

# WisdomTree European thematic monthly update

June 2023

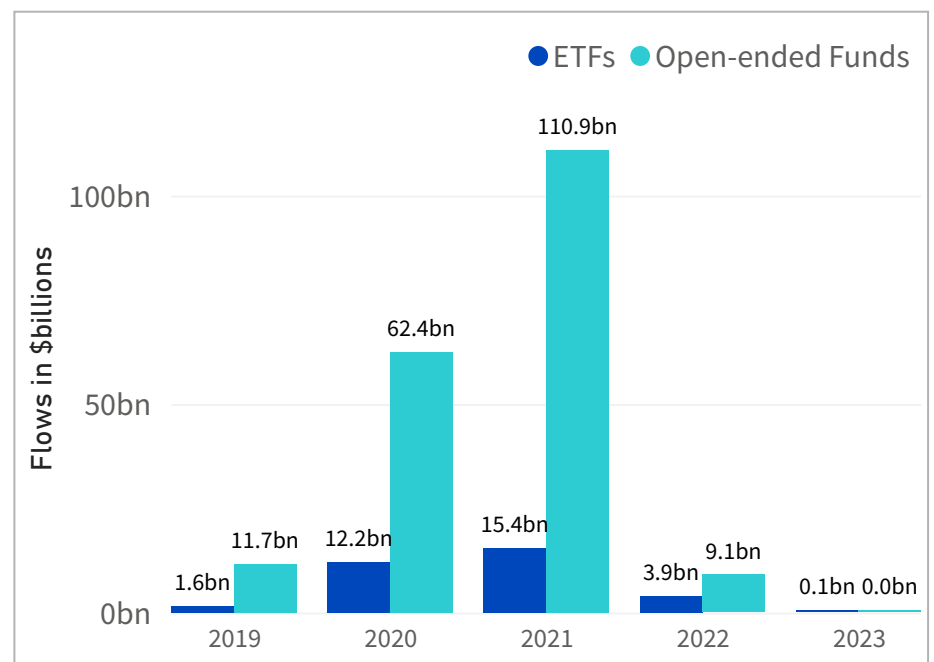
## Thematic universe overview

+ AUM in thematic Exchange Traded Funds (“ETFs”) and open-ended funds increased by 5% in June to \$324 billion driven by positive performance. ETFs’ market share was flat at 13.2%, with a total AUM of \$42.7 billion. Year-to-date, AUM increased by \$36.5 billion, or by 12.7%. Performance across themes was the key contributor to the AUM growth, as the net flows into both wrappers were just below \$0.1 billion.

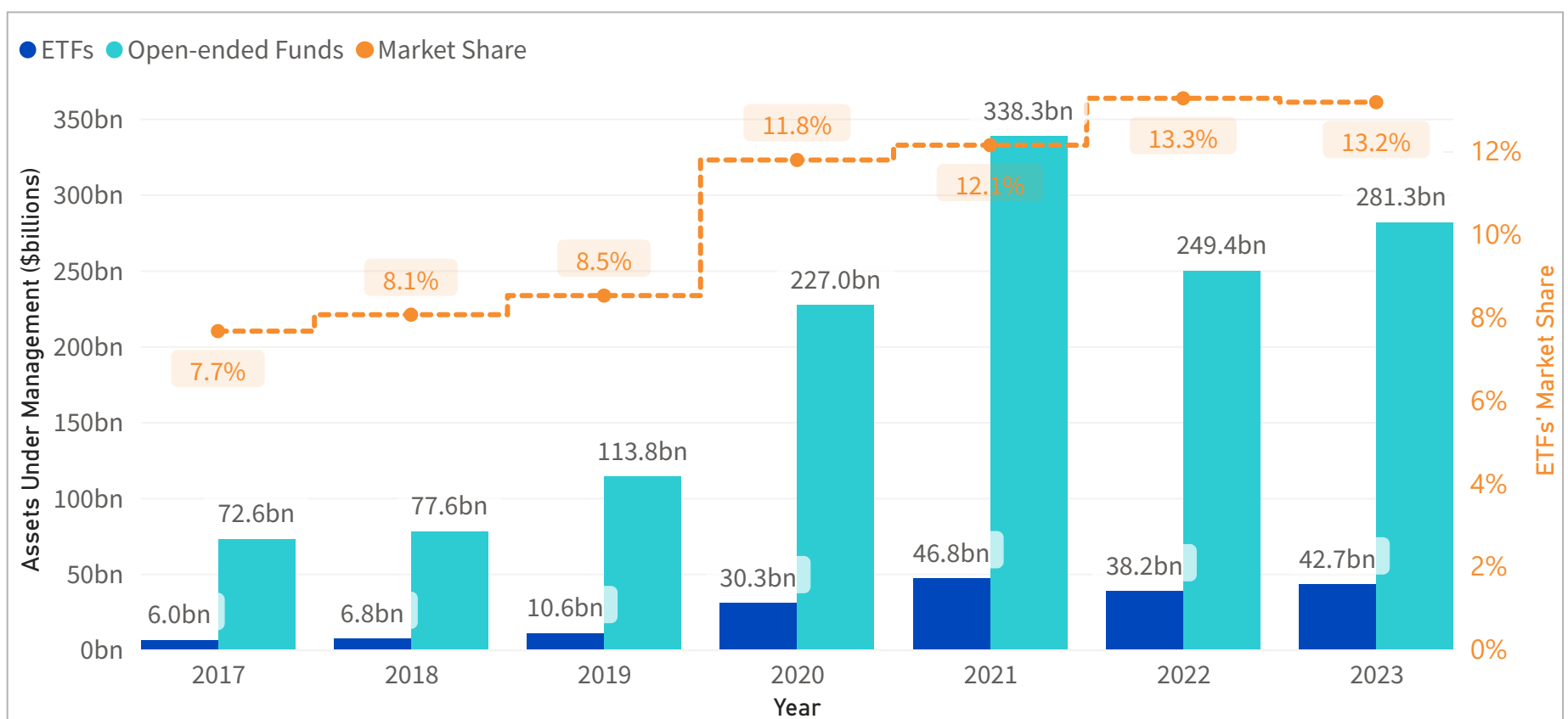
+ Performance in June was positive across all themes, with 10 themes beating the MSCI ACWI. Year-to-date, 14 themes have outperformed the global equity benchmark, led by 9 tech-related themes, with "Semiconductors" and "Blockchain" claiming the highest returns.

+ Net year-to-date flows turned positive in June, driven by flows into themes in "Technological Shifts" and "Geopolitical Shifts" that jointly raised \$1.2 billion. At the same time, "Environmental Pressures", "Demographic & Social Shifts" and "Diversified Thematics" saw net outflows of \$1.1 billion.

## Recent yearly flows in Europe



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



Source: WisdomTree, Morningstar, Bloomberg. All data as of 30/06/2023 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.**

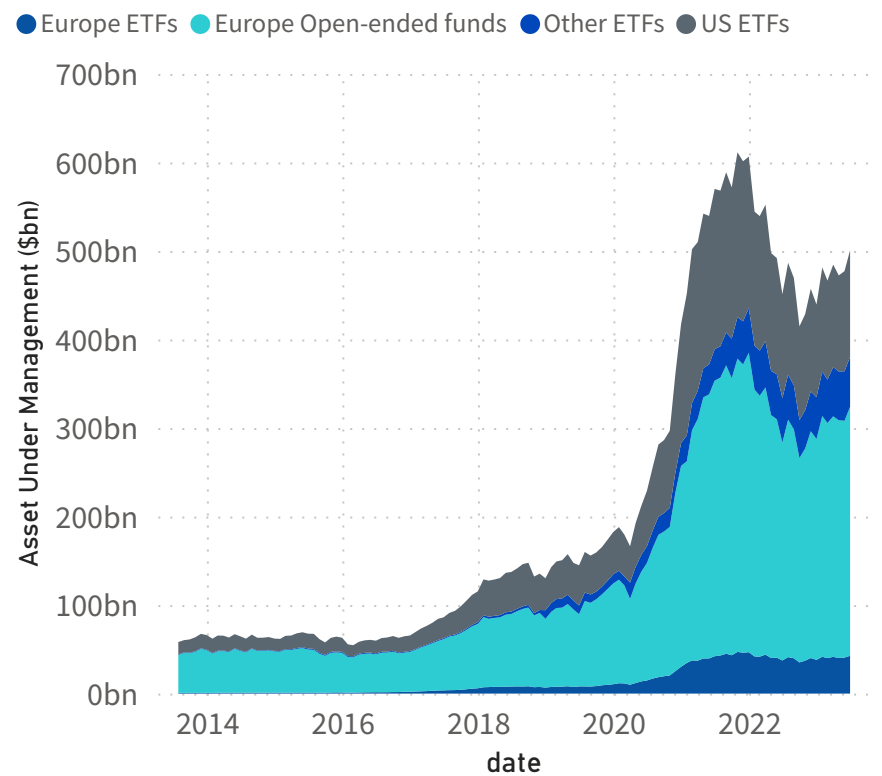
## Thematic universe overview (continued)

+ Joint AUM in global thematic ETFs and open-ended funds in Europe have risen in June by 4.9% to \$501 billion and are up \$61.3 billion compared to the end of last year. This increase was driven by the performance of equities generally and tech-focused themes specifically. In June, as in May, US ETFs have been driving the growth of AUM in thematics, with \$7.3 billion increase.

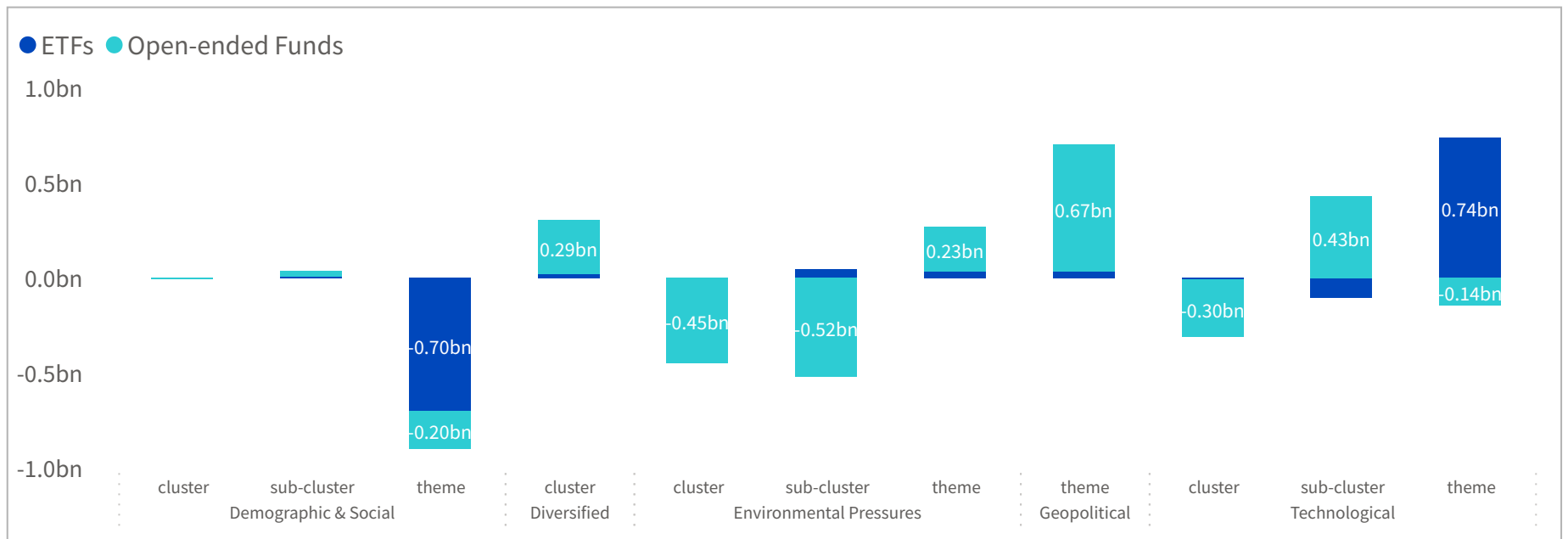
+ Year-to-date, European open-ended funds have gathered the most flows in the "Geopolitical Shifts" cluster due to \$629 million of inflows in June across "China's Rise" and "Near/Reshoring" themes. In turn, ETFs have seen the most flows in the "Technological Shifts" cluster with \$625 year-to-date inflows and \$455 million in June alone, driven by flows into "AI & Big Data" and "Robotics & Automation".

+ Outflows in "Environmental Pressures" cluster have been mostly driven by redemptions in open-ended funds at the cluster and sub-cluster level as well as "Sustainable Food" theme. "Equality, Inclusion & Diversity" with -\$1.6 billion across both wrappers largely contributed to the year-to-date outflows in the "Demographic and Social Shifts". At the same time, "Rise of the Middle Class", on the contrary, has gathered strong interest with around \$1 billion of net flows.

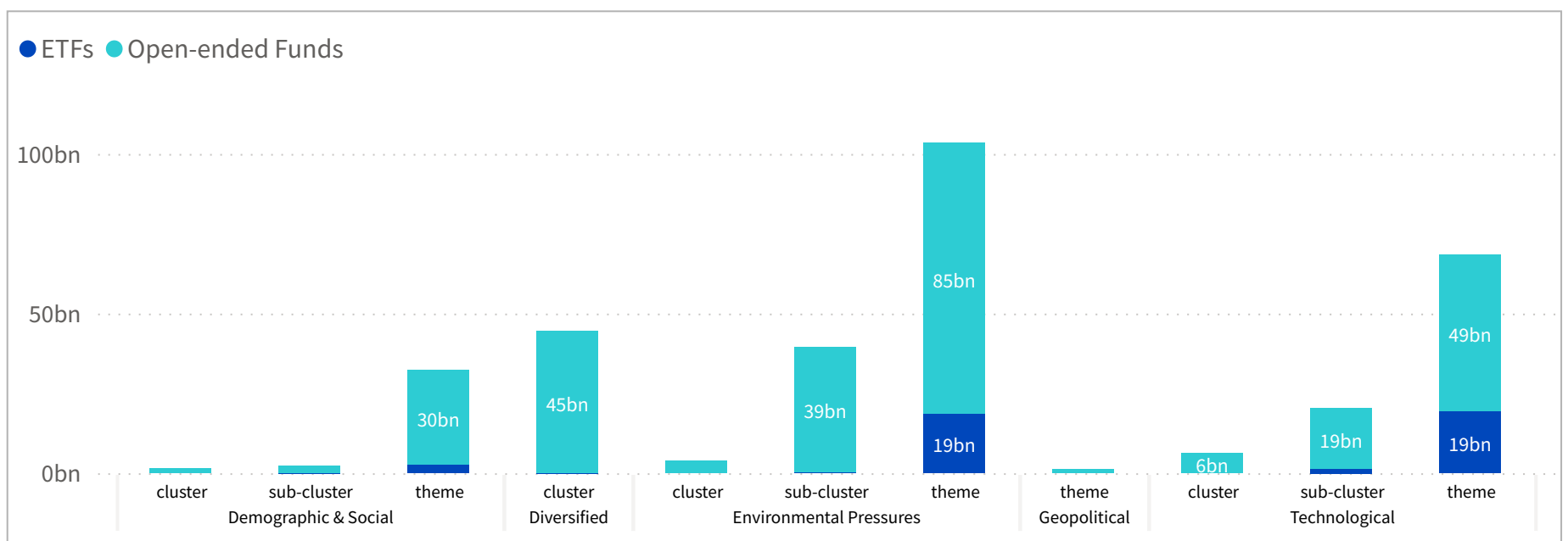
## AuM in Thematics by region (Last 10Y)



## 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 30/06/2023 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.**

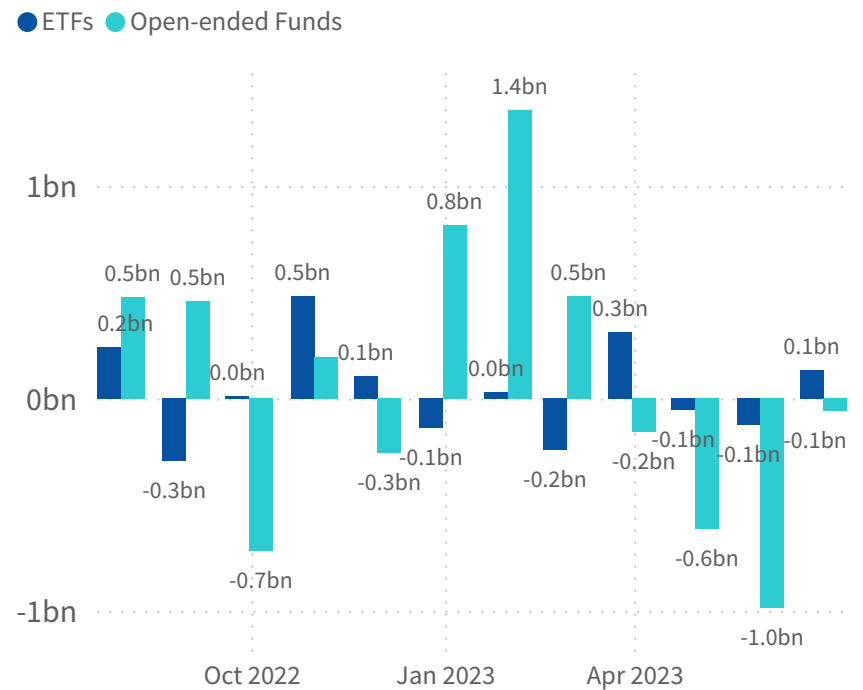
## Thematic flows in Europe

+ Flows in June turned positive, with \$133 million inflows in ETFs and \$60 million outflows in open-ended funds. Year-to-date, ETFs have gathered slightly higher net flows of \$59 million vs. \$24 million in open-ended funds.

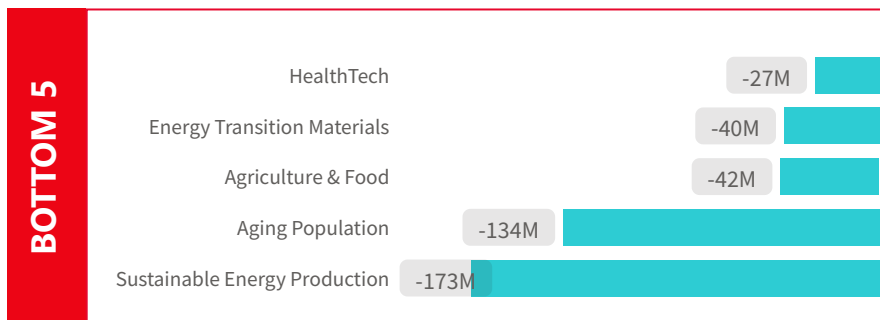
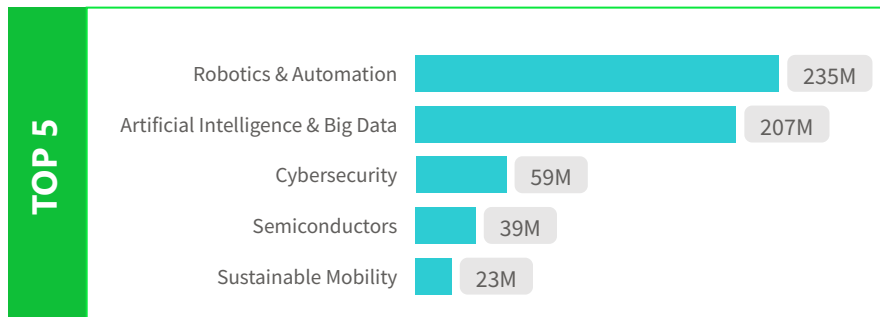
+ In June, "Artificial Intelligence & Big Data" continued to gather assets with \$415 flows across both wrappers and around \$207 million in each. However, "Robotics & Automation" theme saw even higher inflows in ETFs of \$235 million. Notably, in open-ended funds most inflows went into two themes in the "Geopolitical Shifts" cluster, i.e. "China's Rise" and "Near/Reshoring". In contrast to the outflows in May, "Cybersecurity" with \$149 million closed the top 5 themes with largest inflows in June. Flows into "Sustainable Food", "Equality, Inclusion & Diversity" and "Aging Population" were on the other side of the ledger in June.

+ Year-to-date, some themes such as "Sustainable Energy Production", "Rise of the Middle Class" and "AI & Big Data" have raised close to a billion or more. In contrast, "Equality, Inclusion & Diversity" saw outflows of \$1.6 billion, followed by "Sustainable Food" and "Agriculture & Food" where investors jointly redeemed \$1.3 billion.

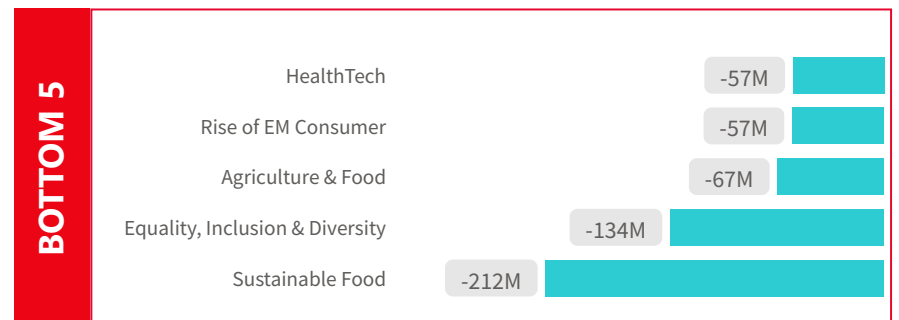
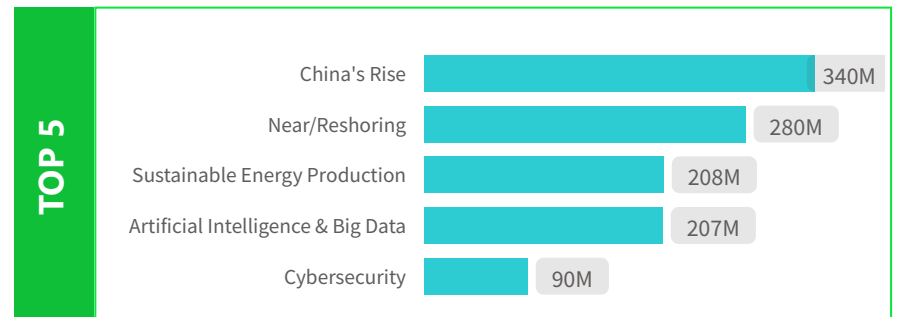
## Month-on-month thematic flows



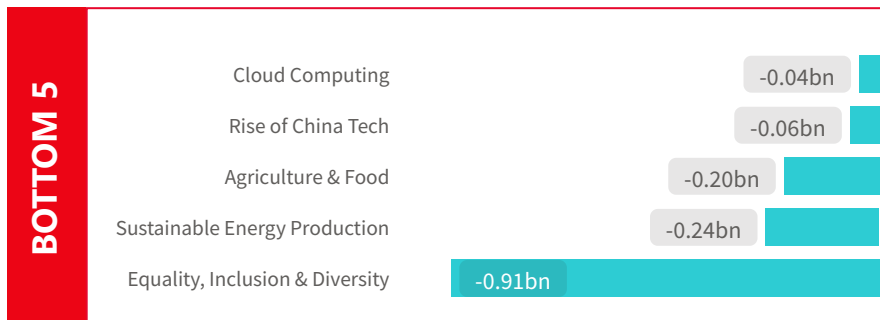
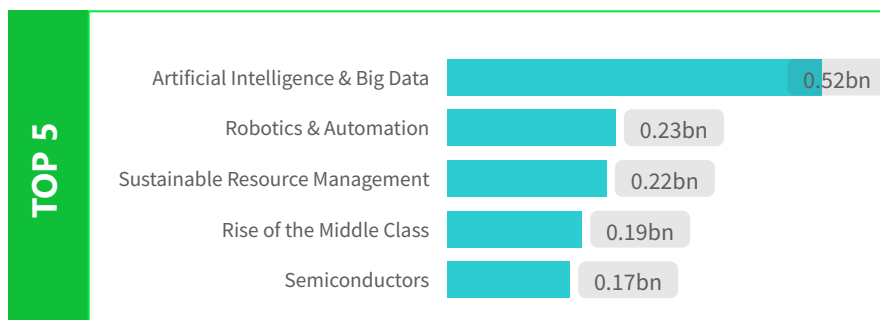
## June Top/Bottom flows in Europe ETFs



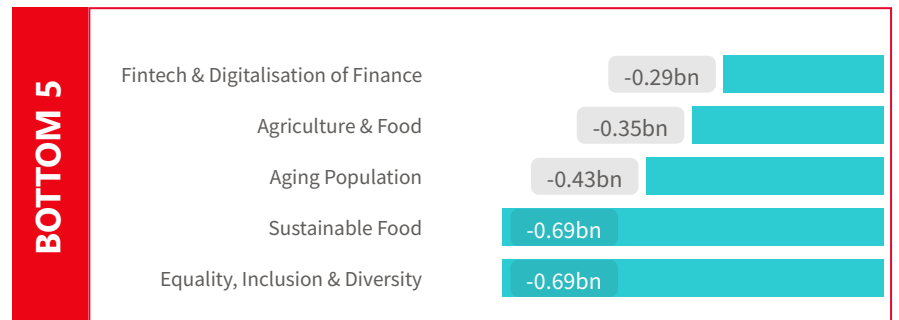
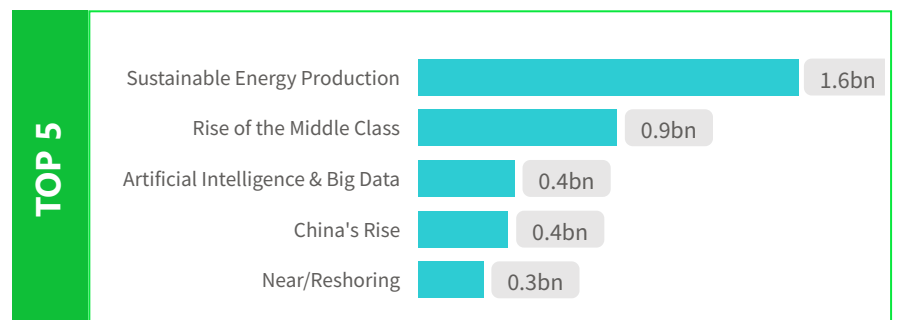
## June Top/Bottom flows in Mutual Funds



## YTD Top/Bottom flows in Europe ETFs



## YTD Top/Bottom flows in Mutual Funds



Source: WisdomTree, Morningstar, Bloomberg. All data as of 30/06/2023 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.**

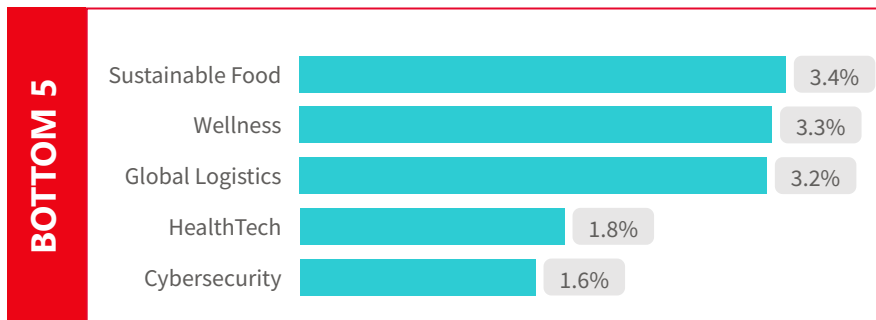
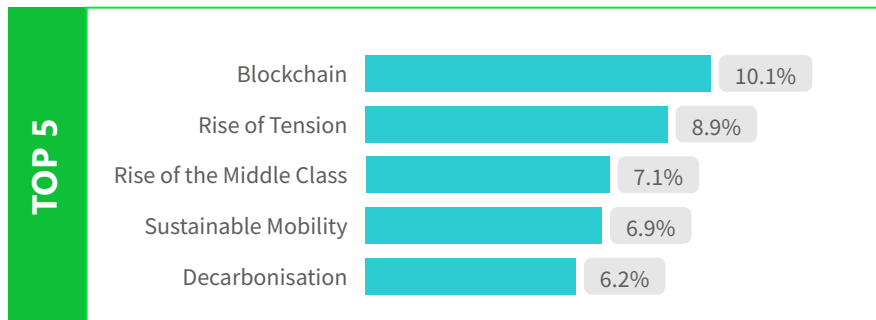
## Thematic performance and launches in Europe

+ Year-to-date, technology-focused thematic strategies are leading the pack, as some of them benefitted from the surging enthusiasm around generative AI and general rebound in growthy tech stocks after dismal returns in 2022.

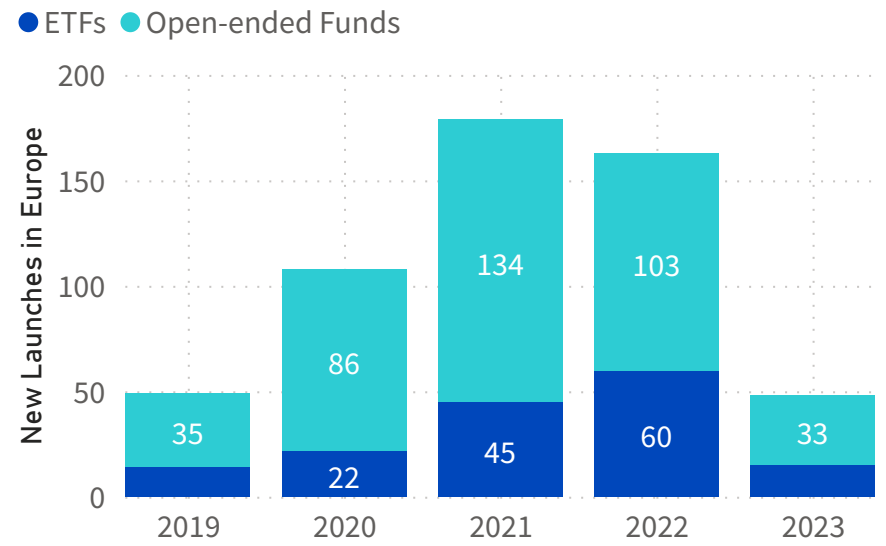
"Semiconductors" benefitted from AI-related demand in specific semiconductors, while strong performance of NVIDIA and Meta might have propelled the "Metaverse" theme. "AI & Big Data" and "Cloud Computing" are closing the Top 5 best-performing themes year-to-date. In turn, Chinese equities are suffering this year alongside food-related themes and natural resources that were less hit in 2022.

+ Notably, all themes in June finished the month in green territory. The top 5 best-performing themes came from all 4 clusters in our Thematic classification. After somewhat weaker return in May, "Blockchain", was the only tech theme in the top 5, that delivered the highest return of 10.1%, closely followed by "Rise of Tension" with 8.9%. In turn, "Cybersecurity" and "HealthTech" were the laggards and returned 1.6% and 1.8% respectively.

### Top 5/Bottom 5 by performance in June

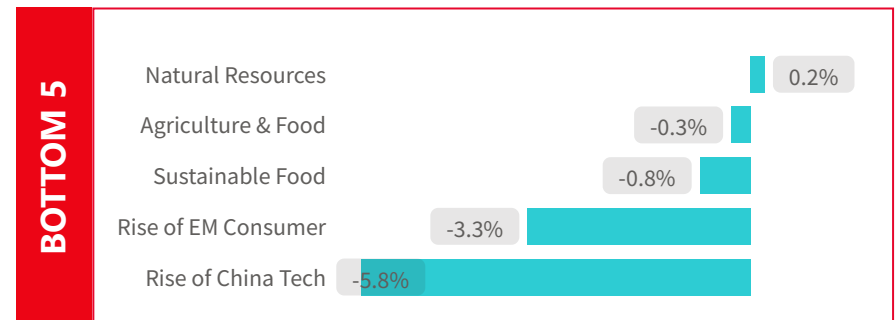
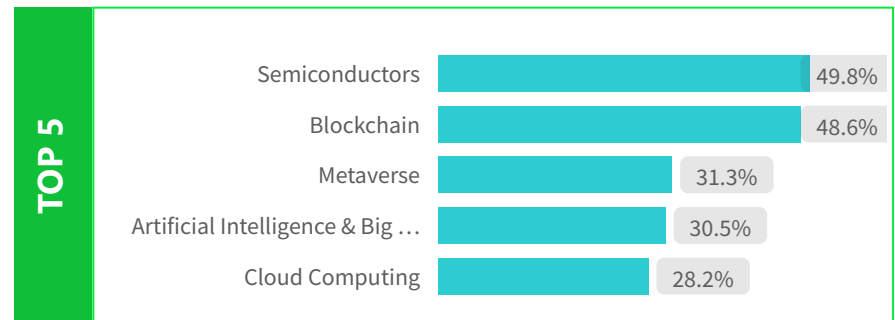


## Yearly thematic launches in Europe\*

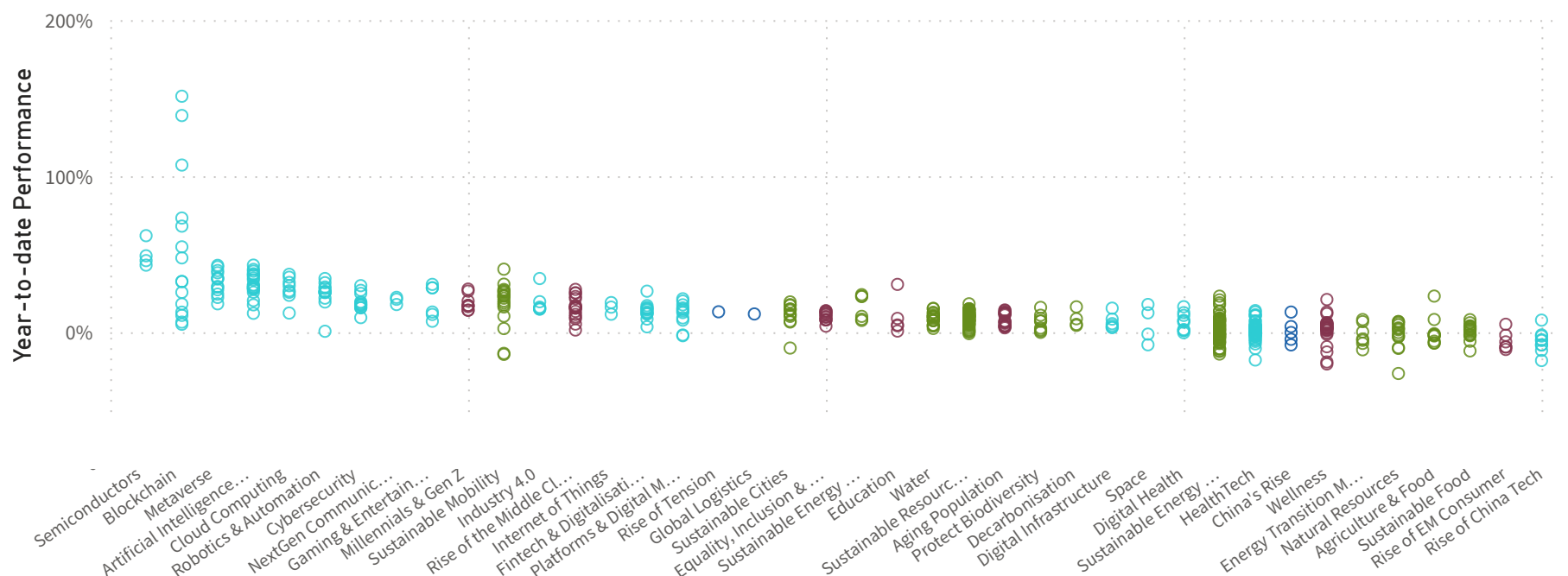


\* New launches are updated quarterly

### Top 5/Bottom 5 by YTD performance

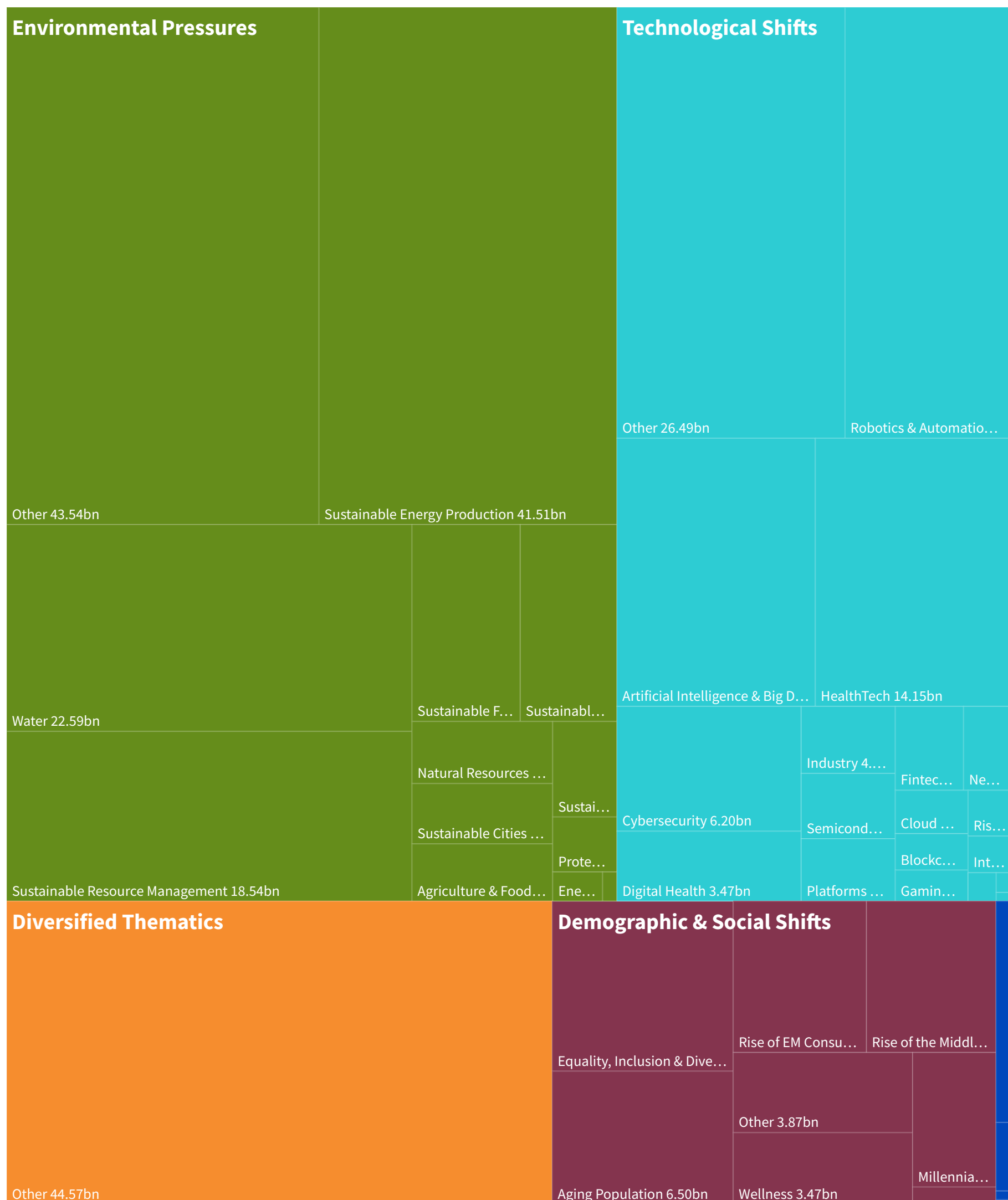


## Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 30/06/2023 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 [30/06/2023](#) 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		6,232.31M	-27.89M	-312.20M
Technological Shifts	Disruptive Technologies	14,191.69M	-29.75M	256.75M
Technological Shifts	HyperConnectivity & Digitalisation	6,063.10M	-70.70M	66.60M
Environmental Pressures		3,948.64M	-79.03M	-449.37M
Environmental Pressures	Climate Change & Sustainability	39,582.89M	-179.92M	-475.95M
Environmental Pressures	Limited Resources	11.15M	-0.12M	-1.26M
Diversified Thematics		44,570.29M	-37.46M	304.04M
Demographic & Social Shifts		1,512.85M	-13.93M	-6.07M
Demographic & Social Shifts	Demographic Shifts	2,327.86M	-12.82M	32.04M
Demographic & Social Shifts	Social Shifts	33.07M	6.77M	5.04M

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

Theme Name	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)	Performance Last Month	Performance YTD
Blockchain	713.87M	-3.98M	0.54M	10.1%	48.6%
Rise of Tension	36.32M	14.76M	34.24M	8.9%	13.1%
Rise of the Middle Class	5,277.45M	-24.52M	1,039.52M	7.1%	16.1%
Sustainable Mobility	5,123.94M	66.68M	134.14M	6.9%	17.7%
Decarbonisation	112.26M	-1.06M	2.27M	6.2%	6.9%
Platforms & Digital Markets	1,582.06M	1.02M	-32.84M	6.1%	13.5%
Sustainable Cities	2,285.74M	-44.52M	-116.78M	6.1%	11.2%
Water	22,587.26M	34.67M	-92.25M	6.1%	9.6%
Fintech & Digitalisation of Finance	1,542.34M	-40.80M	-291.38M	6.0%	13.8%
Internet of Things	426.89M	4.88M	71.50M	6.0%	15.7%
Semiconductors	1,656.21M	38.93M	170.19M	5.8%	49.8%
Space	35.67M	0.92M	4.60M	5.6%	6.7%
Sustainable Resource Management	18,544.66M	-49.26M	185.35M	5.5%	9.3%
Metaverse	216.04M	12.13M	46.77M	5.4%	31.3%
Equality, Inclusion & Diversity	8,285.06M	-156.68M	-1,595.32M	5.2%	10.4%
Gaming & Entertainment	609.17M	-7.05M	-15.19M	5.2%	19.4%
Natural Resources	2,353.22M	-40.24M	-257.85M	5.2%	0.2%
Robotics & Automation	19,314.84M	247.72M	98.07M	5.2%	25.4%
Artificial Intelligence & Big Data	14,325.95M	414.93M	933.91M	5.1%	30.5%
Protect Biodiversity	950.15M	10.14M	139.58M	5.1%	7.0%
Energy Transition Materials	393.25M	-40.18M	95.96M	4.9%	0.3%
Industry 4.0	1,699.99M	-6.58M	62.81M	4.9%	16.4%
Aging Population	6,495.31M	-130.46M	-443.12M	4.8%	8.6%
Cloud Computing	849.56M	-9.63M	1.33M	4.7%	28.2%
Millennials & Gen Z	3,021.53M	-15.30M	-57.91M	4.7%	19.1%
Digital Health	3,472.70M	-38.50M	-219.41M	4.7%	6.6%
China's Rise	914.13M	339.53M	384.00M	4.6%	1.9%
NextGen Communications	1,080.78M	-12.40M	-143.53M	4.5%	20.5%
Sustainable Energy Storage	1,650.18M	11.23M	42.93M	4.3%	10.0%
Sustainable Energy Production	41,510.29M	35.34M	1,393.41M	4.2%	3.2%
Rise of China Tech	535.02M	1.83M	-3.95M	4.1%	-5.8%
Rise of EM Consumer	5,429.05M	-57.38M	173.07M	4.0%	-3.3%
Agriculture & Food	2,170.12M	-108.50M	-548.14M	3.8%	-0.3%
Digital Infrastructure	80.60M	-3.00M	-48.36M	3.7%	6.8%
Education	391.06M	-10.08M	-56.19M	3.6%	9.7%
Sustainable Food	5,738.54M	-225.63M	-712.00M	3.4%	-0.8%
Wellness	3,468.87M	-35.91M	40.54M	3.3%	1.8%
Global Logistics	19.31M	0.48M	2.17M	3.2%	11.7%
HealthTech	14,150.05M	-84.18M	-42.98M	1.8%	2.1%
Cybersecurity	6,198.30M	148.85M	3.47M	1.6%	20.8%
Near/Reshoring	283.06M	279.60M	279.60M		

Source: WisdomTree, Morningstar, Bloomberg. All data as of 30/06/2023 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	
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 30/06/2023

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WisdomTree European Thematic Monthly Update



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