

WisdomTree European thematic monthly update

September 2024

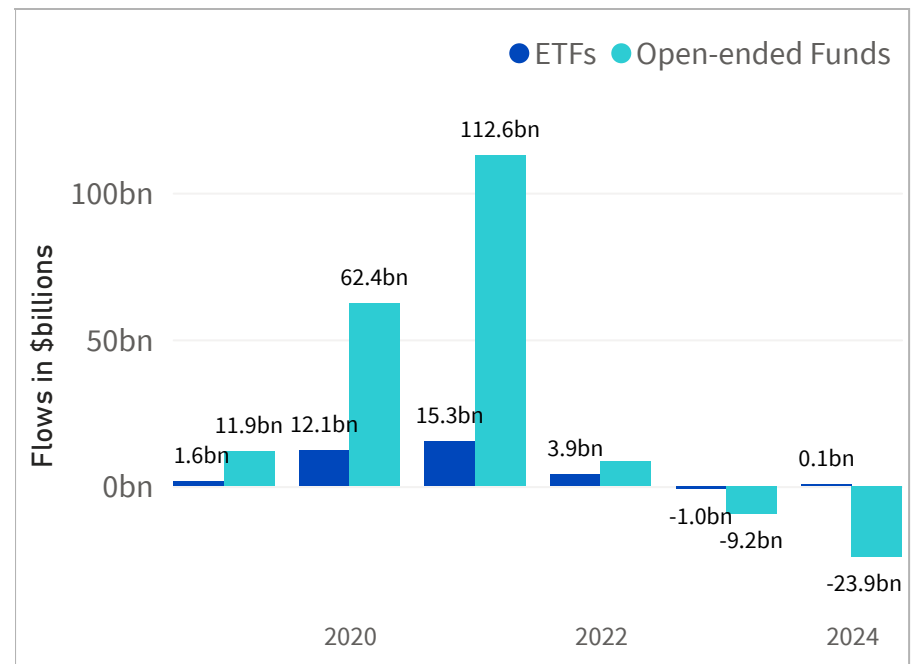
Thematic universe overview

+ AUM in Europe-domiciled thematic ETFs and open-ended funds increased marginally in September to \$338 billion, primarily driven by positive performance despite \$3.2 billion in outflows. ETFs maintained a market share of approximately 14%, with a total AUM of \$47.3 billion.

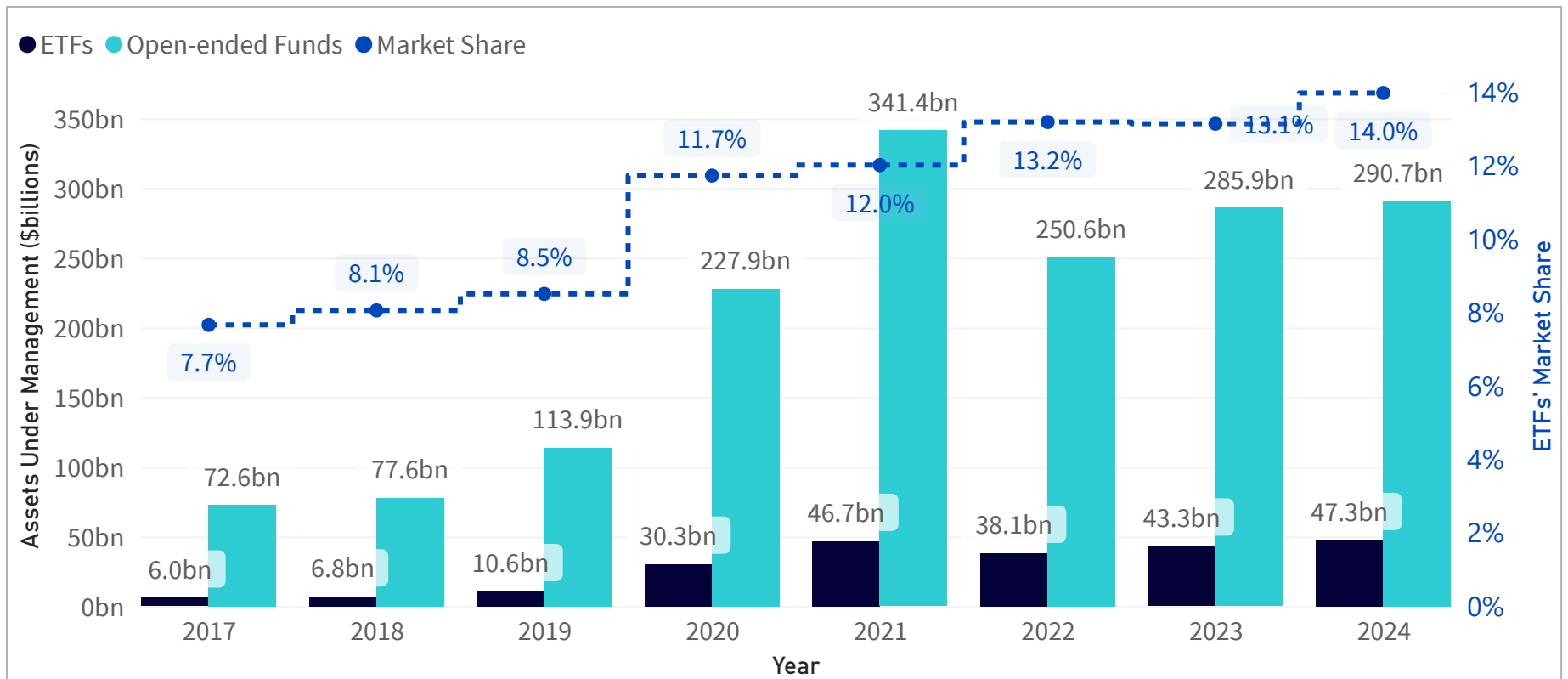
+ Most themes posted positive returns in September, with 40 themes closing the month above flat. Twenty-six of these outperformed MSCI ACWI, which gained 2.3% during the month. The "Rise of China Tech" theme rose by 23.0%, making it the best-performing theme in September. Conversely, the "Health Tech" theme declined by 1.9% in September, dragging its YTD return to 5.9%, making it the worst-performing theme for the month.

+ In September, thematic ETFs saw \$917 million in outflows, with nearly all clusters experiencing outflows except "Geopolitical Shifts." Thematic open-ended funds also experienced \$2.3 billion in outflows, with the "Environmental Pressures" cluster losing the most flows at \$1.3 billion. The open-ended funds have been seeing outflows since last December on a monthly basis, leading YTD outflows to increase to \$23.9 billion, while the YTD flow for ETFs remained positive.

Recent yearly flows in Europe



Europe-domiciled thematic AUM evolution and ETFs' market share



Source: WisdomTree, Morningstar, Bloomberg. All data as of 30/09/2024 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.**

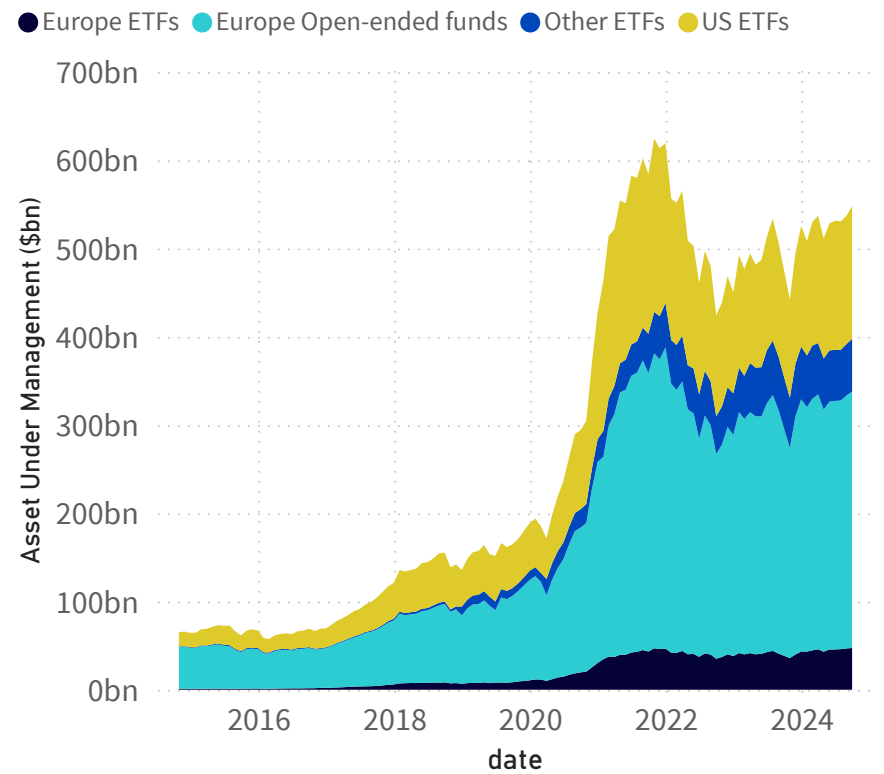
Thematic universe overview (continued)

+ The combined AUM in global thematic ETFs and open-ended funds slightly increased to \$548 billion in September, the highest level since April 2022, though still below the historic peak in December 2021. However, AUM in European thematic ETFs surpassed October 2021 levels, reaching a new high of \$47 billion.

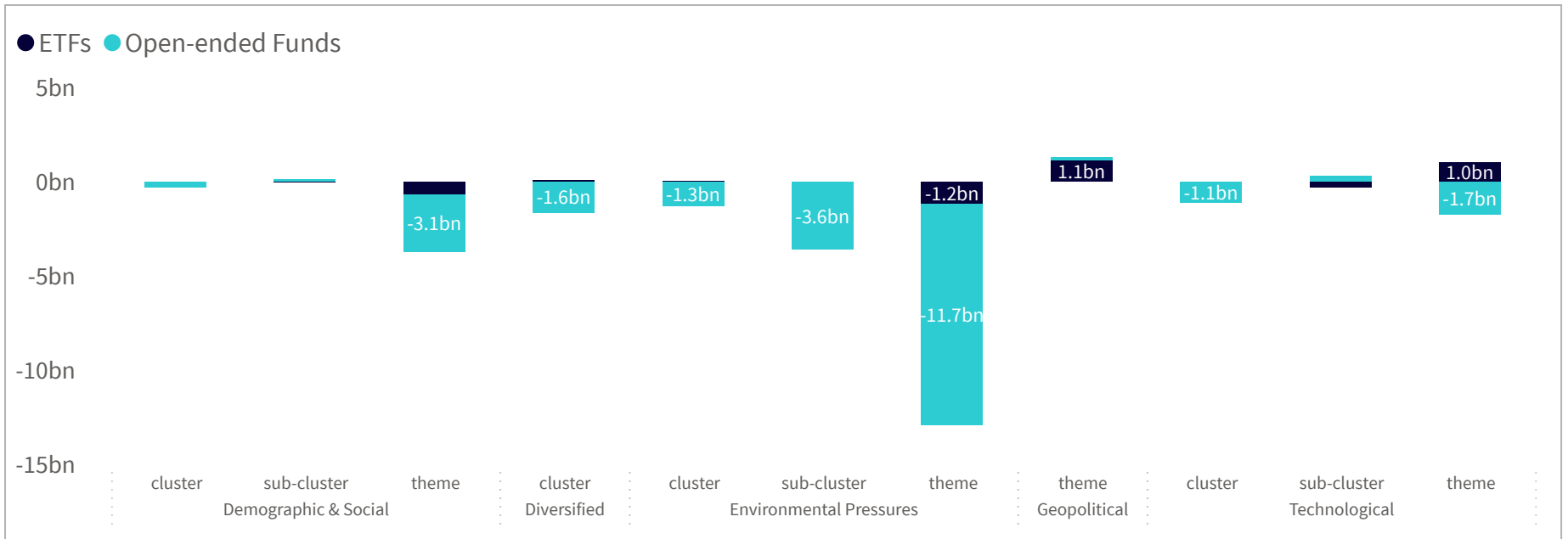
+ In Europe, "Environmental Pressures" was the cluster with the most outflows in September, with \$1.5 billion exiting thematic ETFs and open-ended funds. Year-to-date, thematic ETFs and open-ended funds lost \$23.8 billion in total flows, with \$17.8 billion of outflows from "Environmental Pressures." The "Technological Shifts" group saw \$977 million in outflows in September, making it the second-worst group in terms of flows for the month. "Geopolitical Shifts" was the only group to see net inflows in the month and on a YTD basis.

+ As of the end of September 2024, "Environmental Pressures" remained the largest group in Europe, with \$133.6 billion in assets, closely followed by "Technological Shifts" at \$118.7 billion.

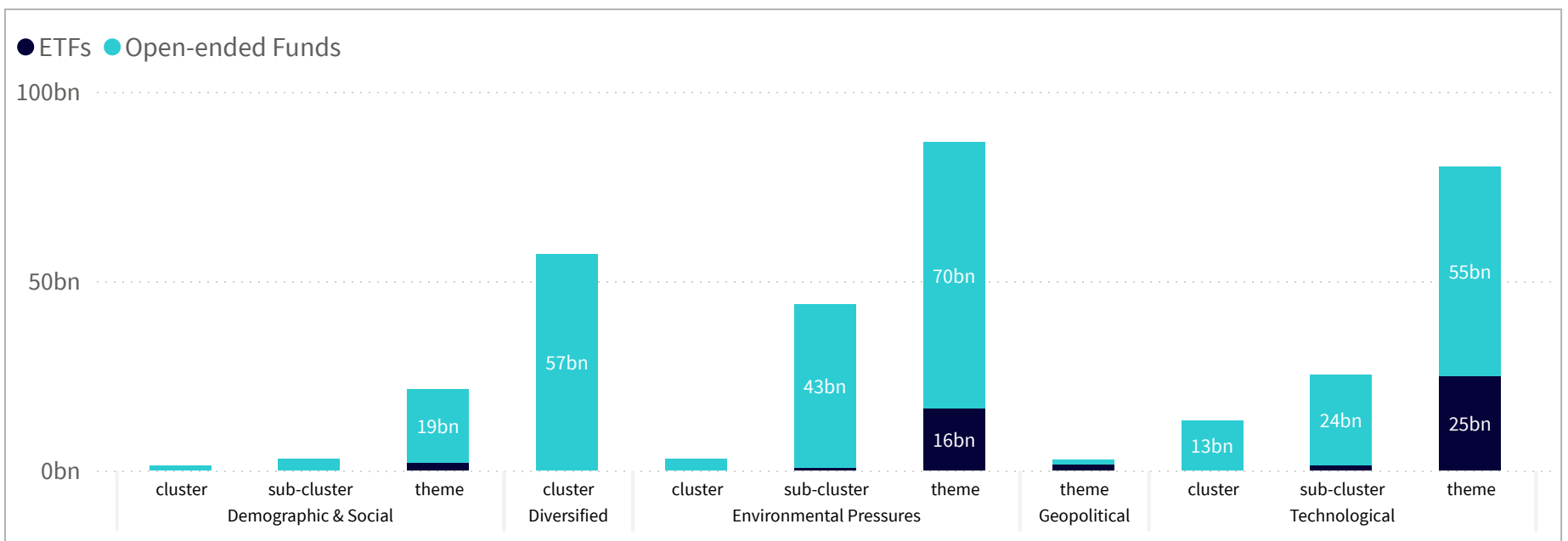
AuM in Thematics by region (Last 10Y)



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 30/09/2024 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

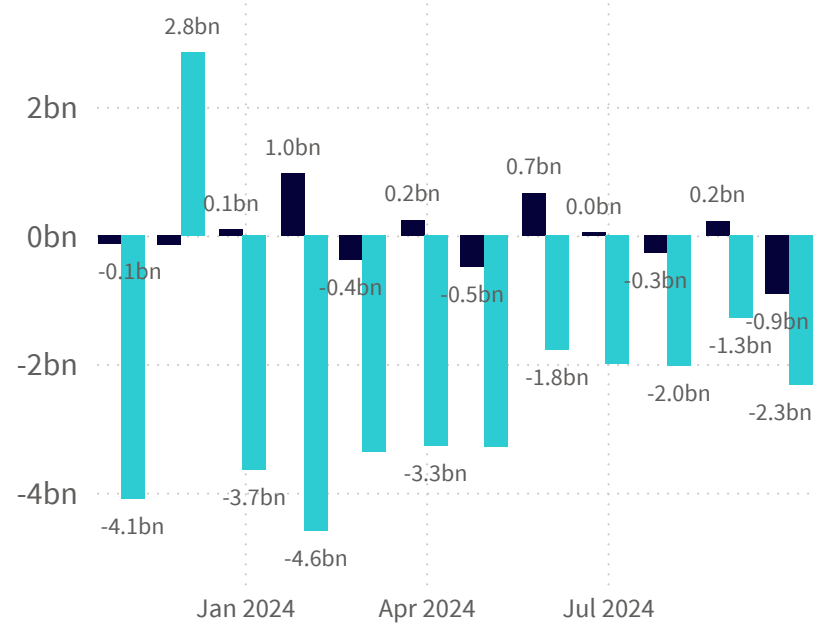
+ Flows in September were negative both for ETFs (-\$917 million) and open-ended funds (-\$2.3 billion), with ETFs seeing the largest outflows over the last 12 months, resulting in \$92 million in inflows to ETFs and \$23.9 billion in outflows from open-ended funds YTD.

+ In September, "Rise of Tension" attracted the most inflows, with \$57.1 million, remaining in the top 3 themes regarding flows YTD. "Rise of China Tech," benefitting from China's stimulus in late September, gained \$44 million in inflows for the month, but it still experienced around \$63 million in YTD outflows. Notably, among US-domiciled thematic ETFs, the theme attracted \$1.5 billion in inflows in September, indicating the divergence of ETF markets in Europe and the US. "Semiconductors" saw \$30.9 million in inflows, closing the top 3 themes.

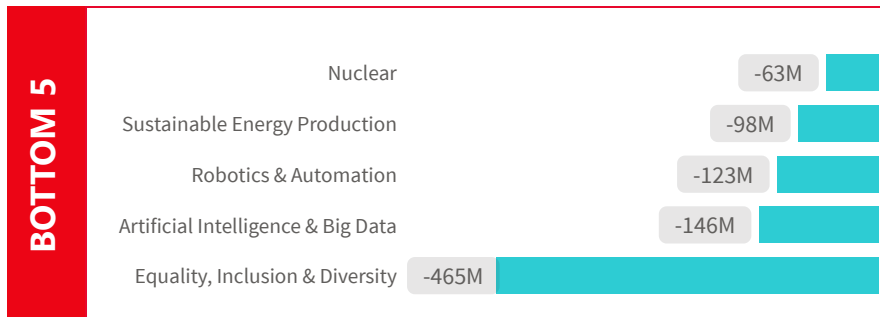
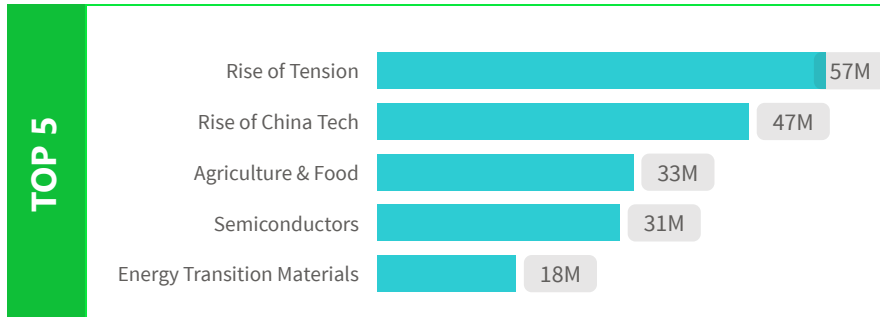
+ "Sustainable Energy Production" continued to lead outflows in September with \$575.5 million in outflows. YTD, the theme has lost \$6.7 billion in flows, far more than any other theme. "Equality, Inclusion & Diversity" suffered \$459.6 million in outflows, dragging its YTD flows into negative territory. "AI and Big Data" and "Robotics and Automation" saw outflows of \$249.8 million and \$272.6 million, respectively, though the former still attracted the most flows YTD, while the latter saw \$1.0 billion in outflows during the same period.

Month-on-month thematic flows

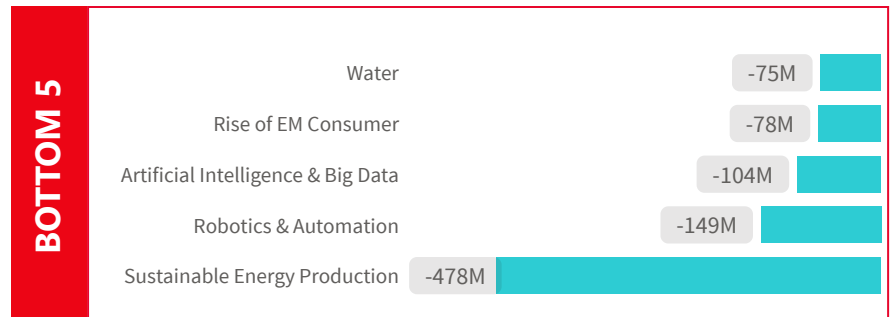
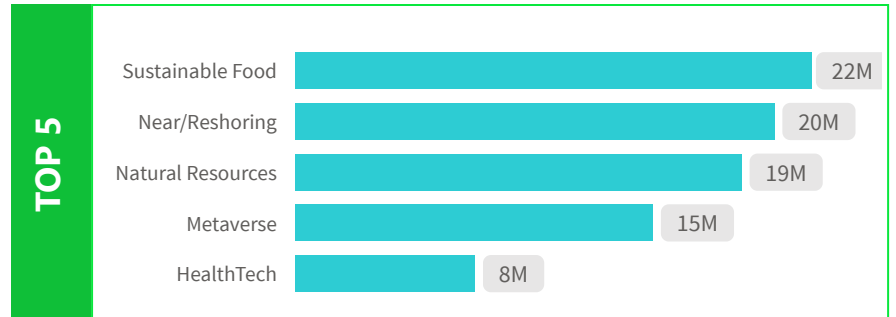
● ETFs ● Open-ended Funds



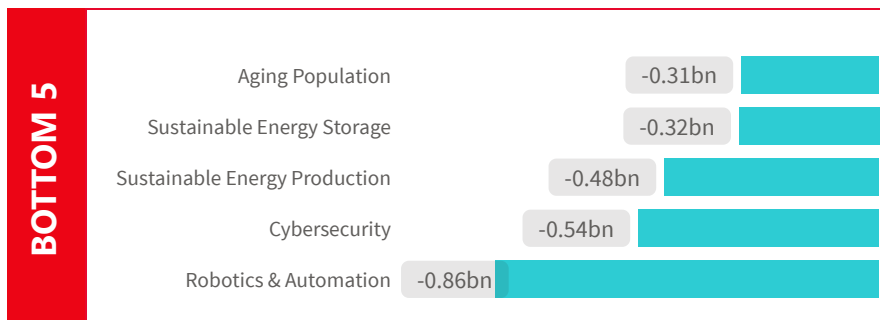
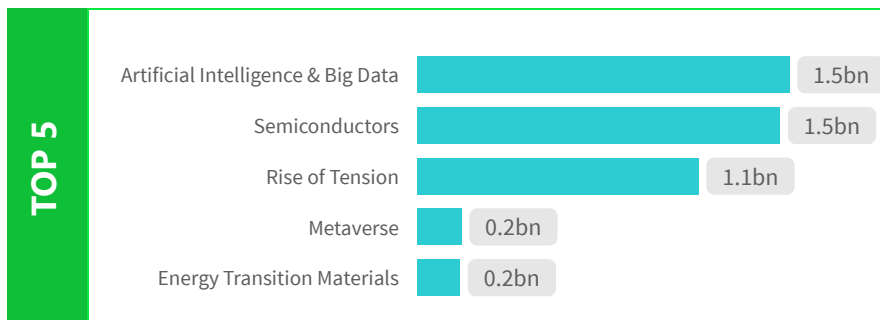
September Top/Bottom flows in Europe ETFs



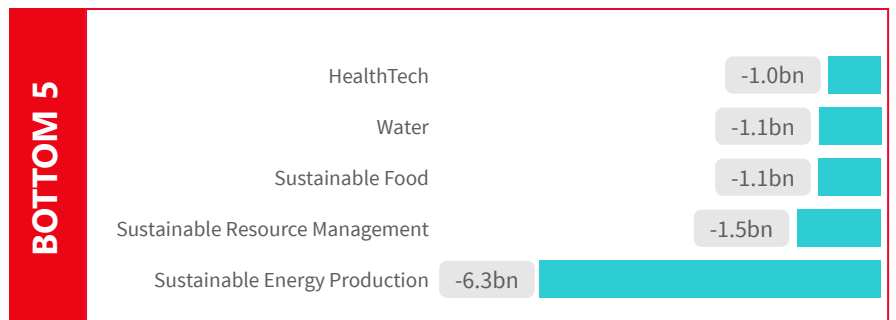
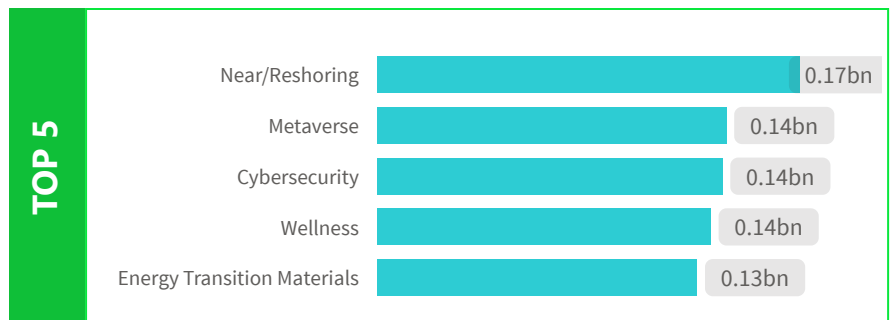
September Top/Bottom flows in Mutual Funds



YTD Top/Bottom flows in Europe ETFs



YTD Top/Bottom flows in Mutual Funds



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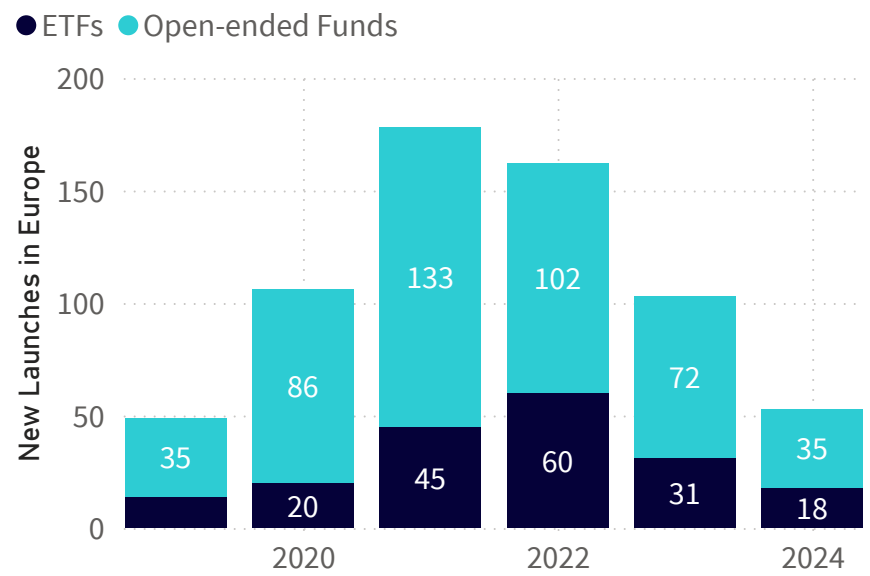
Thematic performance and launches in Europe

+ In September, themes generally posted positive returns, with only 3 themes posting negative returns.

+ Themes directly related to China, including "China Tech" and "China's Rise," were the best-performing themes of the month, with "China Tech" returning 23%, thanks to China's massive stimulus announced in late September. Some green themes, like "Sustainable Energy Storage" and "Sustainable Mobility," which contain significant exposure to China, also saw returns of 8.3% and 6.5%, respectively. "AI and Big Data," though it experienced outflows in September, returned 3.1%, raising its YTD return to 14.5%.

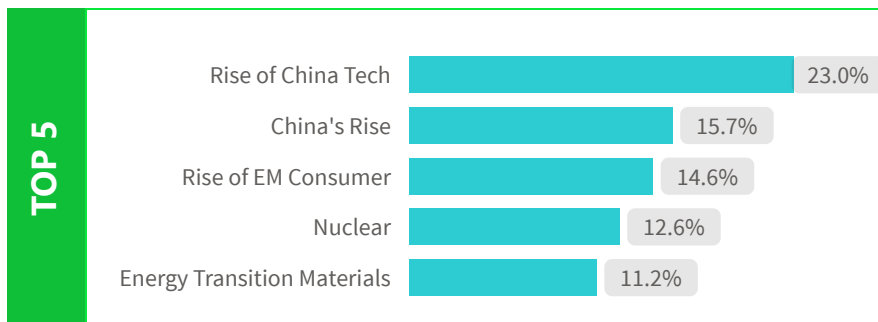
+ "Health Tech" lost 1.9% in September, making it the worst-performing theme of the month. "Rise of Tension," though it declined by 0.2%, remained the best-performing theme on a YTD basis, thanks to its strong performance earlier this year. "Semiconductors" was among the bottom 5 themes by performance and only posted a 0.5% return for the month. YTD, the theme still posted a 30.5% gain, making it the second-best-performing theme.

Yearly thematic launches in Europe*

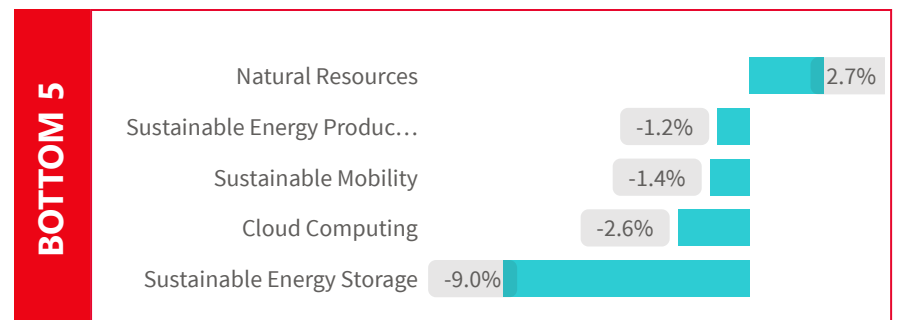
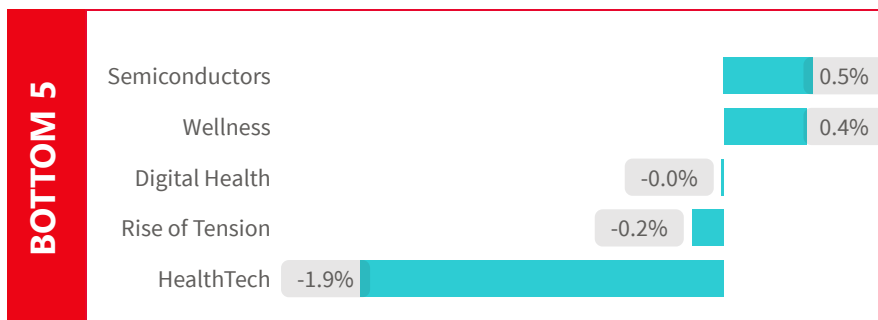
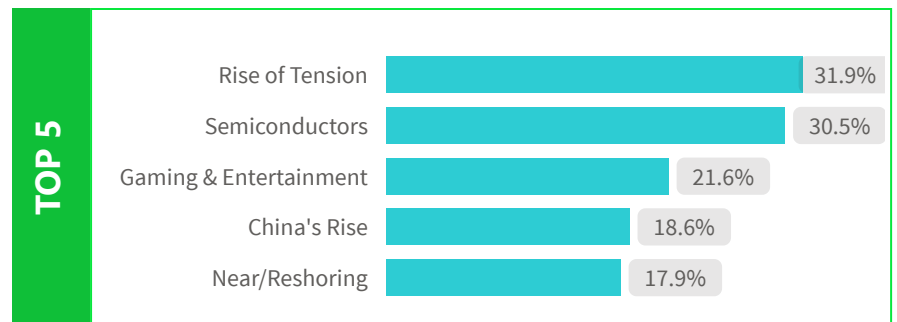


* New launches are updated quarterly

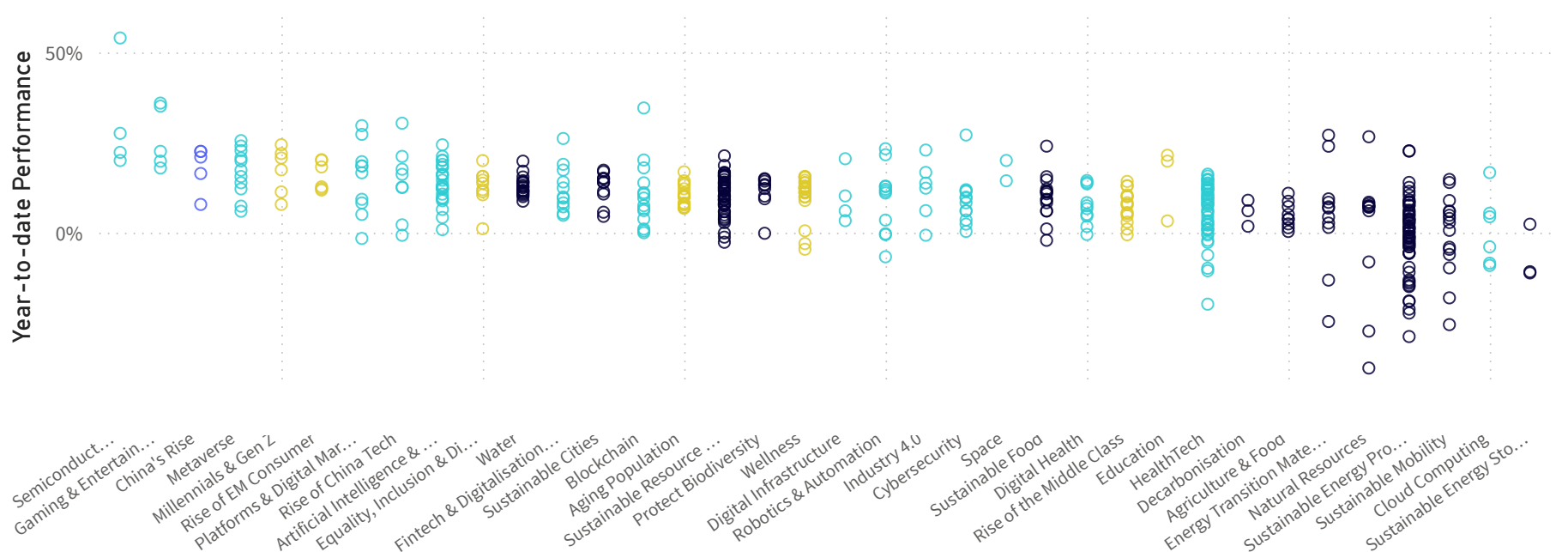
Top 5/Bottom 5 by performance in September



Top 5/Bottom 5 by YTD performance

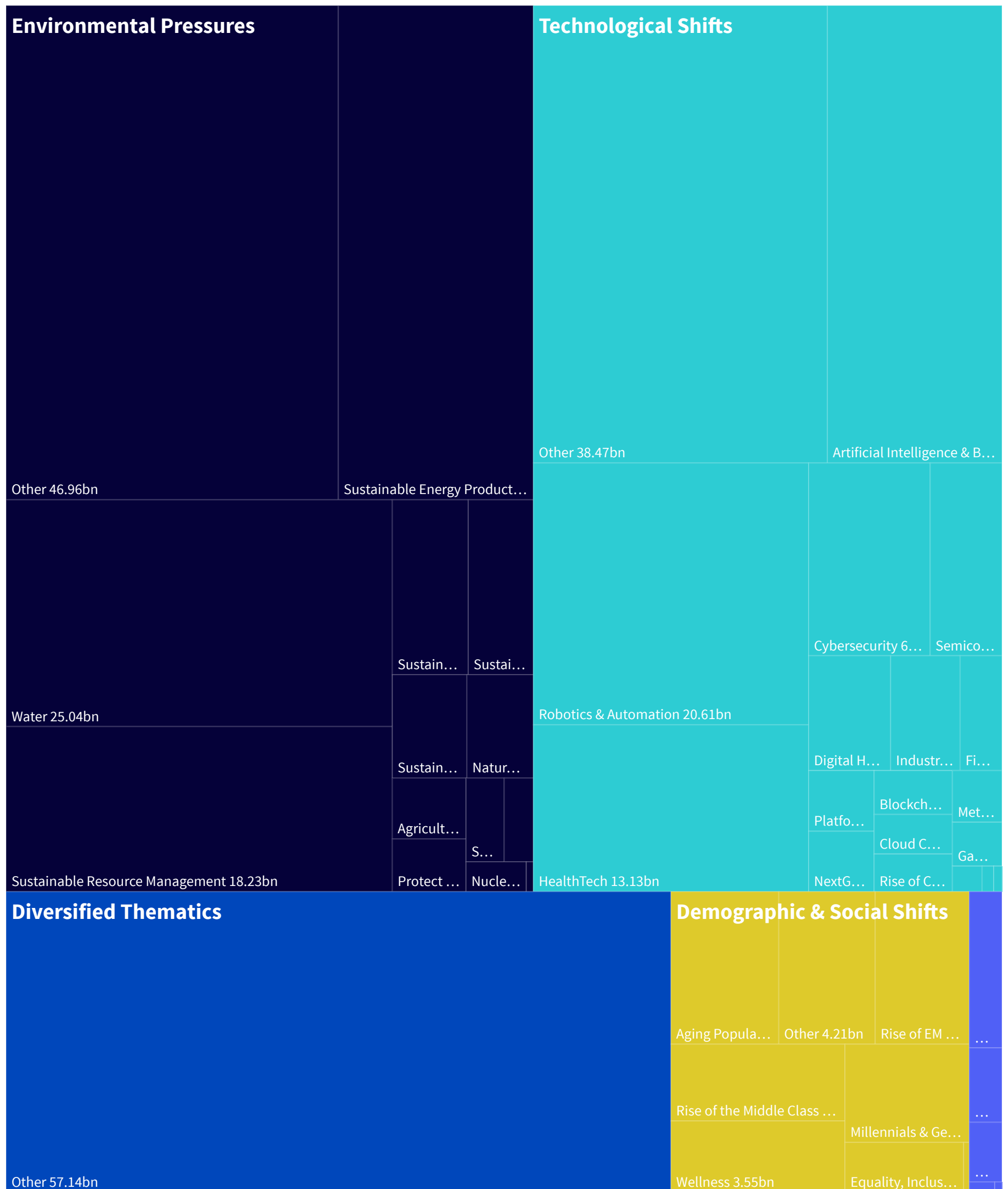


Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 30/09/2024 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 30/09/2024 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		13,267.23M	-85.56M	-1,107.51M
Technological Shifts	Disruptive Technologies	16,422.27M	-167.37M	-517.58M
Technological Shifts	HyperConnectivity & Digitalisation	8,777.58M	-93.10M	500.26M
Environmental Pressures		3,066.84M	-578.37M	-1,251.07M
Environmental Pressures	Climate Change & Sustainability	43,805.64M	-113.98M	-3,688.31M
Environmental Pressures	Limited Resources	90.06M	78.81M	78.39M
Diversified Thematics		57,137.03M	-181.41M	-1,571.90M
Demographic & Social Shifts		1,279.24M	-5.45M	-313.61M
Demographic & Social Shifts	Demographic Shifts	2,926.35M	42.48M	110.35M
Demographic & Social Shifts	Social Shifts			-9.40M

Appendix - Theme focused ETFs and Open-ended funds

Theme Name	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)	Performance Last Month	Performance YTD
Rise of China Tech	842.74M	43.96M	23.09M	23.0%	14.5%
China's Rise	558.22M	-5.54M	-62.85M	15.7%	18.6%
Rise of EM Consumer	4,102.19M	-78.07M	-923.83M	14.6%	16.4%
Nuclear	513.72M	-63.45M	140.29M	12.6%	5.5%
Energy Transition Materials	697.79M	16.11M	305.11M	11.2%	6.6%
Sustainable Energy Storage	914.46M	-39.99M	-377.45M	8.3%	-9.0%
Sustainable Mobility	3,254.94M	-125.96M	-1,230.38M	6.5%	-1.4%
Gaming & Entertainment	622.78M	-6.85M	-157.00M	6.5%	21.6%
Platforms & Digital Markets	1,136.01M	-50.85M	-488.77M	6.2%	15.8%
Decarbonisation	60.17M	-0.86M	-5.05M	6.1%	5.8%
Blockchain	981.69M	-27.40M	-6.81M	5.5%	12.3%
Sustainable Energy Production	27,554.46M	-575.50M	-6,734.04M	5.2%	-1.2%
Digital Infrastructure	60.74M	1.83M	2.20M	5.1%	10.0%
Space	85.29M	3.30M	25.61M	4.1%	9.0%
Natural Resources	1,963.25M	23.56M	-269.57M	3.5%	2.7%
Rise of the Middle Class	3,823.48M	-67.50M	-906.50M	3.4%	7.6%
Metaverse	732.78M	14.27M	323.16M	3.4%	17.5%
Agriculture & Food	1,283.50M	11.10M	-519.03M	3.3%	4.9%
Artificial Intelligence & Big Data	22,833.59M	-249.84M	1,505.25M	3.1%	14.3%
Sustainable Cities	2,204.29M	-20.91M	-289.67M	3.1%	13.0%
Global Logistics	21.30M	-5.46M	-7.52M	3.0%	5.8%
Education	81.21M	0.18M	-253.28M	3.0%	7.4%
Industry 4.0	2,280.71M	-0.61M	86.61M	2.8%	9.5%
Sustainable Food	3,797.60M	17.03M	-1,194.45M	2.7%	7.8%
Robotics & Automation	20,609.67M	-272.60M	-1,025.66M	2.5%	10.3%
Millennials & Gen Z	3,492.79M	-26.35M	-404.98M	2.4%	17.1%
Sustainable Resource Management	18,233.62M	-51.82M	-1,654.18M	2.3%	10.3%
NextGen Communications	1,130.17M	-33.01M	-207.13M	2.1%	17.3%
Cloud Computing	885.18M	5.70M	-74.75M	2.1%	-2.6%
Protect Biodiversity	1,109.60M	-27.42M	-24.79M	2.1%	10.4%
Water	25,042.17M	-74.04M	-1,076.70M	2.0%	13.0%
Fintech & Digitalisation of Finance	1,375.72M	-10.84M	-237.57M	1.9%	12.8%
Equality, Inclusion & Diversity	1,691.03M	-459.63M	-431.94M	1.8%	13.3%
Near/Reshoring	695.69M	20.26M	173.66M	1.7%	17.9%
Political Polarisation	74.59M	-6.78M	32.98M	1.4%	10.0%
Internet of Things	217.30M	-4.66M	65.72M	0.7%	5.4%
Aging Population	4,705.76M	-19.00M	-999.08M	0.6%	10.6%
Cybersecurity	6,694.75M	-59.58M	-400.54M	0.5%	9.5%
Semiconductors	3,956.60M	30.90M	1,473.35M	0.5%	30.5%
Wellness	3,550.39M	-3.68M	195.26M	0.4%	10.1%
Digital Health	2,691.40M	-15.42M	-418.96M	-0.0%	7.7%
Rise of Tension	1,459.52M	57.11M	1,142.43M	-0.2%	31.9%
HealthTech	13,131.56M	0.69M	-1,197.35M	-1.9%	5.9%

Source: WisdomTree, Morningstar, Bloomberg. All data as of 30/09/2024 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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