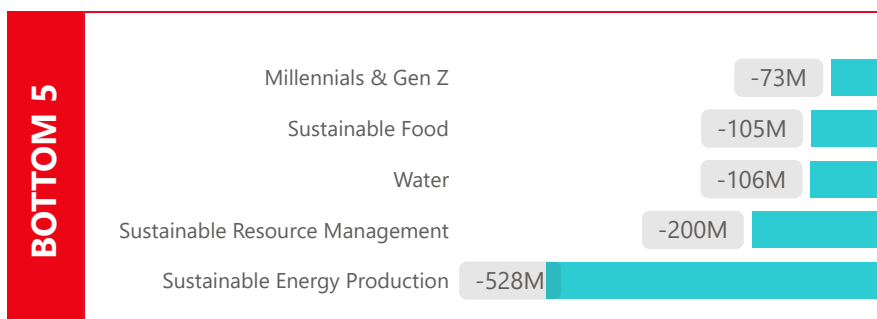
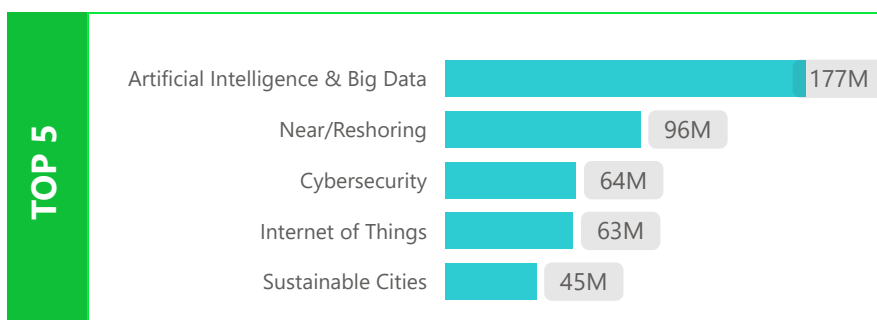
● ETFs ● Open-ended Funds



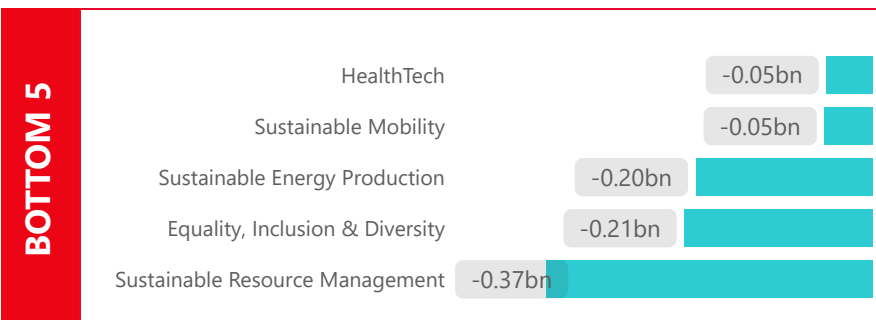
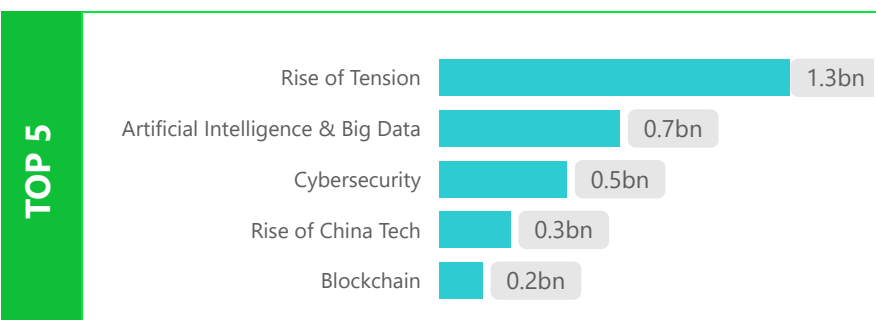
February Top/Bottom flows in Europe ETFs



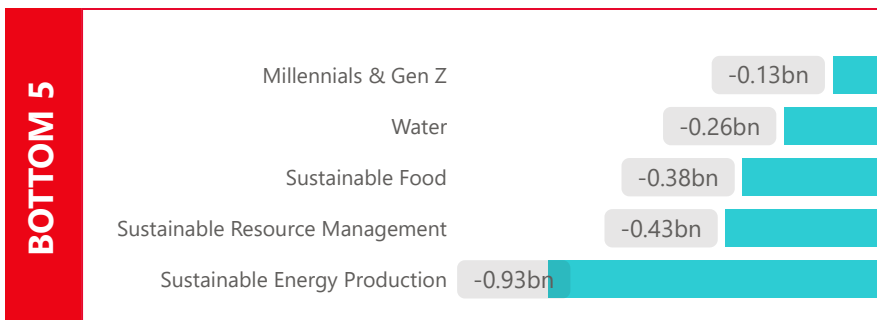
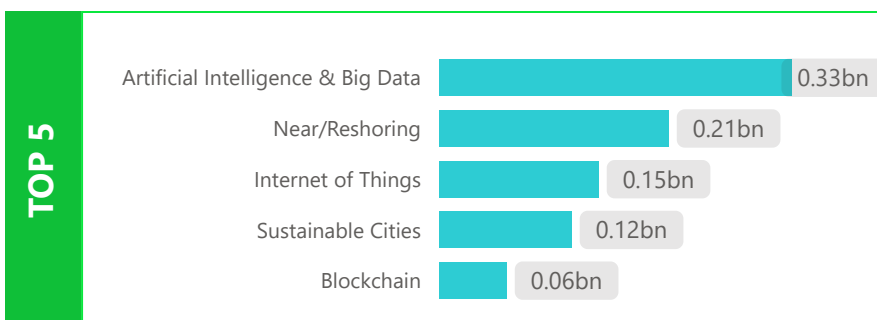
February Top/Bottom flows in Mutual Funds



YTD Top/Bottom flows in Europe ETFs



YTD Top/Bottom flows in Mutual Funds



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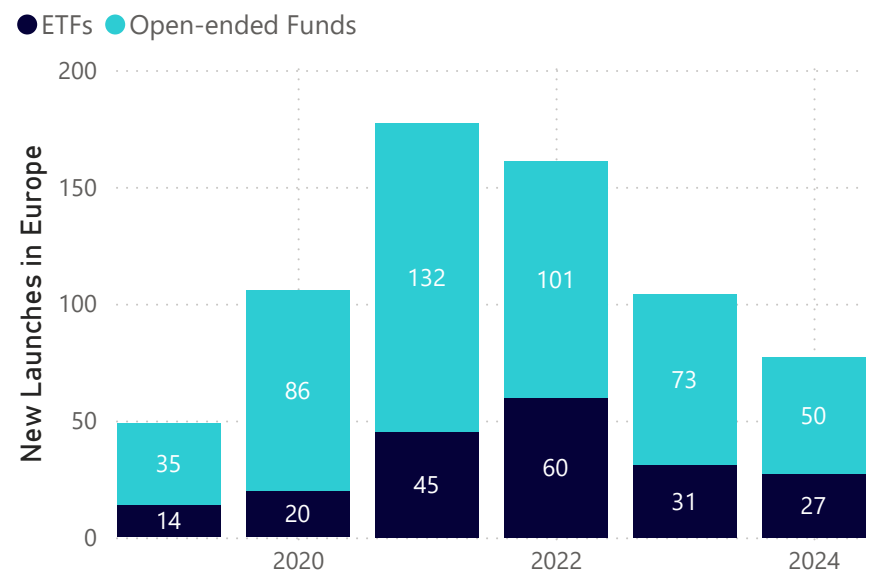
Thematic performance and launches in Europe

+ February's performance among European thematic ETFs and open-ended funds was relatively weak, with only 11 themes outperforming the market and 7 themes posting positive returns.

+ China-related themes, including "China Tech" and "China's Rise," delivered strong performance this month. "China Tech" emerged as the best-performing theme YTD, driven by optimistic market sentiment toward Chinese tech companies. Meanwhile, the "Rise of Tension" theme benefited from expanding European defence spending and continued its robust performance in February; as European countries modernise their military and uncertainties persist regarding the Russia-Ukraine conflict amid ongoing diplomatic developments, this theme is likely to remain in focus. YTD, "Rise of Tension" posted a return of 9.7%, making it the second-best performing theme over the period.

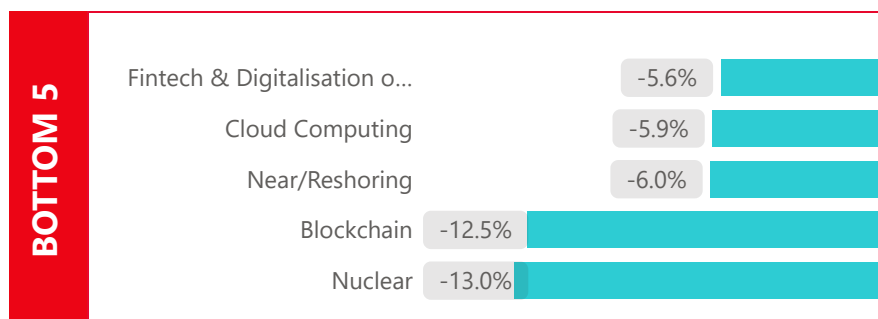
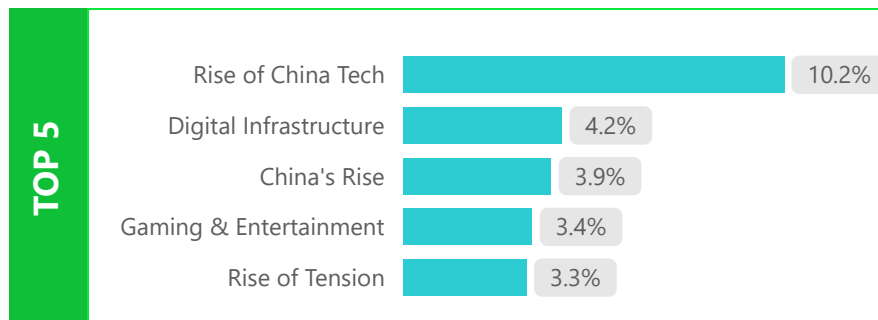
+ "Nuclear" was the worst-performing theme in February, declining by 13%; however, the CDU's electoral victory in Germany revived the discussion on nuclear power. Although "Blockchain" declined by 12.5% in the month, it still achieved a 17.9% return over the past 12 months and experienced strong YTD inflows. The "Near/Reshoring" theme declined by 6.0% in February, ranking among the bottom three themes.

Yearly thematic launches in Europe*

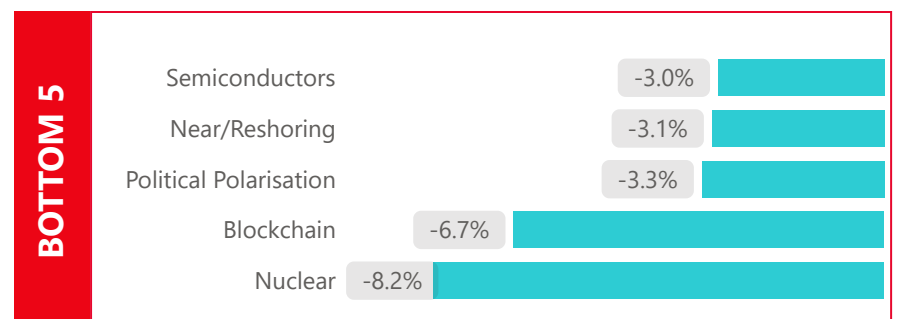
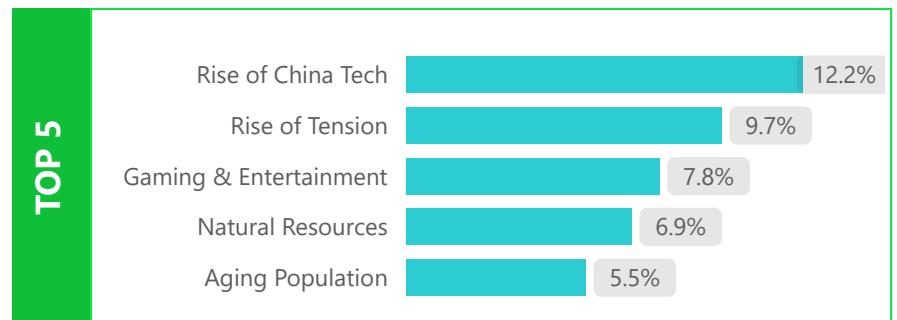


* New launches are updated quarterly

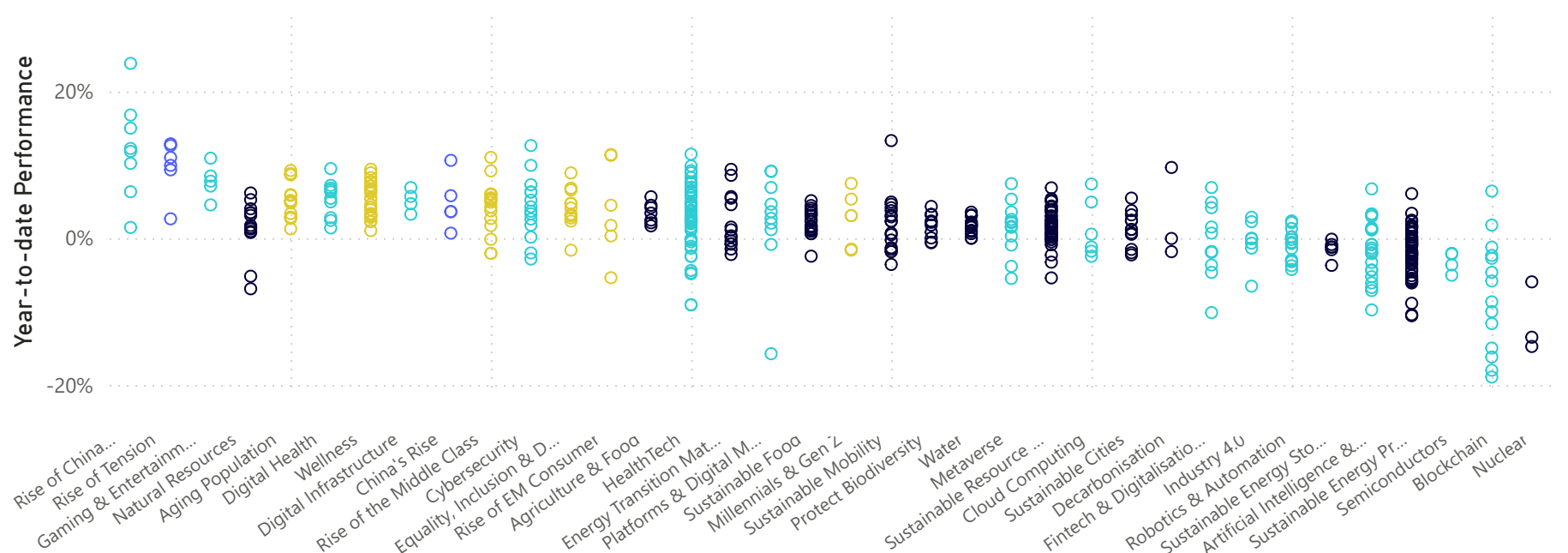
Top 5/Bottom 5 by performance in February



Top 5/Bottom 5 by YTD performance

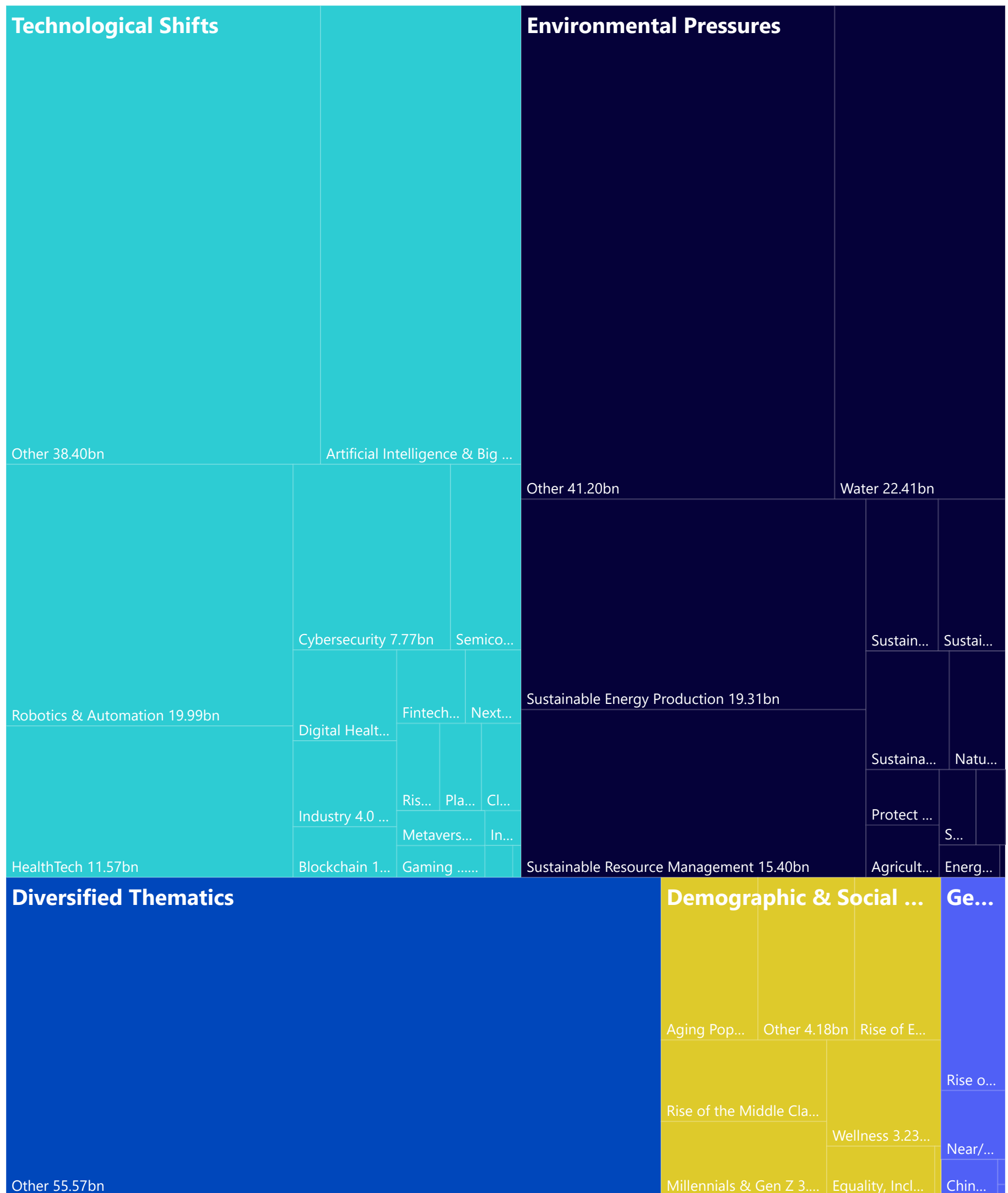


Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 28/02/2025 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 28/02/2025 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		13,362.98M	47.66M	55.12M
Technological Shifts	Disruptive Technologies	16,096.07M	-2.68M	-6.33M
Technological Shifts	HyperConnectivity & Digitalisation	8,938.94M	-50.08M	-54.88M
Environmental Pressures		2,369.18M	-74.90M	-143.27M
Environmental Pressures	Climate Change & Sustainability	38,739.72M	-380.85M	-1,139.39M
Environmental Pressures	Limited Resources	87.86M	0.41M	1.43M
Diversified Thematics		55,569.54M	-81.37M	69.17M
Demographic & Social Shifts		1,131.12M	-17.57M	-27.32M
Demographic & Social Shifts	Demographic Shifts	3,051.88M	45.49M	98.65M

Appendix - Theme focused ETFs and Open-ended funds

Theme Name	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)	Performance Last Month	Performance YTD
Rise of Tension	3,639.48M	808.40M	1,280.50M	3.3%	9.7%
Artificial Intelligence & Big Data	24,482.42M	514.15M	989.10M	-5.3%	-1.1%
Cybersecurity	7,773.29M	407.20M	522.22M	-2.1%	4.2%
Rise of China Tech	997.15M	255.16M	259.61M	10.2%	12.2%
Near/Reshoring	1,178.98M	95.79M	214.65M	-6.0%	-3.1%
Internet of Things	334.98M	62.80M	149.17M	-3.1%	0.8%
Blockchain	1,395.70M	52.19M	222.19M	-12.5%	-6.7%
Space	236.08M	38.88M	77.69M	-2.9%	3.2%
Wellness	3,227.62M	37.91M	-21.96M	-0.4%	5.2%
Nuclear	585.94M	35.78M	91.89M	-13.0%	-8.2%
Sustainable Cities	2,703.58M	33.93M	119.03M	-1.5%	1.3%
Gaming & Entertainment	745.66M	27.70M	26.79M	3.4%	7.8%
Metaverse	821.52M	27.34M	41.45M	-2.6%	1.6%
Energy Transition Materials	521.99M	10.78M	23.10M	-1.0%	2.2%
Rise of the Middle Class	3,589.76M	9.35M	5.63M	-1.7%	4.2%
NextGen Communications	1,088.71M	7.08M	2.75M	-3.5%	-1.5%
Education	83.23M	4.17M	-1.39M	-0.4%	4.4%
Cloud Computing	919.19M	3.94M	13.91M	-5.9%	1.3%
Digital Infrastructure	71.43M	2.96M	7.75M	4.2%	5.2%
Protect Biodiversity	1,079.82M	1.13M	8.20M	-1.6%	1.8%
Global Logistics	23.59M	0.47M	0.92M	-0.9%	1.7%
Political Polarisation	50.10M	0.00M	0.00M	-3.1%	-3.3%
Natural Resources	1,766.03M	-0.25M	27.64M	-2.8%	6.9%
Decarbonisation	46.79M	-0.88M	-1.57M	-0.7%	0.5%
China's Rise	555.76M	-1.65M	-15.58M	3.9%	4.8%
Digital Health	2,504.91M	-3.60M	-21.95M	-2.6%	5.3%
HealthTech	11,568.76M	-4.10M	-115.28M	-2.7%	3.0%
Fintech & Digitalisation of Finance	1,340.71M	-6.84M	-91.81M	-5.6%	-0.3%
Equality, Inclusion & Diversity	1,440.77M	-9.13M	-198.76M	-0.1%	4.1%
Agriculture & Food	1,021.32M	-10.18M	-34.76M	-2.3%	3.4%
Industry 4.0	2,371.73M	-11.85M	6.51M	-3.2%	-0.3%
Platforms & Digital Markets	968.56M	-12.23M	-32.72M	-1.9%	2.2%
Aging Population	4,196.43M	-20.41M	-52.29M	-0.4%	5.5%
Rise of EM Consumer	3,739.17M	-27.98M	-84.92M	3.1%	3.9%
Sustainable Energy Storage	738.53M	-47.21M	-54.96M	-2.3%	-1.1%
Millennials & Gen Z	3,299.39M	-65.43M	-122.86M	-1.8%	2.0%
Robotics & Automation	19,986.53M	-84.35M	-64.77M	-5.3%	-1.1%
Sustainable Mobility	2,630.05M	-93.86M	-172.35M	0.4%	1.9%
Sustainable Food	2,920.12M	-106.34M	-386.00M	-2.3%	2.2%
Water	22,405.09M	-115.30M	-281.21M	-1.4%	1.8%
Semiconductors	3,486.88M	-131.93M	-34.94M	-4.9%	-3.0%
Sustainable Resource Management	15,398.24M	-497.25M	-798.01M	-1.9%	1.6%
Sustainable Energy Production	19,311.50M	-635.64M	-1,131.15M	-2.1%	-1.6%

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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
Rise of China Tech		Millennials & Gen Z	Equality, Inclusion & Diversity		Political Polarisation	Protect Biodiversity	Natural Resources
Blockchain	Cybersecurity		Rise of the Middle Class		Rise of Tension	Sustainable Mobility	Water
HealthTech	Digital Health		Rise of EM Consumer		Near/Reshoring	Sustainable Energy Production	Nuclear
Industry 4.0	Digital Infrastructure		Wellness			Sustainable Energy Storage	
Next Gen Communications	Fintech & Digitalisation of Finance					Sustainable Food	
Robotics & Automation	Gaming & Entertainment					Sustainable Cities	
Semiconductors	Internet of Things					Sustainable Resource Management	
Smart Materials & Nano Tech	Metaverse					Extreme Events	
Space	Platforms & Digital Markets					Energy Transition Materials	
Quantum Computing	Social Media & Media						

Source: WisdomTree, as of 31/12/2024

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