

WisdomTree European thematic monthly update

January 2025

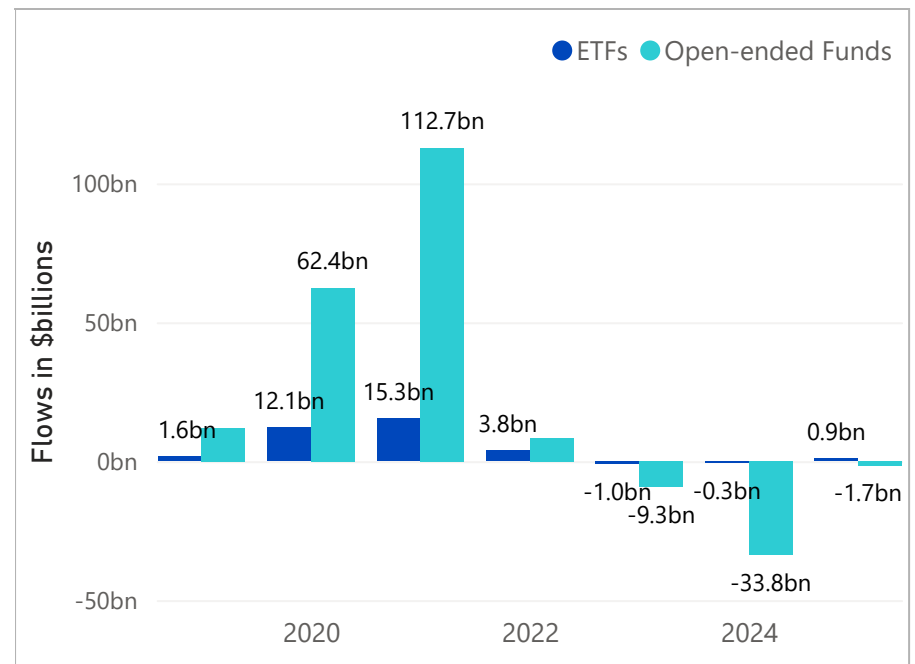
Thematic universe overview

+ The total AUM in Europe-domiciled thematic ETFs reached \$328.0 billion at the end of January 2025, up from \$316.3 billion in December. This increase was primarily driven by strong market performance, despite negative net flows. As thematic ETFs' AUM climbed to an all-time high of \$48.6 billion, the market share also reached a record 14.8%, based on monthly data.

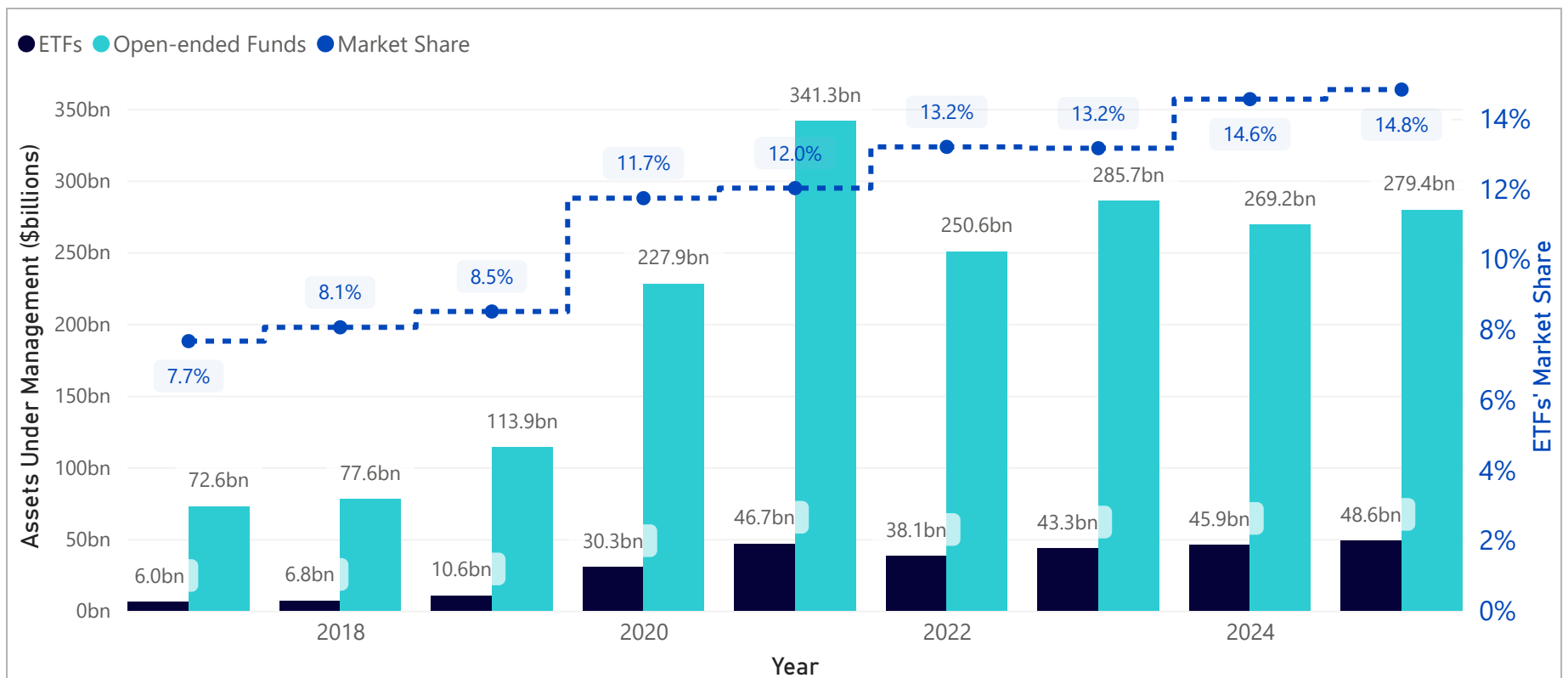
+ Performance in January was broadly positive, with the MSCI ACWI (NTR) returning +3.36%. Nearly all themes posted gains, except for "Political Polarisation," which declined by -0.3%. A total of 27 themes outperformed the broader market. "Natural Resources" emerged as the best-performing theme, returning +10.0%, reversing its trailing 12-month return into positive territory. Tech themes performed strongly, with four of the top five performing themes belonging to this category.

+ European thematic ETFs recorded net inflows of \$863 million in January, with the "Technological Shifts" cluster attracting the highest net inflows at \$710 million. "Geopolitical Shifts" followed, recording \$577 million in inflows, bringing its total inflows over the last 12 months to \$2.8 billion.

Recent yearly flows in Europe



Europe-domiciled thematic AUM evolution and ETFs' market share



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/01/2025 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.**

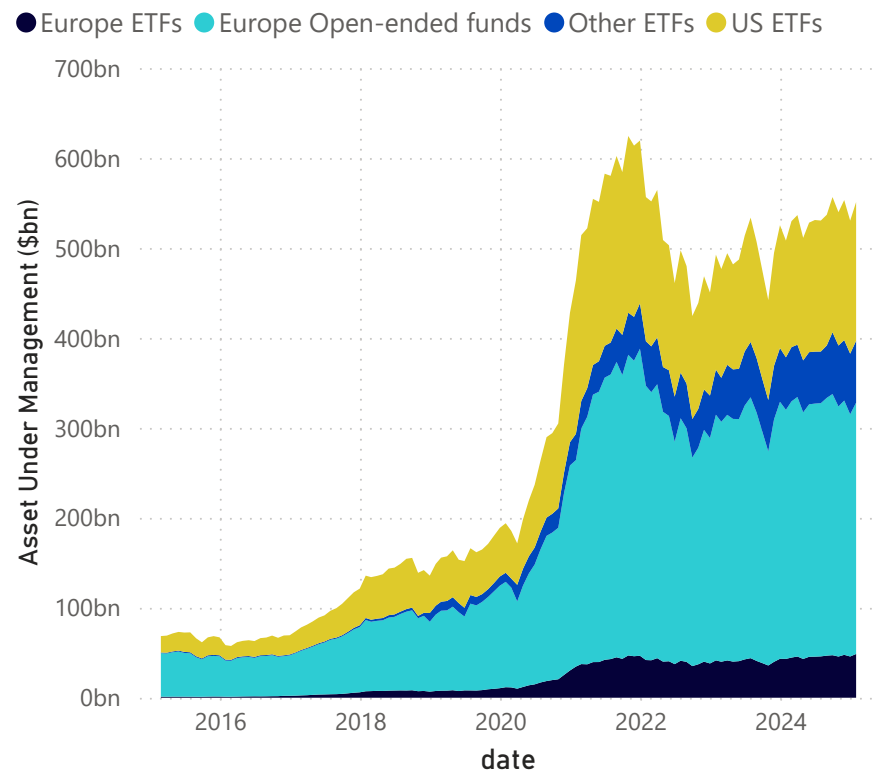
Thematic universe overview (continued)

+ Conversely, thematic open-ended funds saw net outflows totalling \$1.7 billion in January, with the "Environmental Pressures" cluster experiencing the highest outflows once again. Across both thematic ETFs and open-ended funds, this cluster recorded the largest outflows over the past 12 months, amounting to \$24.3 billion.

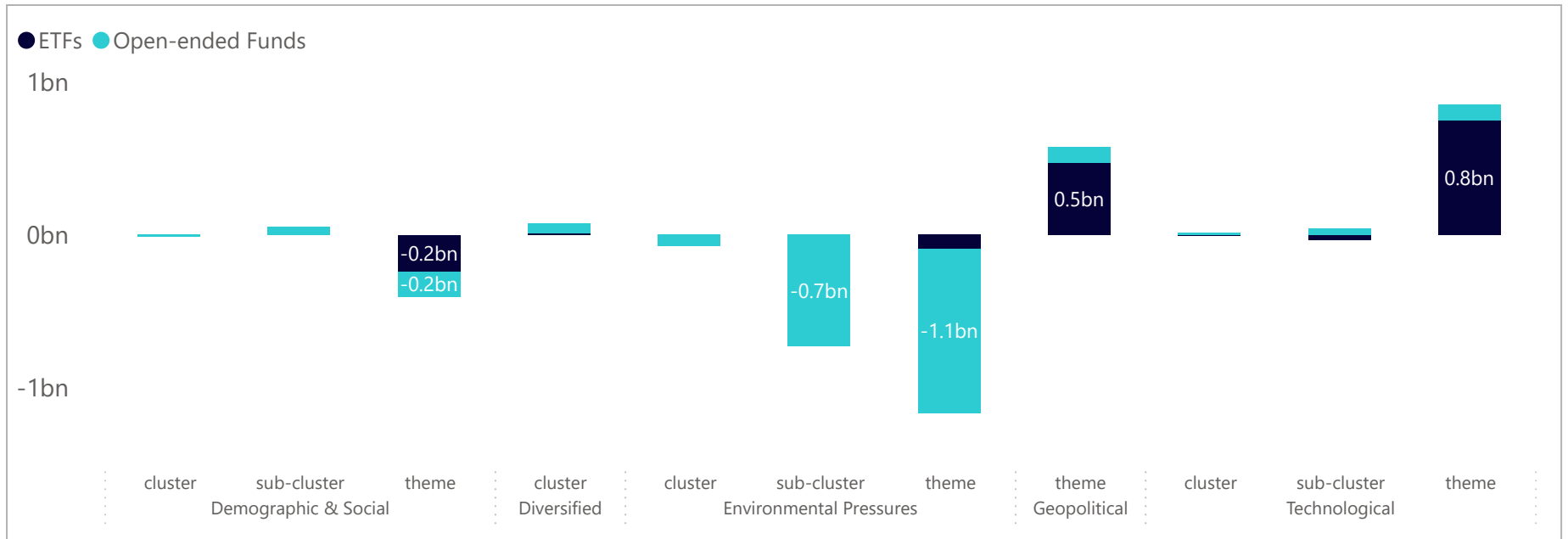
+ The combined AUM in global thematic ETFs and European thematic open-ended funds increased to \$551 billion in January, up from \$531 billion in December, with "Technological Shifts" maintaining the largest AUM among clusters. Within Europe, "Environmental Pressures" had historically been the largest cluster in recent years but was overtaken by "Technological Shifts" in December. By the end of January, the gap between the two widened to \$7.2 billion.

+ At the theme level, "Artificial Intelligence" recorded \$474 million in inflows during January, reflecting renewed investor interest driven by developments in LLM models. This made it the theme with the highest monthly inflows. "Rise of Tension" followed closely with \$472 million in inflows, benefiting from rising European defence budgets. Conversely, "Sustainable Energy Production" saw the highest outflows once again, with \$497 million leaving the theme in January. It also recorded the largest outflows over the last 12 months, totalling \$9.3 billion.

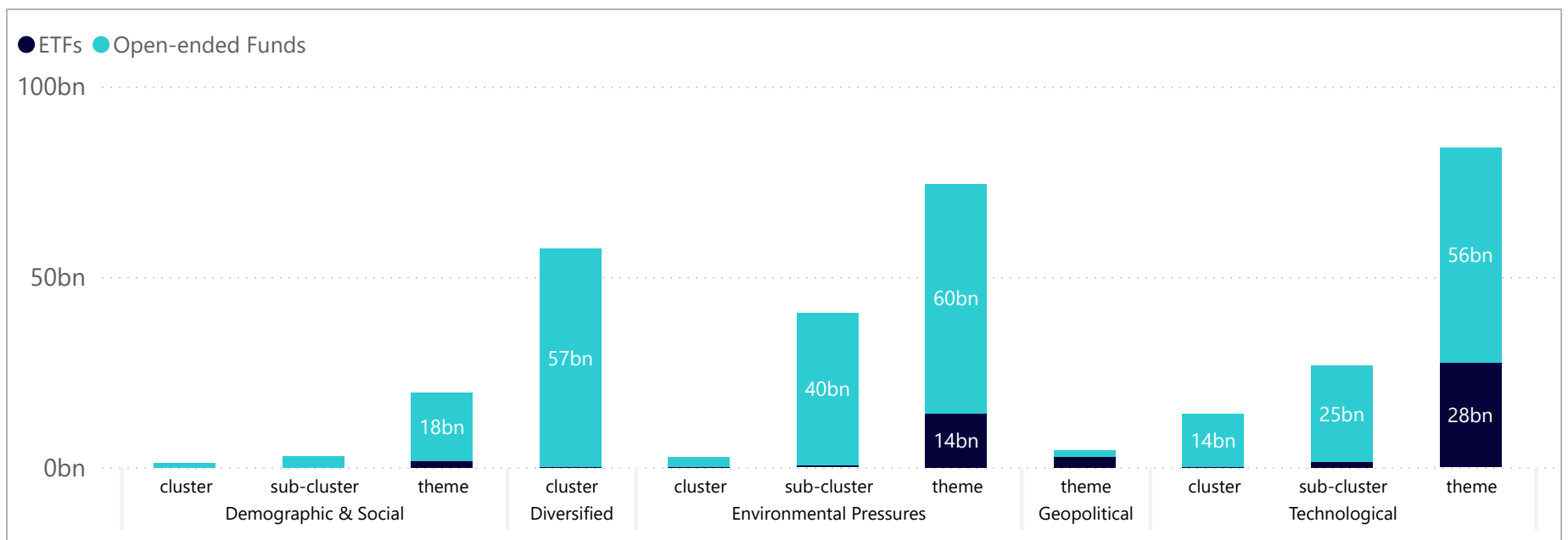
AuM in Thematics by region (Last 10Y)



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 31/01/2025 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.**

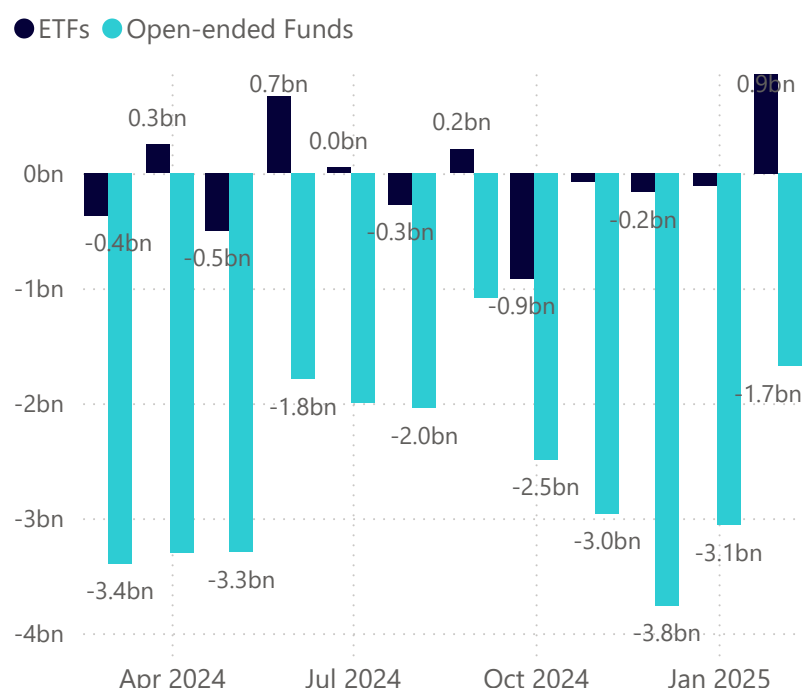
Thematic flows in Europe

+ European thematic ETFs and open-ended funds saw combined net outflows of \$814 million in January, bringing trailing 12-month net flows to -31.2 billion. However, open-ended funds contributed the bulk of these outflows, with \$30.9 billion in redemptions over the past 12 months. Thematic ETFs, on the other hand, posted their first month of net inflows since last September, signalling improving resilience in flows.

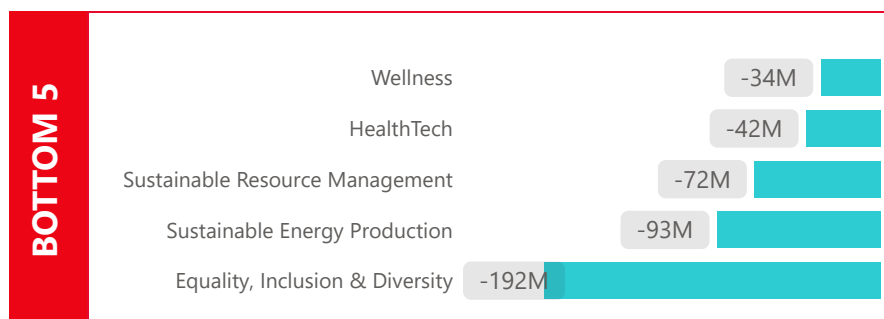
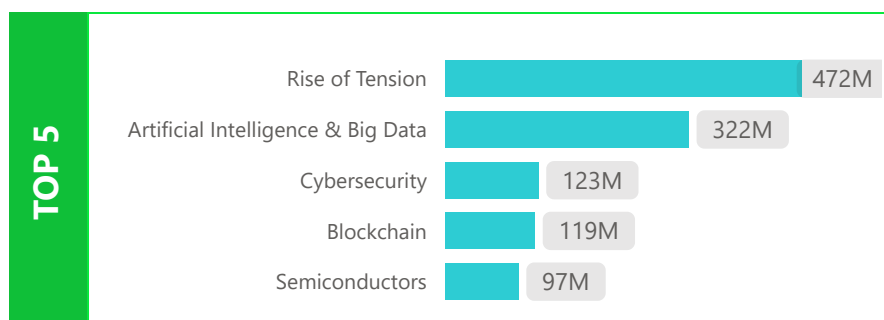
+ "AI & Big Data" continued its strong momentum as a leading technology theme, recording \$474 million in inflows in January. "Rise of Tension" also saw strong inflows of \$472 million, making it the second-best theme in terms of flows. "Blockchain" attracted \$170 million, while "Near/Reshoring" extended its strong trend following the US presidential election, bringing in \$119 million in inflows. "Cybersecurity" saw inflows of \$115 million, rounding out the top five themes by flows. Notably, these same five themes were also the top five performers in December.

+ Among the worst-performing themes in terms of flows, "Sustainable Energy Production" recorded the largest outflows of \$497 million in January. "Sustainable Resource Management" and "Sustainable Food" followed, completing the bottom three. Collectively, these three themes saw \$1.08 billion in outflows for the month and \$13.3 billion over the past 12 months.

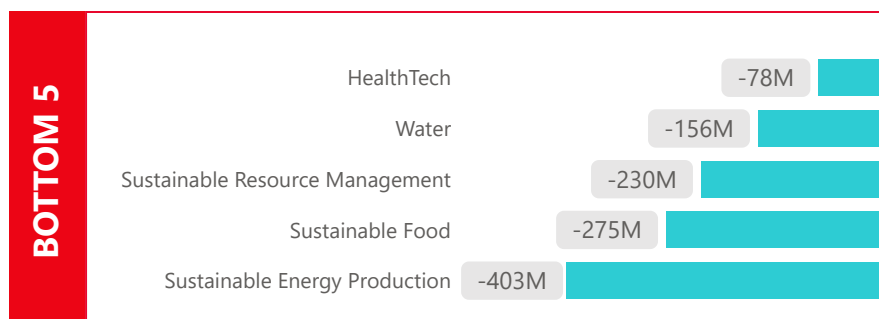
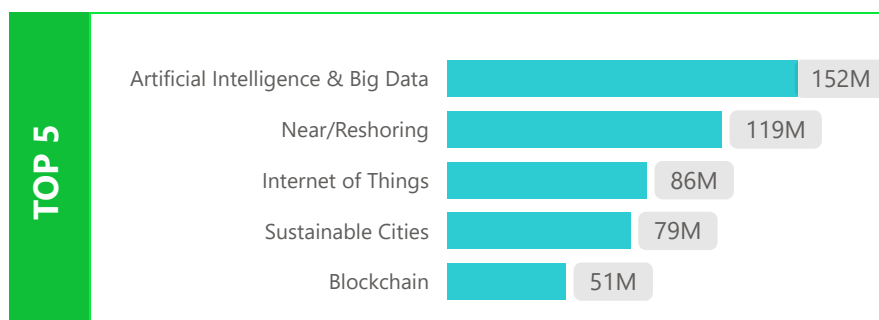
Month-on-month thematic flows



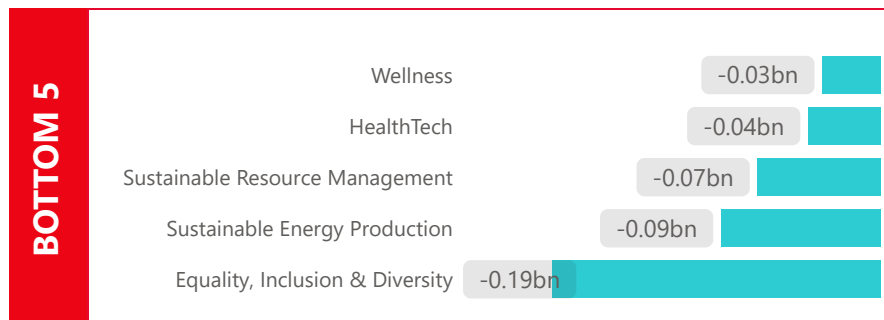
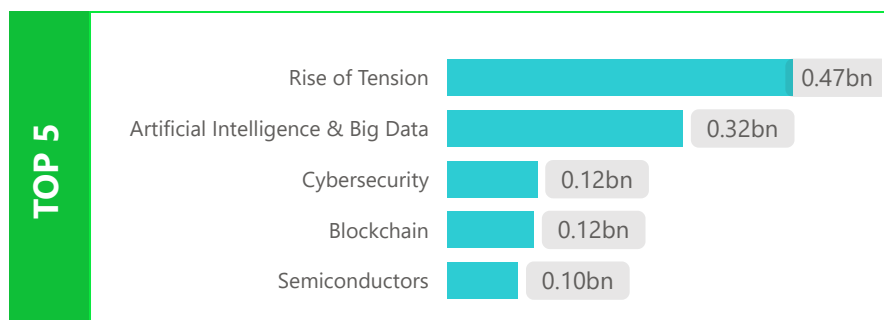
January Top/Bottom flows in Europe ETFs



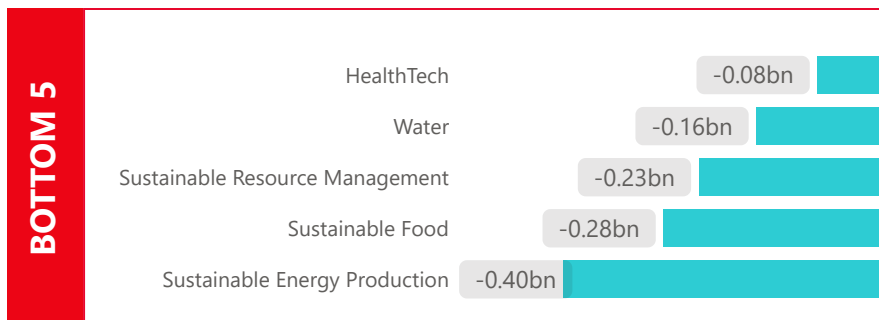
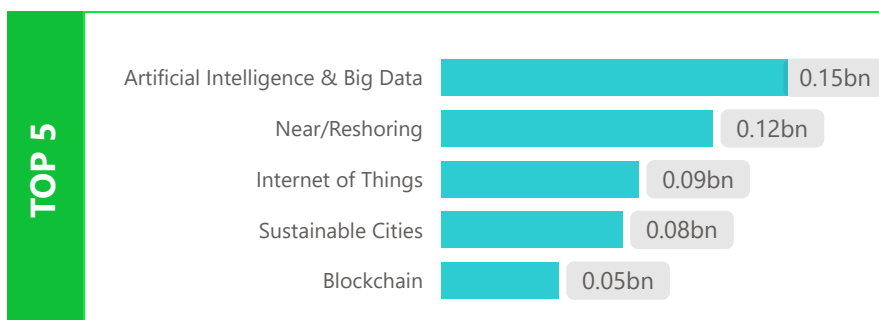
January Top/Bottom flows in Mutual Funds



YTD Top/Bottom flows in Europe ETFs



YTD Top/Bottom flows in Mutual Funds



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/01/2025 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 performance and launches in Europe

+ January's performance among European thematic ETFs and open-ended funds was relatively strong, with 27 themes outperforming the market.

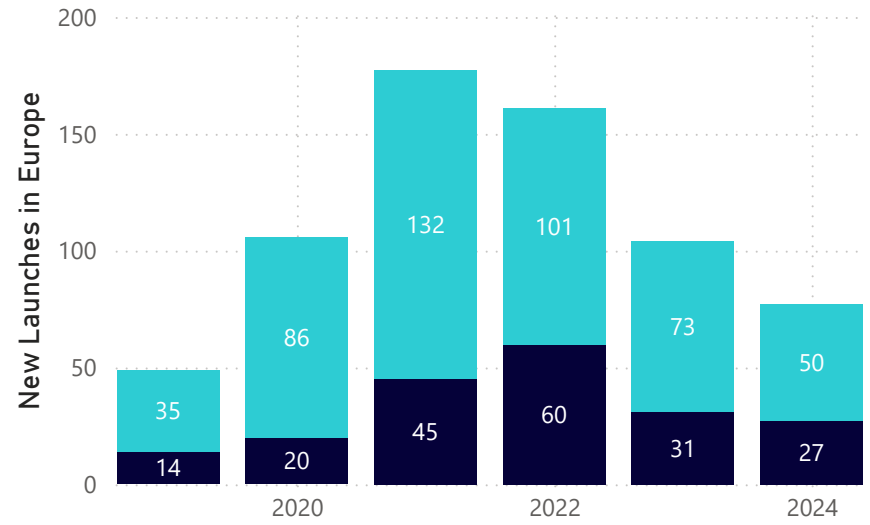
+ "Natural Resources" delivered the highest return for the month at +10.0%, driven by a surge in gold prices, which reached an all-time high in January. "Digital Health" followed closely with a +8.2% return, while "Cloud Computing" rounded out the top three performers at +7.6%, benefiting from optimism that open-source models like DeepSeek could reduce costs and lower barriers for cloud companies integrating AI into their services.

+ "Blockchain" and "Cybersecurity" posted solid gains of +6.6% and +6.4%, respectively, completing the top five best-performing themes. All these themes belong to the "Technological Shifts" cluster, reflecting continued investor confidence in tech sectors.

+ On the other hand, "Political Polarisation" was the weakest performer in January, declining by -0.3%, making it the only theme to post a negative return for the month. "Sustainable Energy Production" managed a modest +0.5% return, while "Rise of EM Consumer" gained +0.7%, rounding out the three weakest-performing themes.

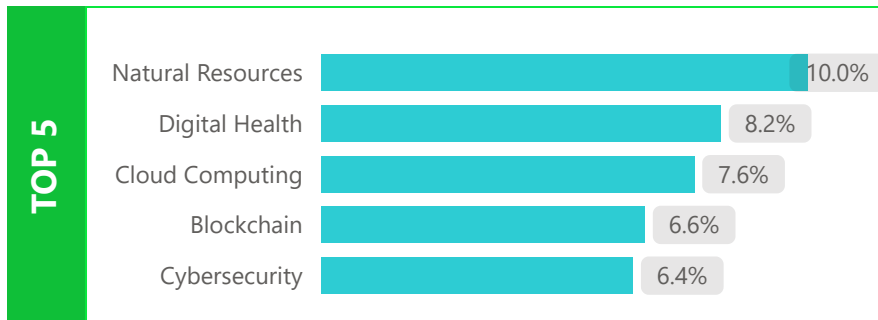
Yearly thematic launches in Europe*

● ETFs ● Open-ended Funds

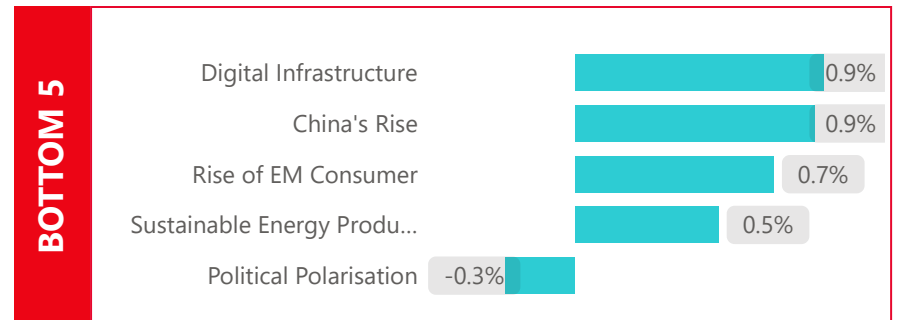
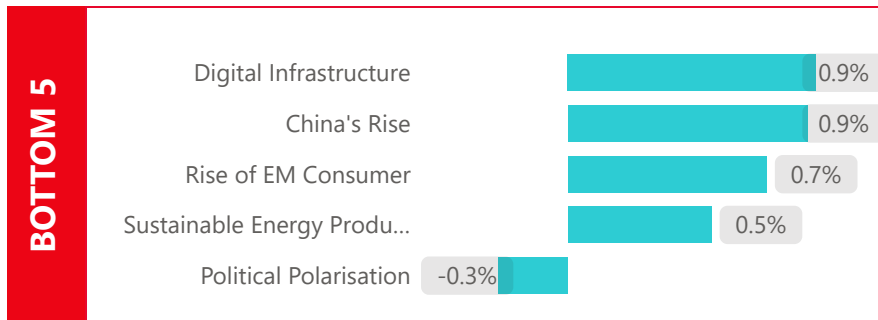
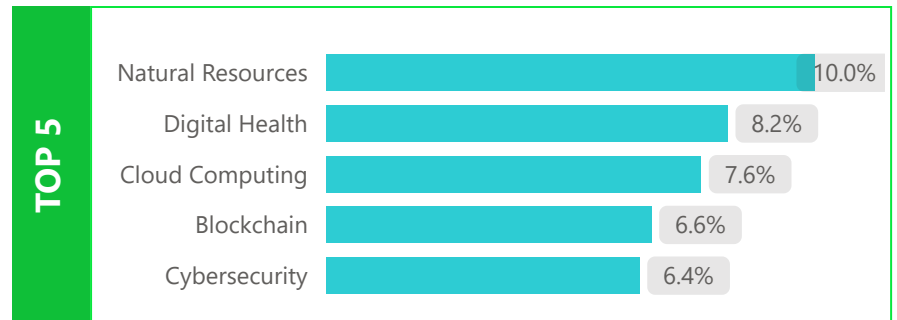


* New launches are updated quarterly

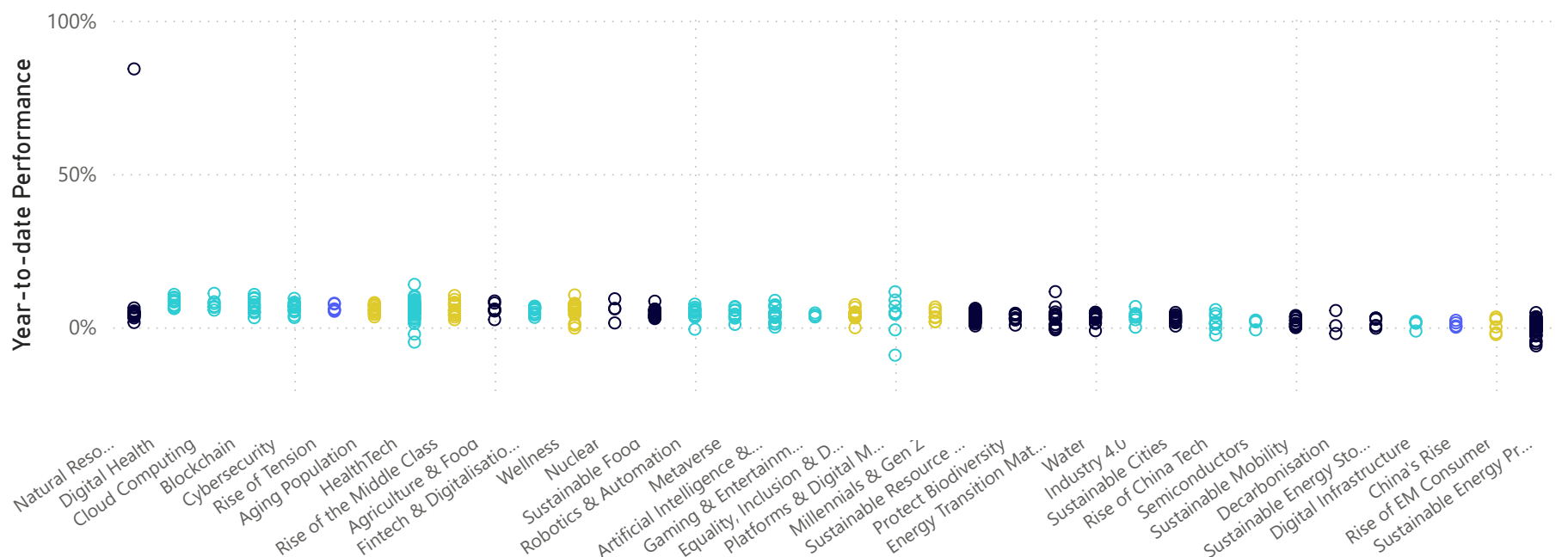
Top 5/Bottom 5 by performance in January



Top 5/Bottom 5 by YTD performance

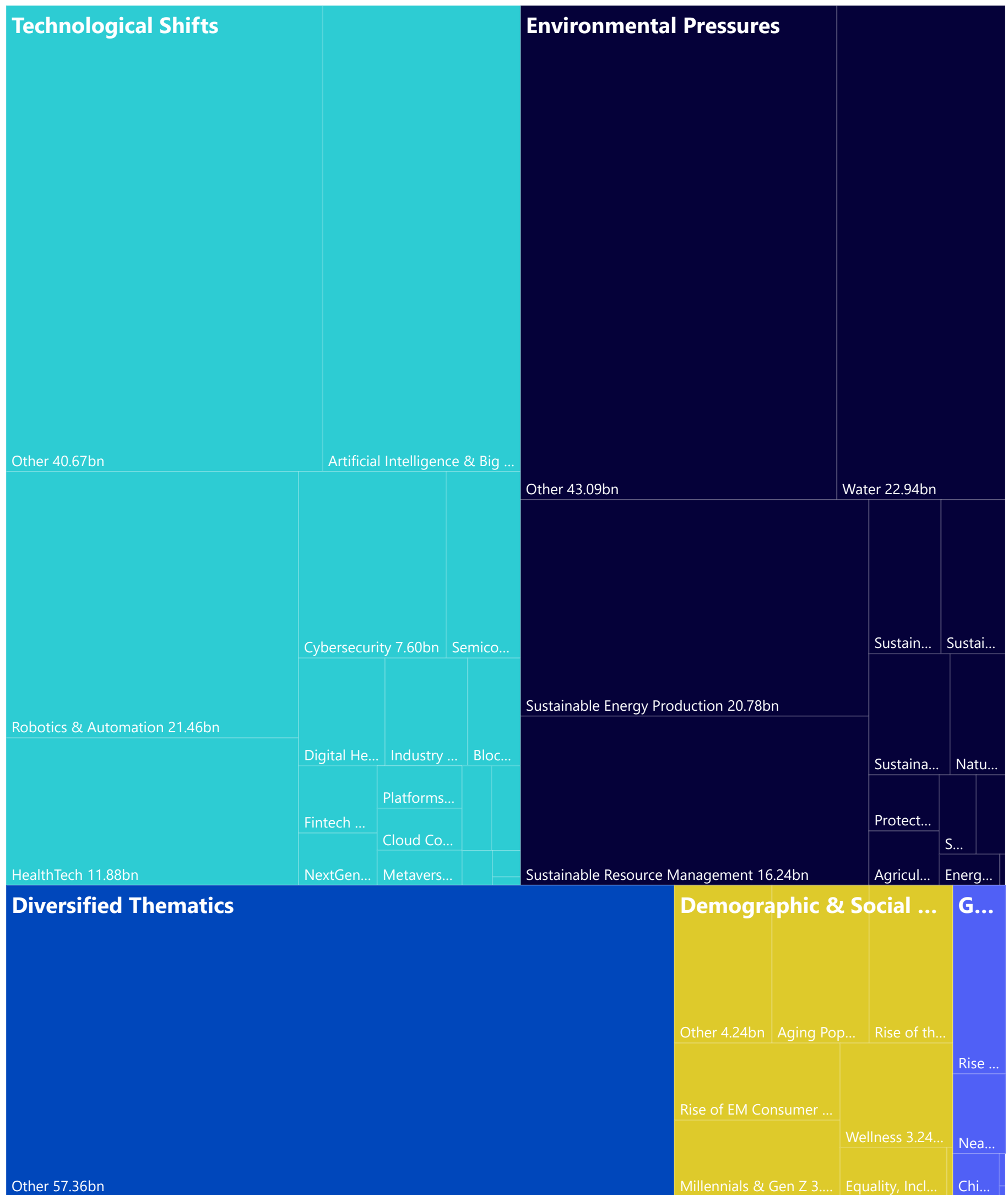


Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/01/2025 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 31/01/2025 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		14,070.05M	7.75M	7.75M
Technological Shifts	Disruptive Technologies	17,232.96M	-3.68M	-3.68M
Technological Shifts	HyperConnectivity & Digitalisation	9,364.67M	6.54M	6.54M
Environmental Pressures		2,557.05M	-68.31M	-68.31M
Environmental Pressures	Climate Change & Sustainability	40,436.38M	-731.51M	-731.51M
Environmental Pressures	Limited Resources	91.75M	1.02M	1.02M
Diversified Thematics		57,357.64M	73.79M	73.79M
Demographic & Social Shifts		1,206.17M	-12.13M	-12.13M
Demographic & Social Shifts	Demographic Shifts	3,037.67M	53.16M	53.16M

Appendix - Theme focused ETFs and Open-ended funds

Theme Name	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)	Performance Last Month	Performance YTD
Artificial Intelligence & Big Data	25,414.59M	474.11M	474.11M	4.4%	4.4%
Rise of Tension	2,723.71M	472.09M	472.09M	6.2%	6.2%
Blockchain	1,563.73M	169.99M	169.99M	6.6%	6.6%
Near/Reshoring	1,152.13M	118.86M	118.86M	3.1%	3.1%
Cybersecurity	7,596.87M	115.02M	115.02M	6.4%	6.4%
Semiconductors	3,807.38M	96.99M	96.99M	1.9%	1.9%
Internet of Things	290.34M	86.37M	86.37M	4.0%	4.0%
Sustainable Cities	2,712.85M	85.11M	85.11M	2.7%	2.7%
Nuclear	635.08M	56.12M	56.12M	5.5%	5.5%
Space	201.84M	38.81M	38.81M	6.2%	6.2%
Natural Resources	1,845.77M	27.89M	27.89M	10.0%	10.0%
Robotics & Automation	21,464.54M	19.58M	19.58M	4.4%	4.4%
Industry 4.0	2,450.36M	18.35M	18.35M	2.9%	2.9%
Metaverse	815.06M	14.12M	14.12M	4.3%	4.3%
Energy Transition Materials	516.45M	12.32M	12.32M	3.2%	3.2%
Cloud Computing	979.84M	9.97M	9.97M	7.6%	7.6%
Protect Biodiversity	1,092.01M	7.08M	7.08M	3.5%	3.5%
Digital Infrastructure	65.25M	4.78M	4.78M	0.9%	0.9%
Rise of China Tech	677.73M	4.44M	4.44M	1.8%	1.8%
Global Logistics	17.28M	0.39M	0.39M	2.7%	2.7%
Political Polarisation	51.69M	0.00M	0.00M	-0.3%	-0.3%
Decarbonisation	46.54M	-0.68M	-0.68M	1.2%	1.2%
Gaming & Entertainment	689.84M	-0.91M	-0.91M	4.2%	4.2%
Rise of the Middle Class	3,647.25M	-3.72M	-3.72M	6.0%	6.0%
NextGen Communications	1,130.18M	-4.33M	-4.33M	2.1%	2.1%
Education	80.77M	-5.56M	-5.56M	4.9%	4.9%
Sustainable Energy Storage	808.72M	-7.75M	-7.75M	1.2%	1.2%
China's Rise	551.27M	-13.93M	-13.93M	0.9%	0.9%
Platforms & Digital Markets	1,001.00M	-20.49M	-20.49M	4.2%	4.2%
Agriculture & Food	1,054.12M	-24.42M	-24.42M	5.9%	5.9%
Fintech & Digitalisation of Finance	1,461.45M	-25.29M	-25.29M	5.6%	5.6%
Digital Health	2,566.07M	-27.73M	-27.73M	8.2%	8.2%
Aging Population	4,227.13M	-31.06M	-31.06M	5.9%	5.9%
Rise of EM Consumer	3,524.71M	-56.94M	-56.94M	0.7%	0.7%
Millennials & Gen Z	3,488.84M	-57.44M	-57.44M	3.9%	3.9%
Wellness	3,243.39M	-59.91M	-59.91M	5.7%	5.7%
Sustainable Mobility	2,724.78M	-78.64M	-78.64M	1.5%	1.5%
HealthTech	11,877.31M	-120.71M	-120.71M	5.9%	5.9%
Water	22,941.02M	-165.91M	-165.91M	3.2%	3.2%
Equality, Inclusion & Diversity	1,445.11M	-189.65M	-189.65M	4.2%	4.2%
Sustainable Food	3,064.15M	-279.66M	-279.66M	4.5%	4.5%
Sustainable Resource Management	16,239.05M	-301.75M	-301.75M	3.5%	3.5%
Sustainable Energy Production	20,779.25M	-496.54M	-496.54M	0.5%	0.5%

Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/01/2025 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 - 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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