

WisdomTree European thematic monthly update

July 2024

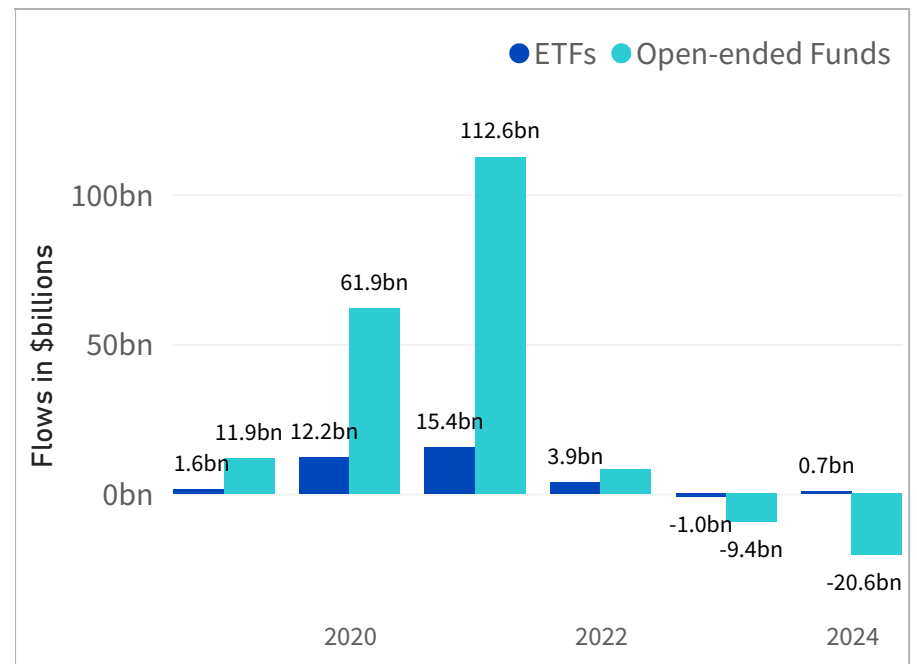
Thematic universe overview

+ AUM in thematic Exchange Traded Funds (“ETFs”) and open-ended funds decreased marginally in July to \$327.5 billion driven mainly by negative flows. ETF’s market share remain around 14%, with a total AUM of \$46 billion.

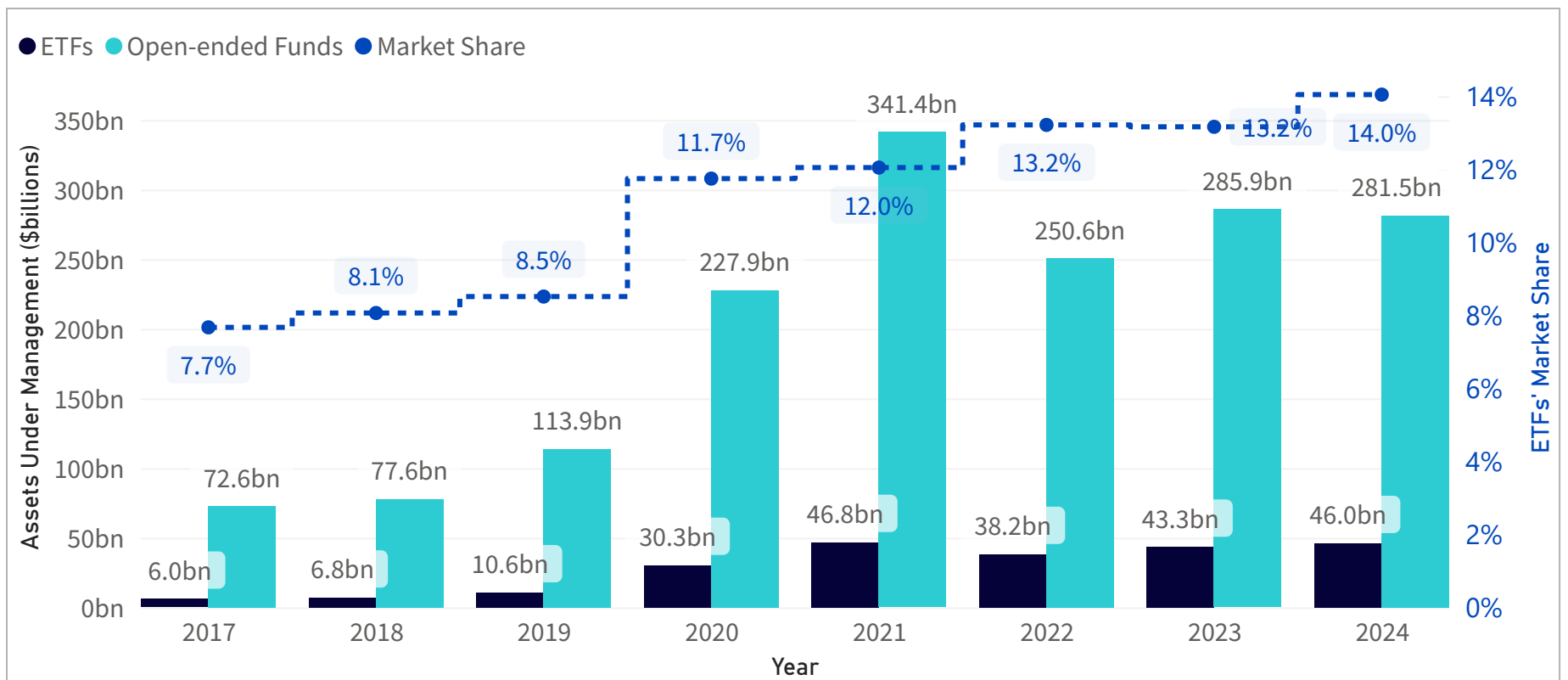
+ Performance in July has been relatively strong across thematics. 19 themes beat the MSCI All Country World, which posted a +1.61% return during the month. It is worth noting that most themes in the "Technological Shifts" cluster underperformed. "Semiconductors" and "Artificial Intelligence & Big Data" ended up in the bottom 3 this month after trusting the top of the ranking for the last 18 months or so. They remain the two best-performing themes YTD, though.

+ In July, open-ended funds continued to post strong outflows with \$2.3 billion coming out of thematic strategies. ETFs resisted better with only \$278m of outflows. Despite its underperformance, "Semiconductors" continued to raise assets in July. "Geopolitical Shifts" themes continued to post strong inflows, with "Rise of Tensions" and "Near/Reshoring" in the top 5 by asset raised this month.

Recent yearly flows in Europe



Europe-domiciled thematic AUM evolution and ETFs’ market share



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/07/2024 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.**

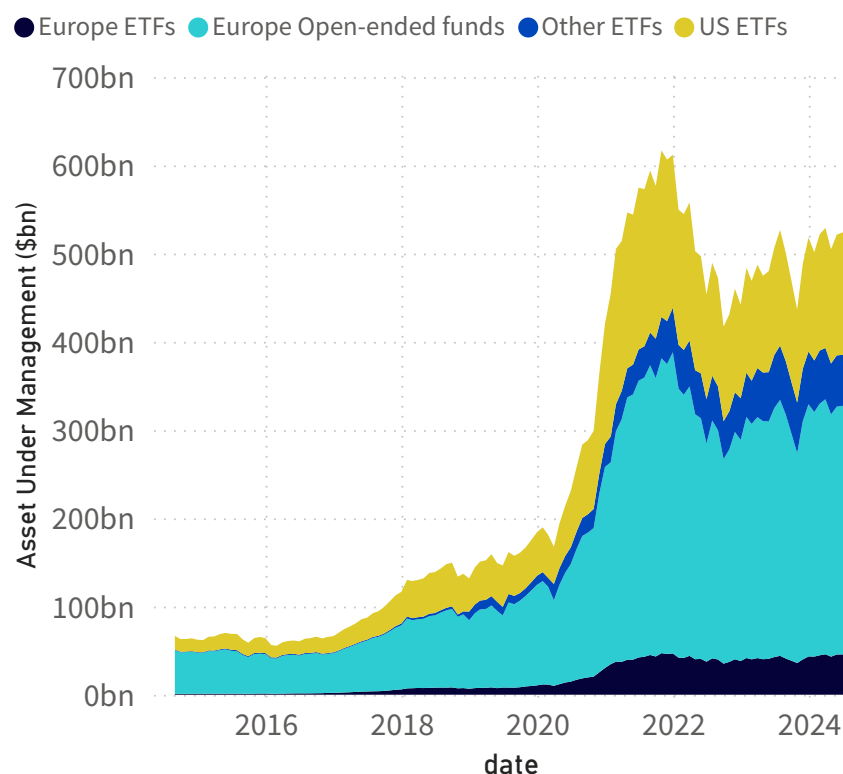
Thematic universe overview (continued)

+ Joint AUM in global thematic ETFs and open-ended funds in Europe dropped slightly in July to \$522 billion from \$525. However, it still remained lower than the Q1 2024 level. The AUM in thematic ETFs in Europe reached its highest level since December 2021

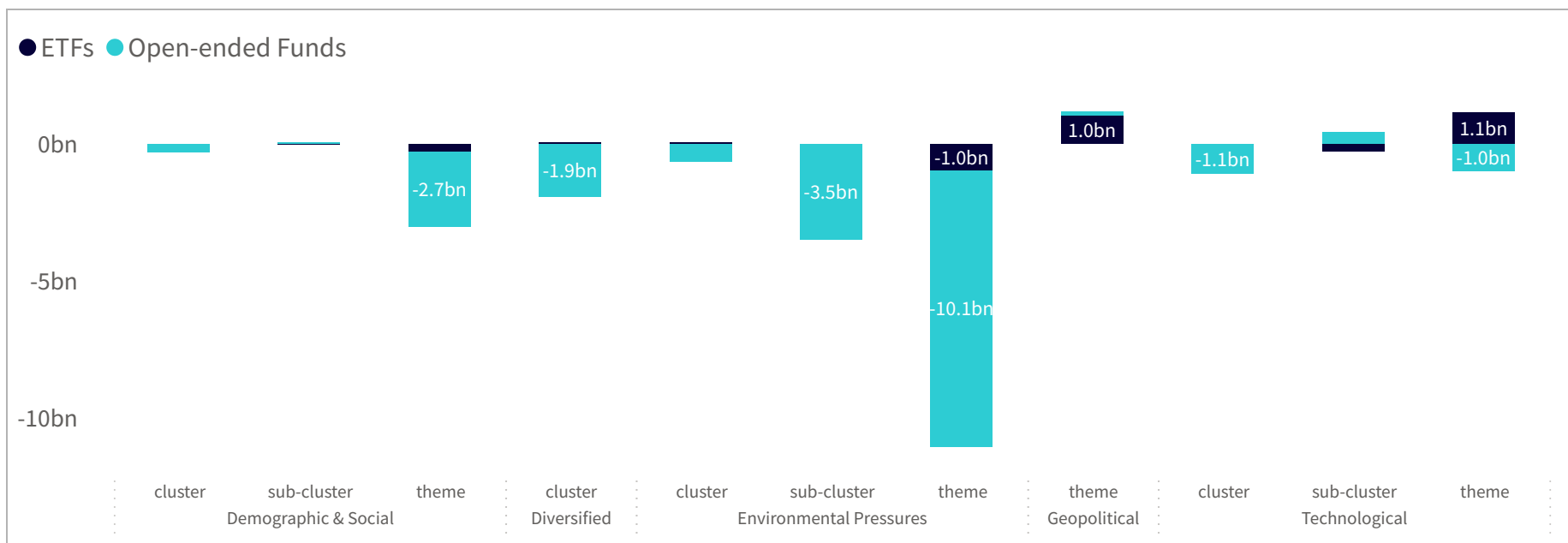
+ Year-to-date, European open-ended funds have seen significant outflows from the “Environmental Pressures” cluster of -\$15.1 billion. The “Technological Shifts” cluster, though, is holding strong with only \$785m outflows. “Geopolitical Shifts” is performing the best with \$1.17 billion of inflows.

+ As of the end of July 2024, “Environmental Pressures” remains the largest group in Europe, with \$130 billion in assets. It is closely followed by “Technological Shifts”, which holds \$115 billion. The gap between the two groups has narrowed compared to the previous year

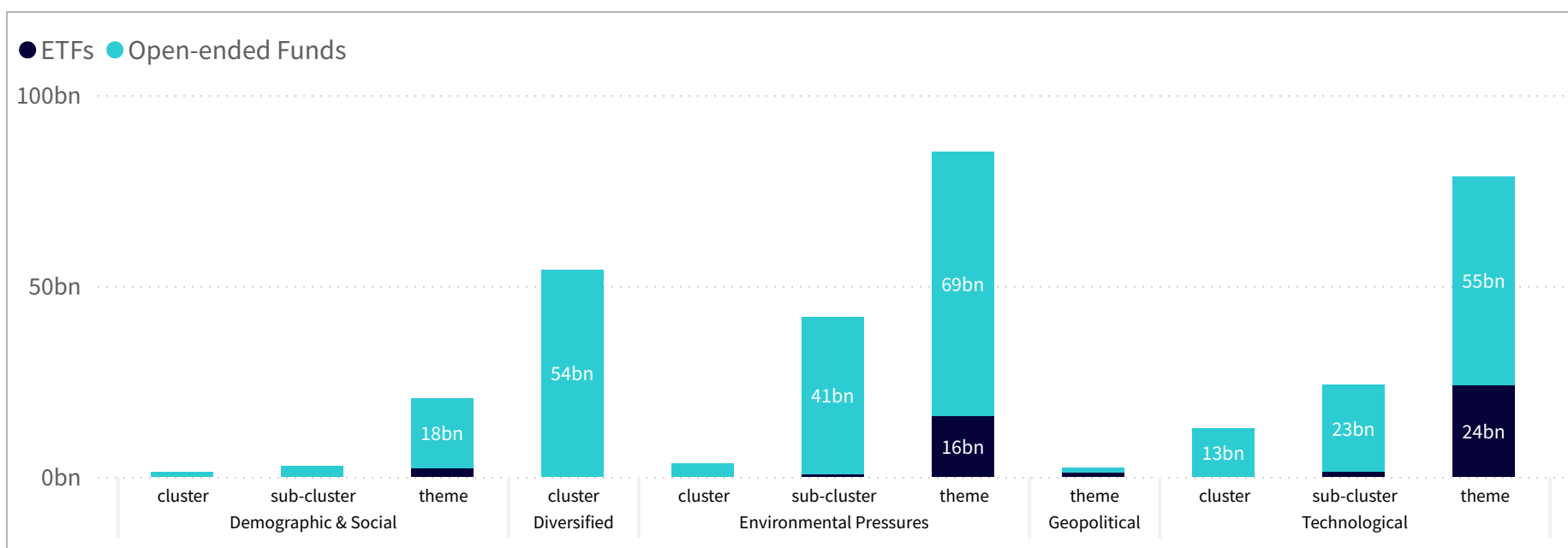
AuM in Thematics by region (Last 10Y)



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 31/07/2024 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.**

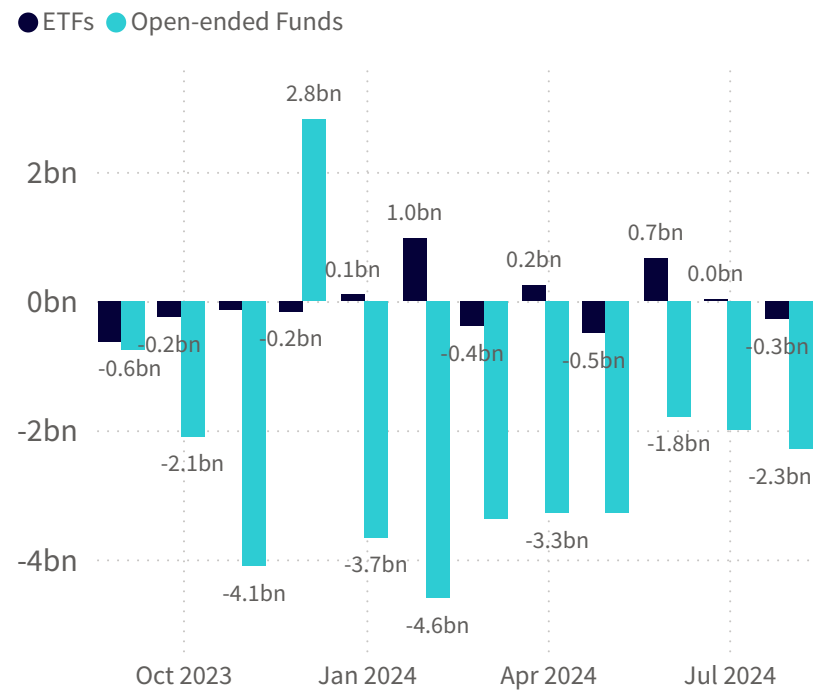
Thematic flows in Europe

+ Flows in July were negative both for ETFs (-\$277 million) and open-ended funds (-\$2.29 billion). Open-ended funds continue to see outflows, most of which coming from the "Environmental Pressures" cluster. ETFs have been more resilient overall. They have seen inflows in 5 of the last 12 months.

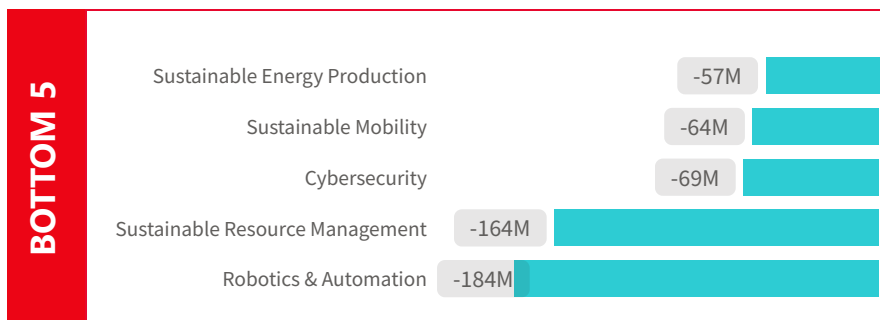
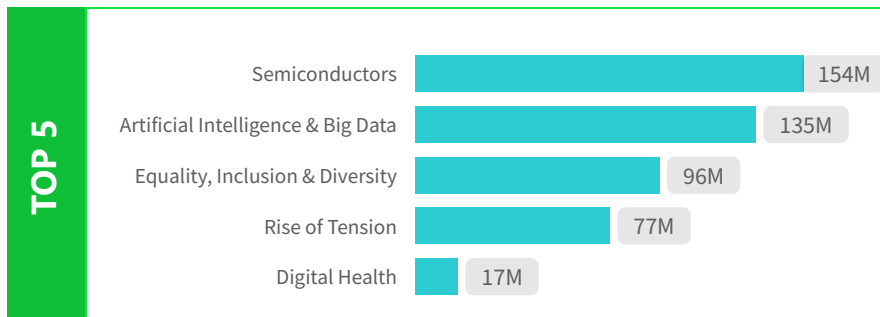
+ In July, "Semiconductors" gathered the most assets, again, with \$153 million despite the negative performance. "Rise of Tensions" and "Near/Reshoring" continued to draw interest and again ended up in the top 5 this month. In ETFs, "Semiconductors" and "Artificial Intelligence & Big Data" continue to dominate flows. In open-ended funds, "Cybersecurity" raised the most assets. Year to Date, "Artificial Intelligence & Big Data" raised the most assets with almost \$2 billion on inflows. "Semiconductors" follows with \$1.1 billion. "Energy Transition Materials" is fourth having raised \$300m.

+ "Sustainable Energy Production" continues to lead outflows in July with -\$740 million. Water and "Sustainable Resource Management" also suffered close to \$200m of outflows. Year to Date, Green themes continue to suffer the bulk of outflows, with 4 of those themes in the bottom 4, cumulating more than \$9 billion of outflows.

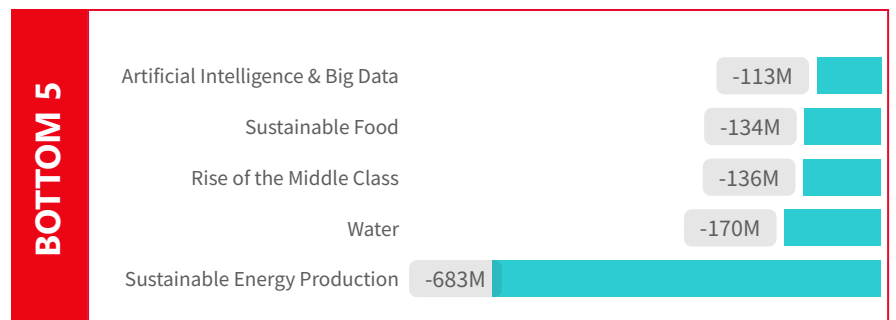
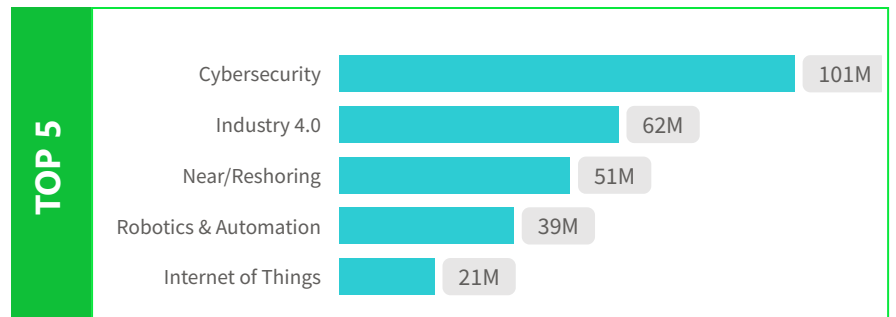
Month-on-month thematic flows



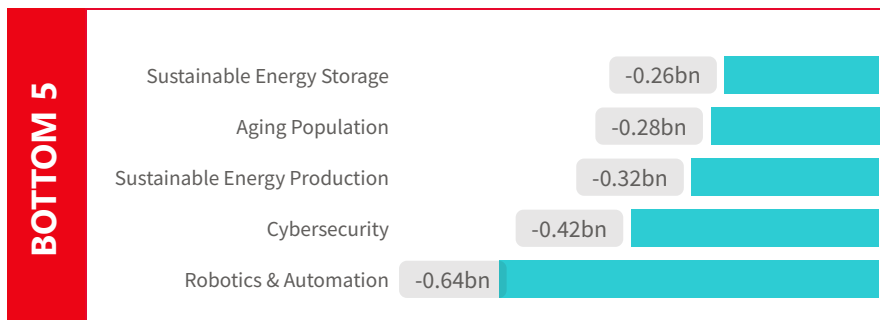
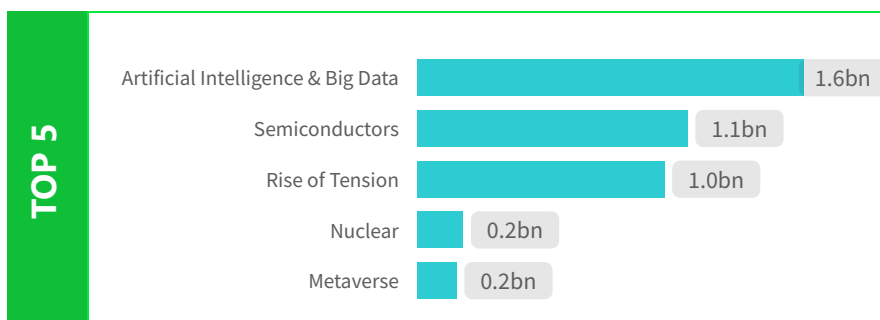
July Top/Bottom flows in Europe ETFs



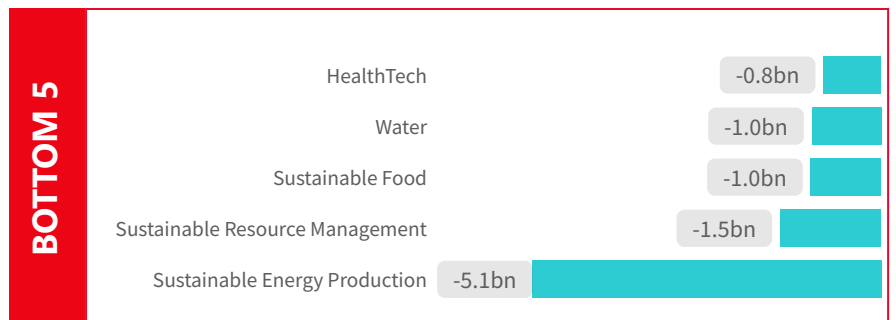
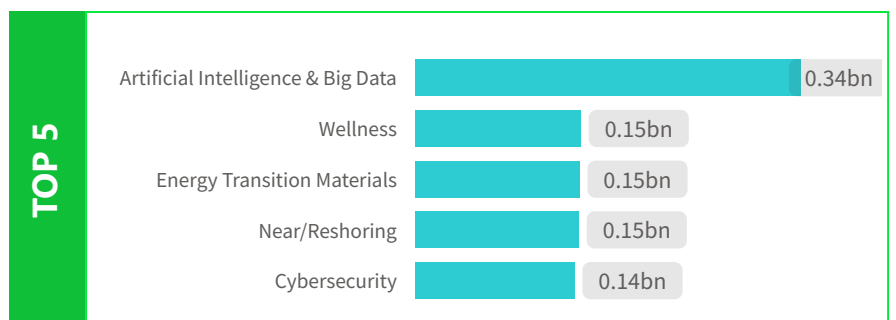
July Top/Bottom flows in Mutual Funds



YTD Top/Bottom flows in Europe ETFs



YTD Top/Bottom flows in Mutual Funds



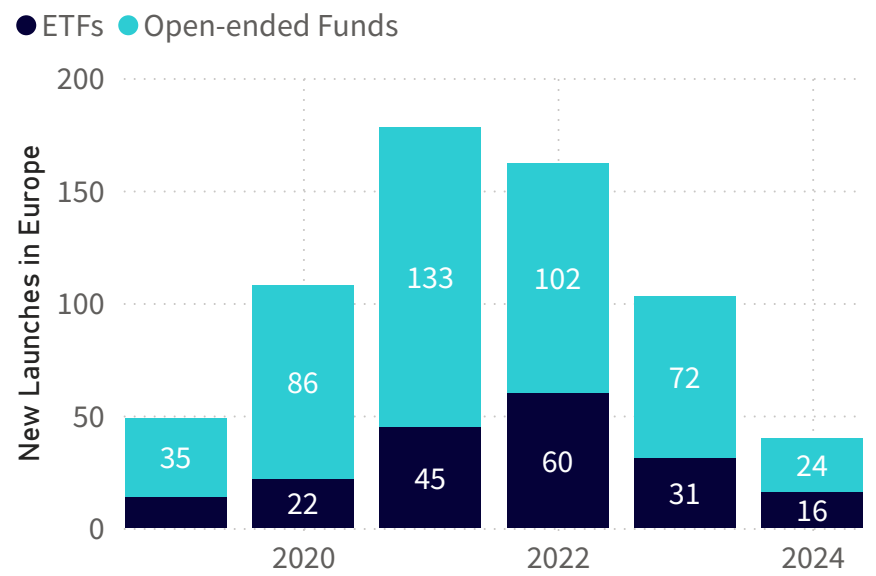
Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/07/2024 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar. More information on the WisdomTree Thematic classification can be found in the Appendix. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Thematic performance and launches in Europe

+ In July, 19 themes beat the market, and 25 had positive returns. "Space" posted the strongest return with +8.4%, followed by "Water", "Global Logistics" and Healthcare. For the first time in a very long time, "Semiconductors" posted the worst monthly return with -5.9%. "Nuclear" and "Artificial Intelligence and Big Data" complete the bottom 3.

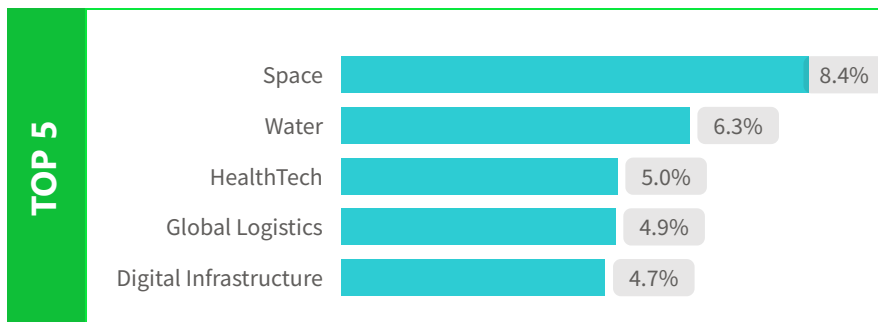
+ This does not stop "Semiconductors" from being the best-performing theme year to date, though. Only 4 themes are currently beating the market Year to Date: "Semiconductors", "Rise of Tension", "Blockchain" and "Near/Reshoring". Year to date, returns of green themes are in line with their asset-raising performance. "Sustainable Energy Storage", "Sustainable Mobility" and "Sustainable Energy Production" are the worst performing themes, losing -15.4%, -6.5% and -6% respectively in a +13.1% market.

Yearly thematic launches in Europe*

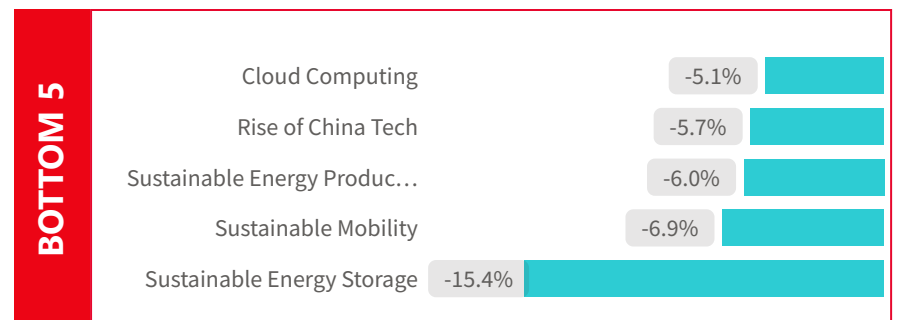
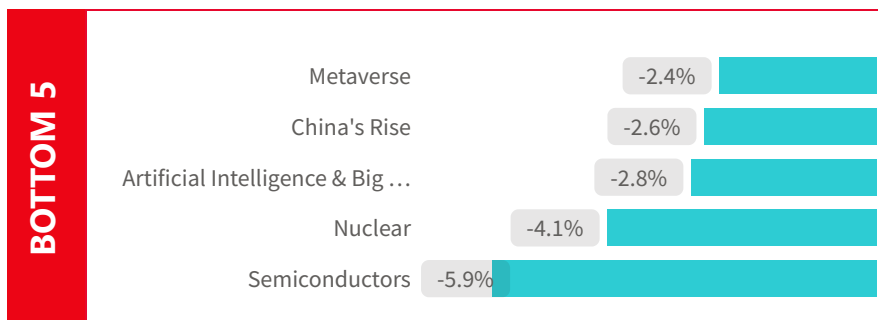
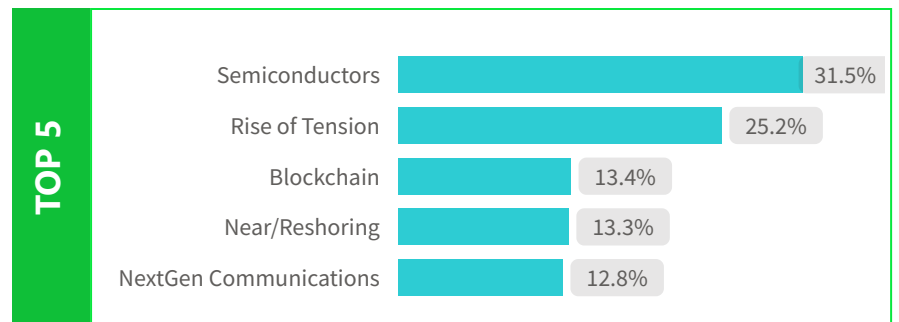


* New launches are updated quarterly

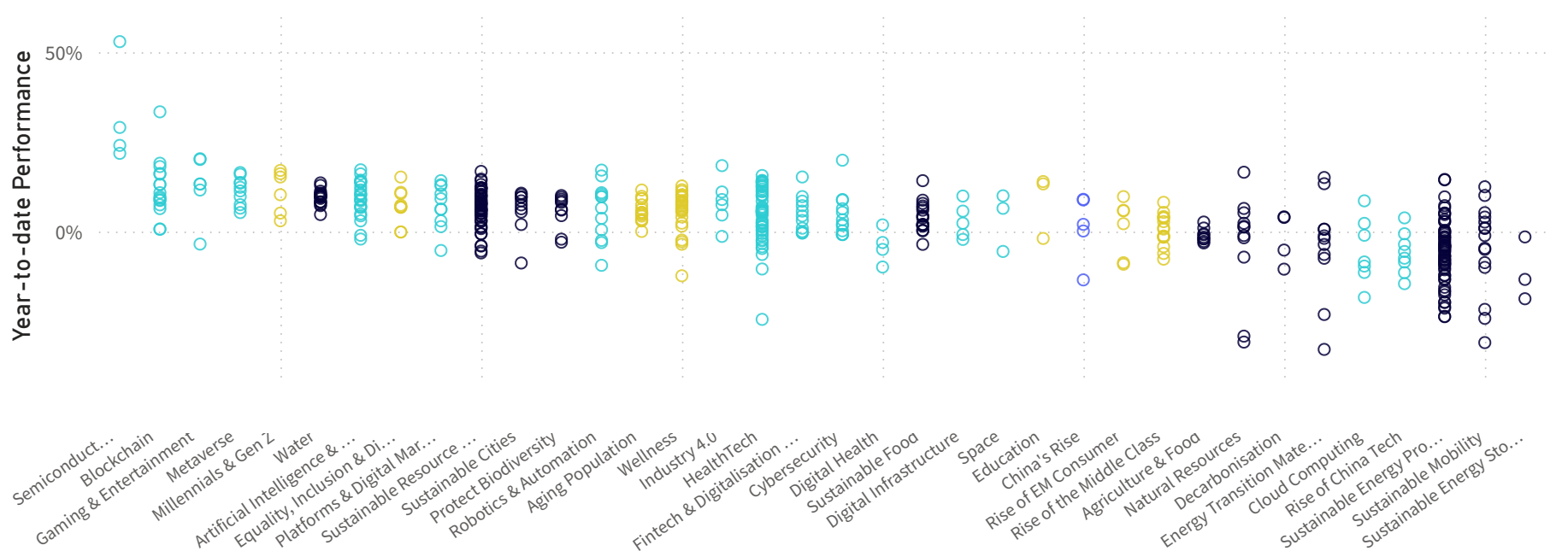
Top 5/Bottom 5 by performance in July



Top 5/Bottom 5 by YTD performance

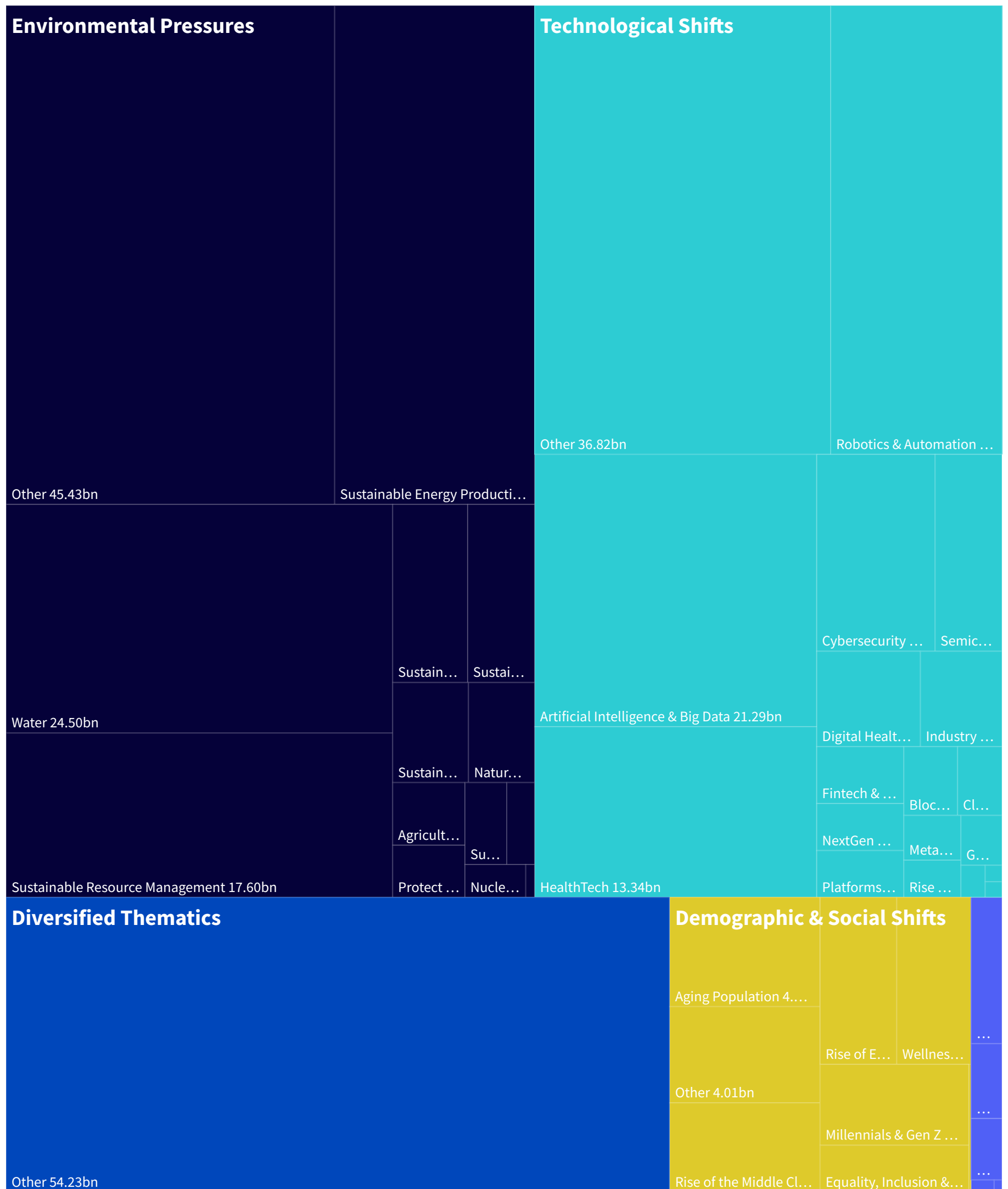


Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/07/2024 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 31/07/2024 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		12,776.60M	-76.64M	-1,092.74M
Technological Shifts	Disruptive Technologies	15,817.33M	27.31M	-417.24M
Technological Shifts	HyperConnectivity & Digitalisation	8,229.15M	-82.14M	565.97M
Environmental Pressures		3,577.08M	-94.88M	-586.79M
Environmental Pressures	Climate Change & Sustainability	41,846.36M	-245.27M	-3,496.32M
Environmental Pressures	Limited Resources	10.69M	0.00M	-0.40M
Diversified Thematics		54,230.60M	-228.01M	-1,850.63M
Demographic & Social Shifts		1,243.36M	-110.00M	-304.34M
Demographic & Social Shifts	Demographic Shifts	2,763.68M	40.29M	52.99M
Demographic & Social Shifts	Social Shifts	5.22M	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	4,553.00M	-112.39M	-982.36M	2.3%	5.9%
Agriculture & Food	1,254.14M	-49.14M	-487.81M	2.4%	-1.0%
Artificial Intelligence & Big Data	21,288.85M	22.00M	1,948.21M	-2.8%	9.0%
Blockchain	1,024.34M	-2.49M	1.88M	1.5%	13.4%
China's Rise	525.99M	-6.76M	-43.17M	-2.6%	1.3%
Cloud Computing	845.54M	-41.96M	-75.39M	-0.8%	-5.1%
Cybersecurity	6,460.27M	32.34M	-274.66M	-0.2%	4.5%
Decarbonisation	80.94M	-1.27M	-10.15M	4.7%	-2.6%
Digital Health	2,740.83M	-19.47M	-290.85M	3.6%	3.3%
Digital Infrastructure	72.61M	2.98M	-3.49M	4.7%	3.1%
Education	77.37M	2.72M	-252.85M	0.3%	1.4%
Energy Transition Materials	632.33M	2.30M	296.08M	-2.1%	-3.0%
Equality, Inclusion & Diversity	1,939.78M	72.67M	-65.10M	2.3%	7.6%
Fintech & Digitalisation of Finance	1,372.65M	-19.02M	-161.74M	3.8%	5.3%
Gaming & Entertainment	567.32M	-11.79M	-142.25M	1.2%	12.3%
Global Logistics	26.79M	0.12M	-0.79M	4.9%	1.9%
HealthTech	13,336.96M	13.11M	-1,058.20M	5.0%	5.6%
Industry 4.0	2,156.45M	61.85M	72.11M	1.0%	5.8%
Internet of Things	215.50M	10.86M	70.11M	-0.8%	2.7%
Metaverse	708.52M	9.49M	290.75M	-2.4%	11.4%
Millennials & Gen Z	3,338.34M	-63.92M	-362.74M	-1.1%	11.1%
Natural Resources	1,833.46M	-11.28M	-309.27M	2.1%	-0.8%
Near/Reshoring	640.43M	51.13M	146.45M	-0.6%	13.3%
NextGen Communications	1,135.24M	-3.76M	-158.70M	-2.3%	12.8%
Nuclear	553.17M	16.68M	190.41M	-4.1%	2.5%
Platforms & Digital Markets	1,129.26M	-45.81M	-407.55M	1.0%	7.8%
Political Polarisation	78.54M	0.00M	39.77M	2.8%	6.2%
Protect Biodiversity	1,043.90M	-15.53M	-38.64M	3.3%	6.2%
Rise of China Tech	588.25M	-62.22M	-10.41M	-2.3%	-5.7%
Rise of EM Consumer	3,550.43M	-65.35M	-790.49M	-1.6%	0.9%
Rise of Tension	1,252.85M	76.82M	1,024.65M	4.7%	25.2%
Rise of the Middle Class	3,726.71M	-153.77M	-757.03M	-0.8%	0.4%
Robotics & Automation	21,307.08M	-145.72M	-785.74M	-1.4%	6.3%
Semiconductors	3,647.38M	153.51M	1,121.19M	-5.9%	31.5%
Space	76.65M	10.01M	22.39M	8.4%	2.0%
Sustainable Cities	2,100.15M	-14.34M	-269.00M	3.7%	6.4%
Sustainable Energy Production	27,647.04M	-740.56M	-5,387.97M	3.3%	-6.0%
Sustainable Energy Storage	950.84M	-51.27M	-298.39M	-0.2%	-15.4%
Sustainable Food	3,701.81M	-136.21M	-1,065.76M	4.6%	3.0%
Sustainable Mobility	3,306.42M	-129.25M	-1,062.30M	-1.2%	-6.9%
Sustainable Resource Management	17,603.10M	-272.04M	-1,651.85M	4.0%	6.7%
Water	24,502.32M	-163.03M	-944.05M	6.3%	9.6%
Wellness	3,439.14M	1.46M	204.04M	2.5%	6.0%

Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/07/2024 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	
HYPER CONNECTIVITY & DIGITALISATION		SOCIAL SHIFTS		MULTI-POLARITY		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	
	Social Media & Media						

Source: WisdomTree, as of 31/12/2023

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WisdomTree European Thematic Monthly Update

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