

WisdomTree European thematic monthly update

May 2024

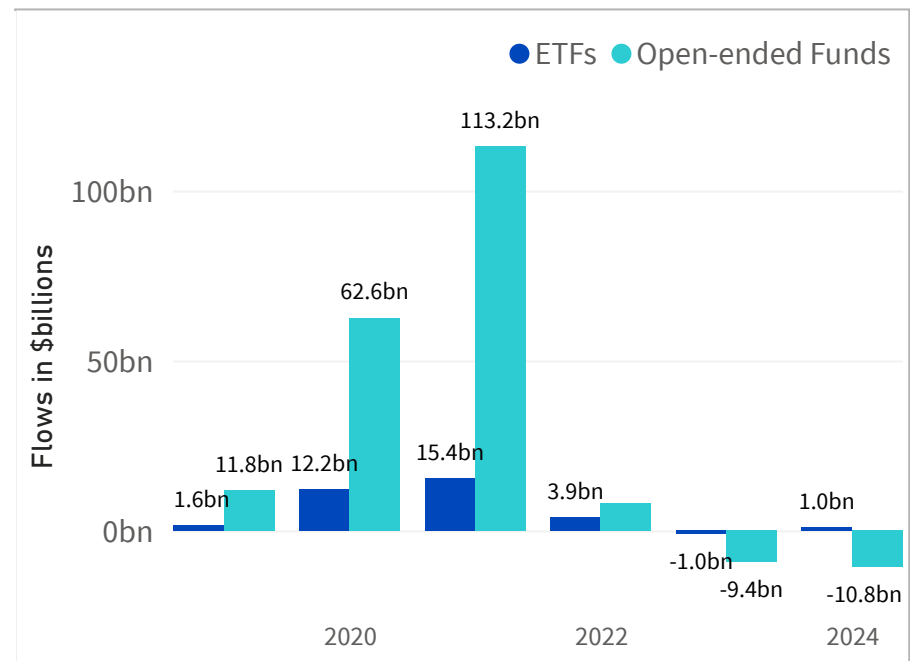
Thematic universe overview

+ AUM in thematic Exchange Traded Funds (ETFs) and open-ended funds increased in May to \$325.5 billion, driven by both inflows and positive performance. The market share of ETFs increased to 14.0%, with a total AUM of 45.5 billion.

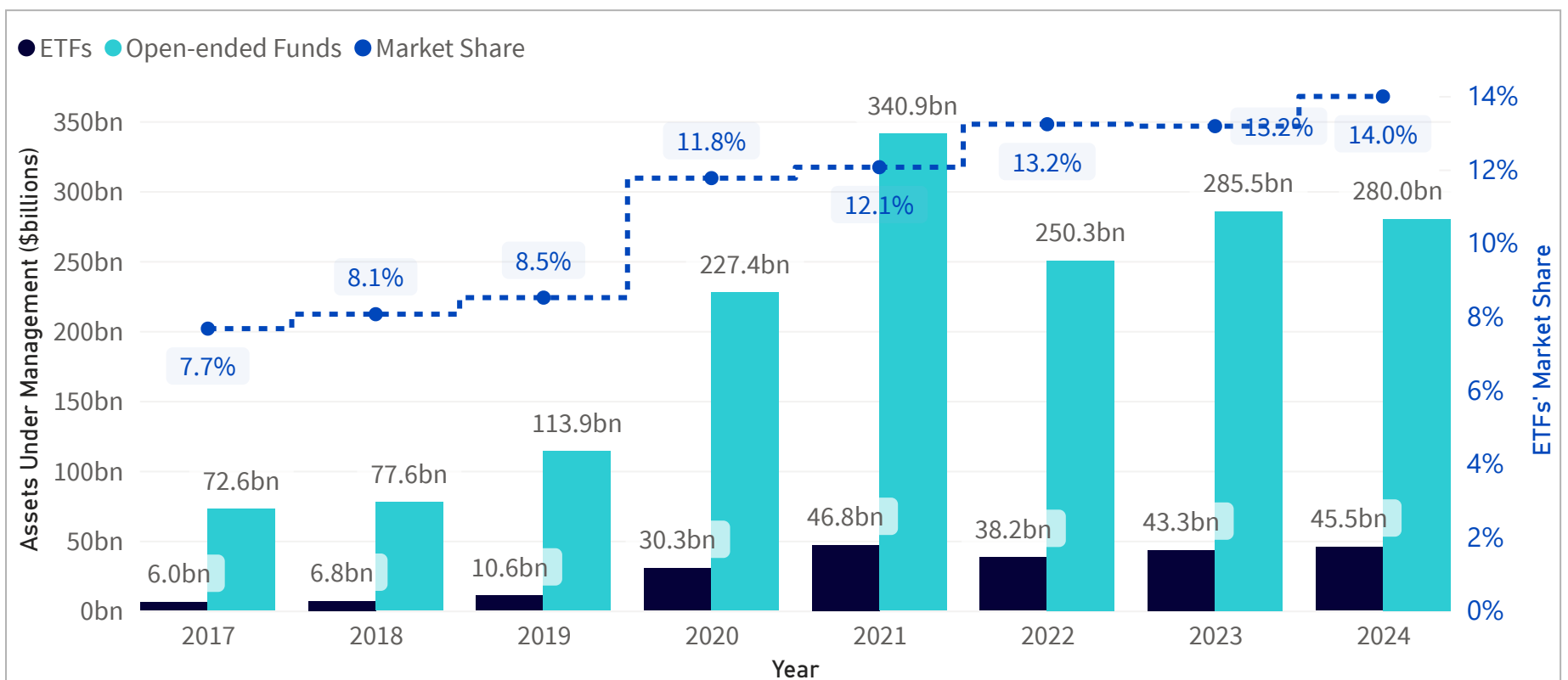
+ Performance rebounded across nearly all themes in May after weak performance in April, while MSCI ACWI returned 0.5%. Only “Cybersecurity” and “Cloud Computing” posted negative returns. “Semiconductors” continued its strong YTD performance and was the best performing theme in both May and the YTD period.

+ Flows in May were mixed among the clusters. “Diversified Thematics” saw the most inflows at \$5.8 billion, mainly thanks to the inflows to open-ended funds, while “Environmental Pressures” saw the most outflows at \$1.1 billion, despite the ETFs in the cluster collecting \$216 million in May.

Recent yearly flows in Europe



Europe-domiciled thematic AUM evolution and ETFs’ market share



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/05/2024 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.**

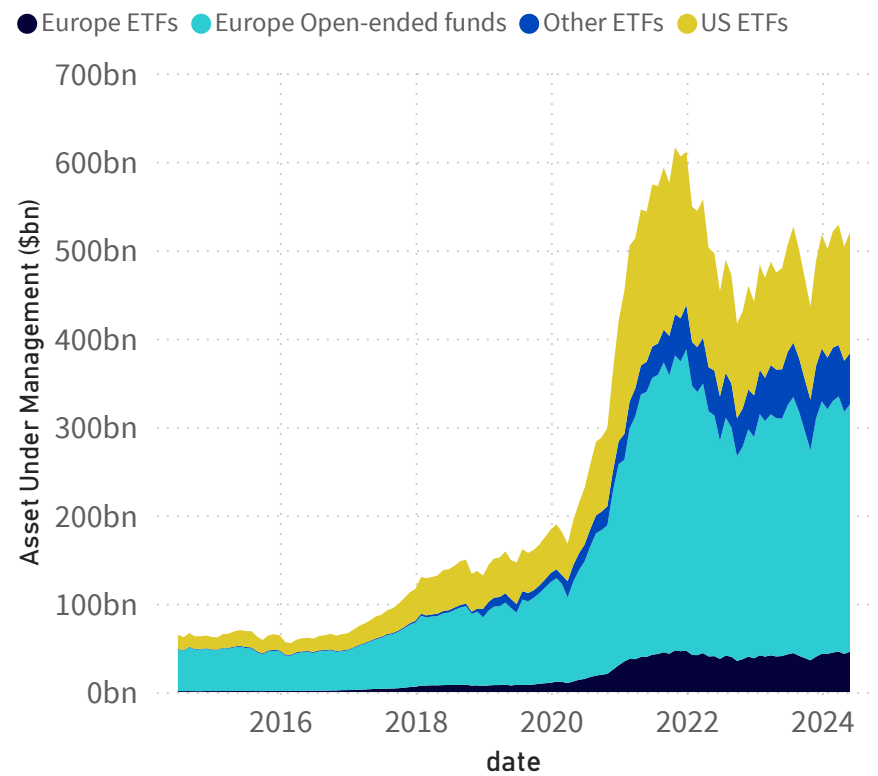
Thematic universe overview (continued)

+ Joint AUM in global thematic ETFs and open-ended funds in Europe increased in May by 3% to \$520 billion, rebounding from a weak April but still lower than the AUM as of the end of March.

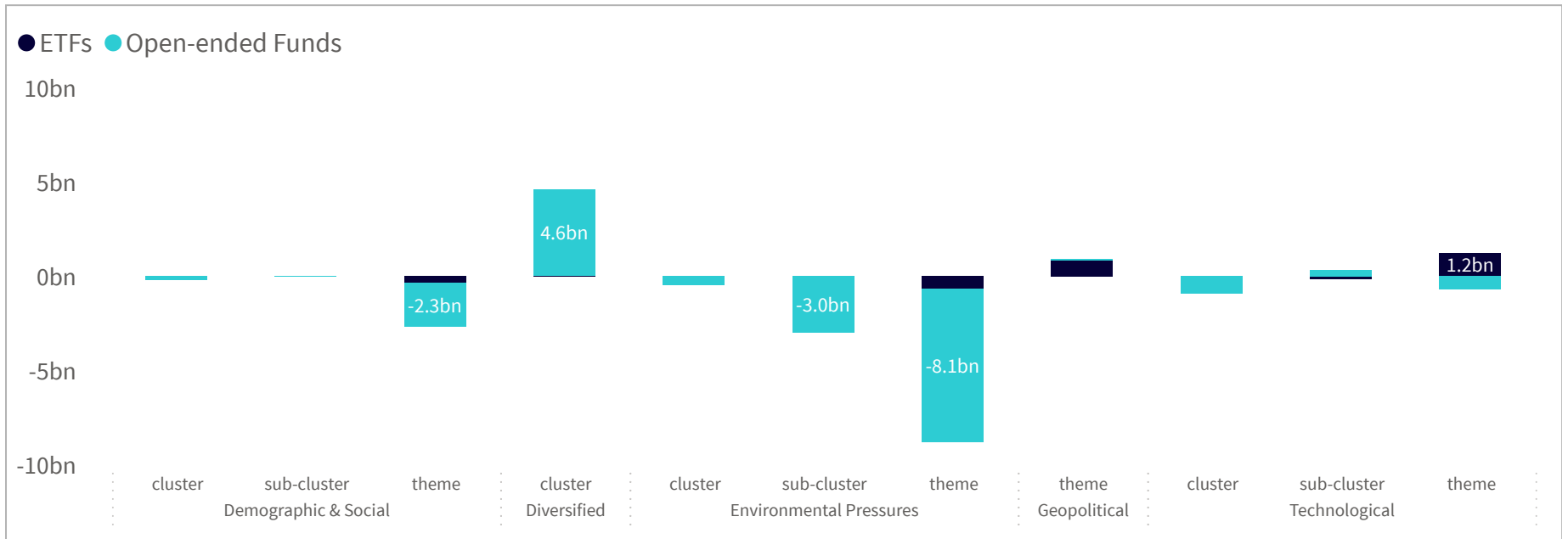
+ Year-to-date, open-ended funds available in Europe have seen significant outflows (\$10.8 billion), with “Environmental Pressures” seeing the largest outflows at \$11.5 billion, despite the outflows slowing in May. Both “Demographic & Social Shifts” and “Technological Shifts” saw outflows of \$3.8 billion in total, while “Diversified Thematics” saw inflows of \$4.6 billion year-to-date. ETFs have collected most of the flows in the “Geopolitical Shifts” and “Technological Shifts” clusters, with \$1.9 billion in total.

+ The “Environmental Pressures” cluster remains the biggest cluster in Europe with \$132 billion of assets, followed by “Technological Shifts” with \$112 billion as of the end of May 2024.

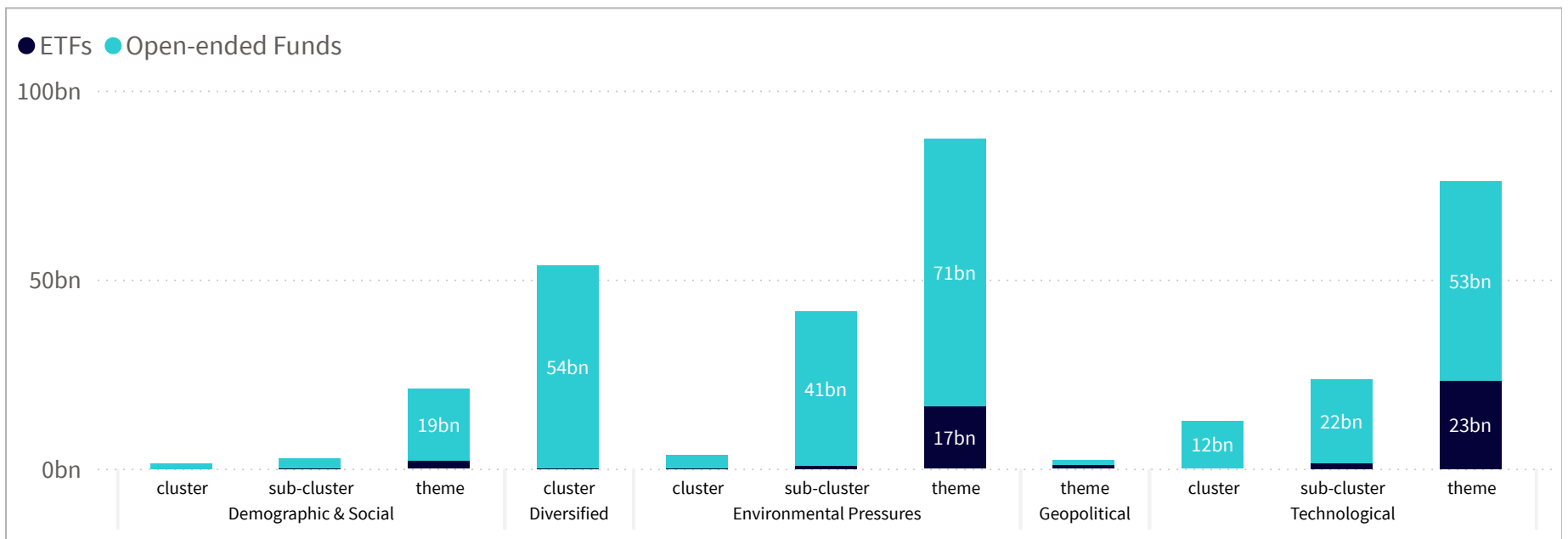
AuM in Thematics by region (Last 10Y)



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 31/05/2024 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.**

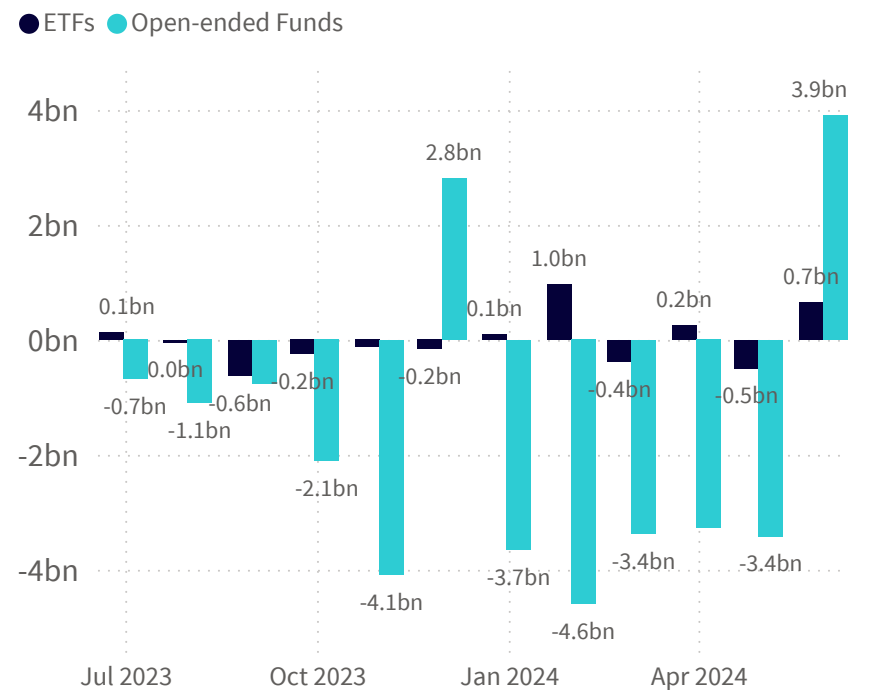
Thematic flows in Europe

+ Flows in May were positive both for ETFs (\$658 million) and open-ended funds (\$3.9 billion). Open-ended funds have seen the largest monthly inflows over last 12 months. This was mainly driven by inflows (\$5.8 billion) to “Diversified Thematics” cluster, while “Environmental Pressures” saw the largest outflows at \$1.3 billion in May. ETFs have seen inflows in all clusters except for “Demographic & Social Shifts”. “Technological Shifts” continued its strong inflows and remains the cluster with the largest YTD inflows.

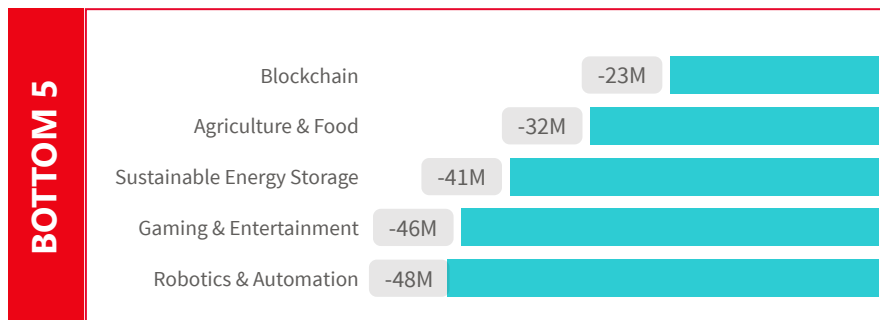
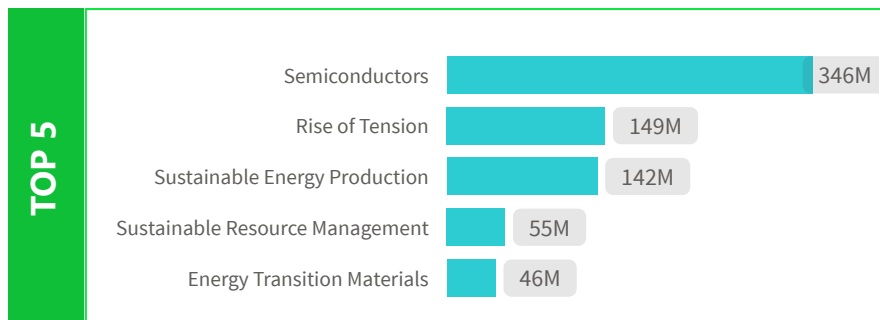
+ In May, “Semiconductors” replaced “Rise of Tension”, gathering the most assets, with \$346 million in ETFs and open-ended funds. “Rise of Tension” (\$149 million) and “AI & Big Data” (\$69 million) continued their strong inflows, ranking second and third. “Energy Transition Materials” and “Near/Reshoring” closed the top 5.

+ “Sustainable Energy Production”, though it collected \$143 million in ETFs, saw \$607 million outflows in open-ended funds and was the worst performer again. “HealthTech” and “Education” followed with \$177 million and \$126 million of outflows respectively. “Sustainable Food” and “Sustainable Mobility” closed the bottom five.

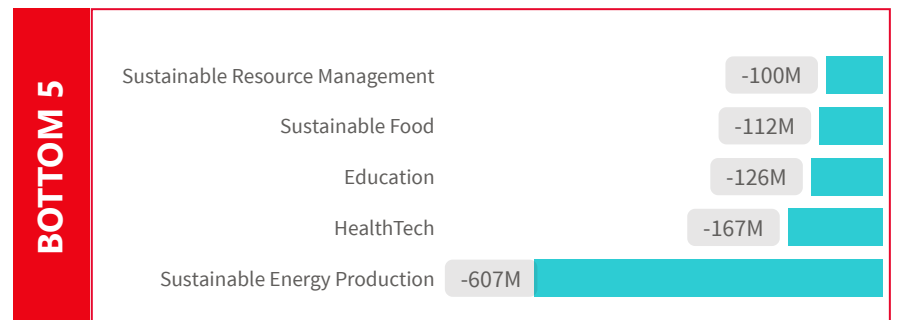
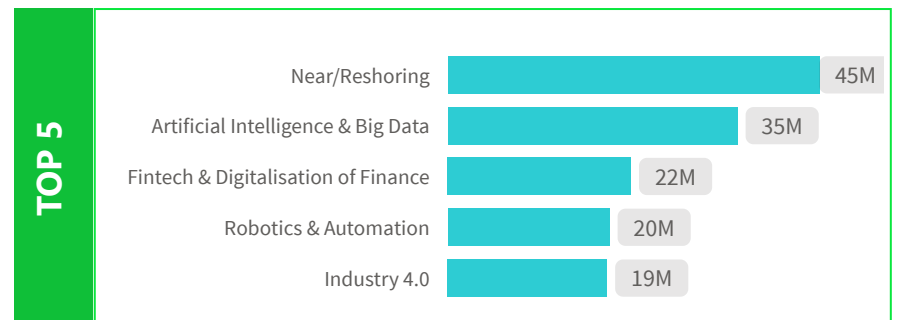
Month-on-month thematic flows



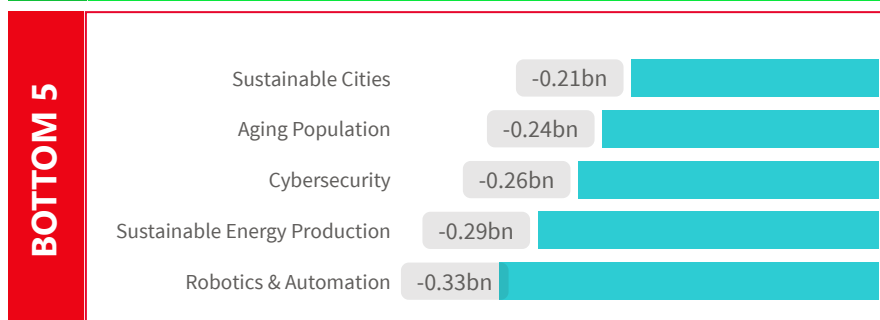
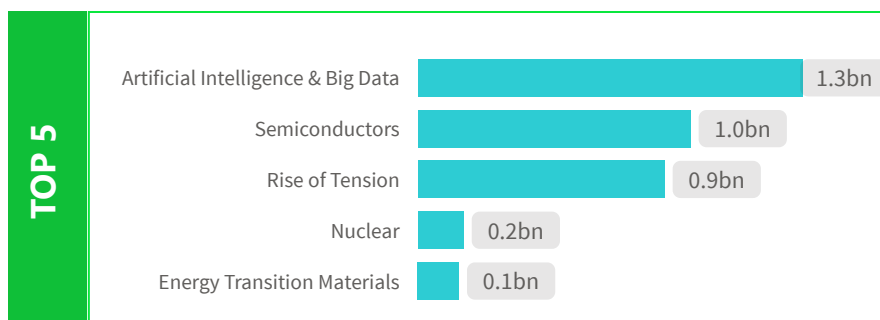
May Top/Bottom flows in Europe ETFs



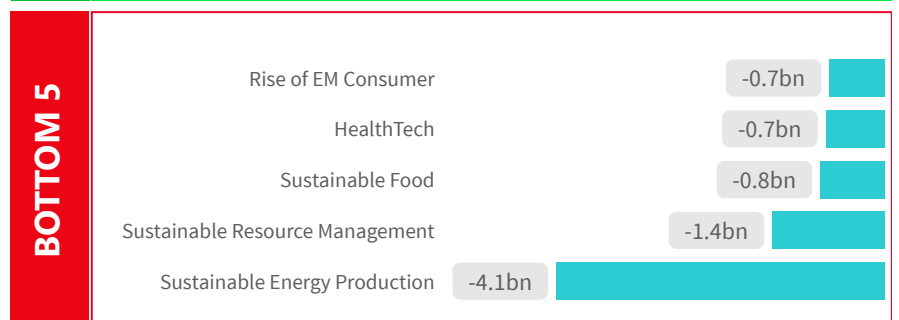
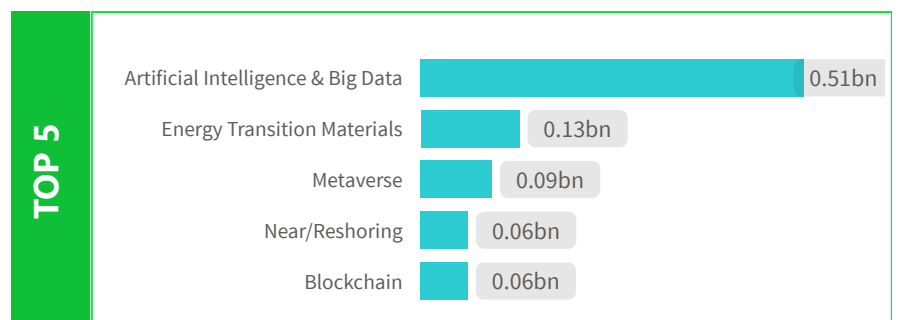
May Top/Bottom flows in Mutual Funds



YTD Top/Bottom flows in Europe ETFs



YTD Top/Bottom flows in Mutual Funds



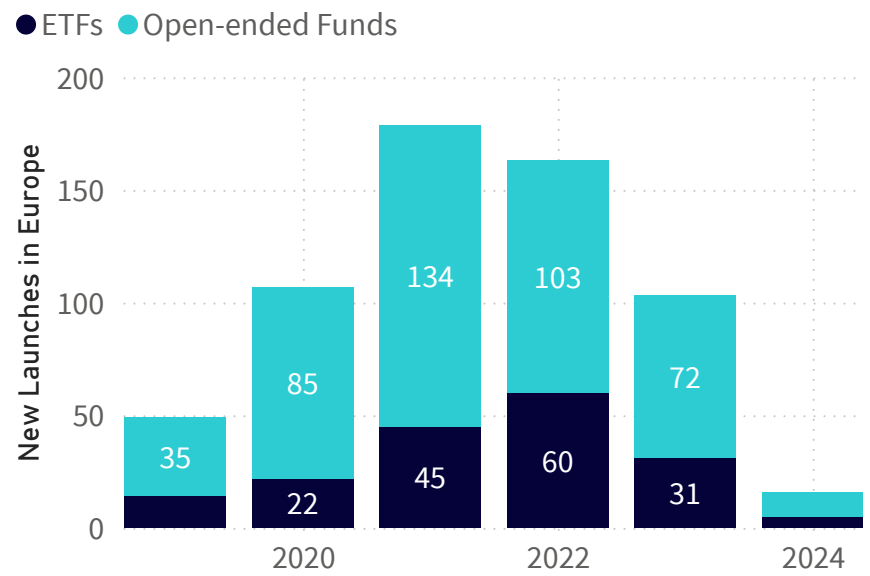
Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/05/2024 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar. More information on the WisdomTree Thematic classification can be found in the Appendix. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Thematic performance and launches in Europe

+ In May, most themes posted positive returns, with only two themes finishing the month in the red. "Semiconductors" was the best performing theme both in May (+11.4%) and YTD (+30.3%), benefiting from Nvidia's strong earnings. It was also the second-best performing theme over the last 12 months. "Nuclear" ranked second, with a return of 10.0% in May. It was also the best performing theme over the last 12 months, with a return of 80.1%. "Sustainable Energy Production", rebounding from weak performance, closed the top 3 themes. Despite posting a return of 9.4% in May, its YTD return was still negative at -1.3%.

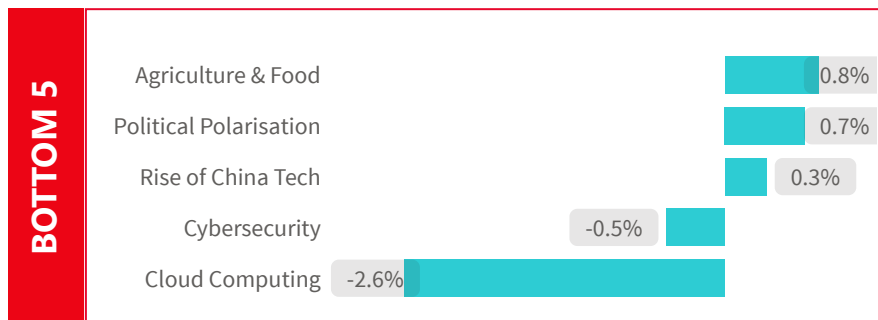
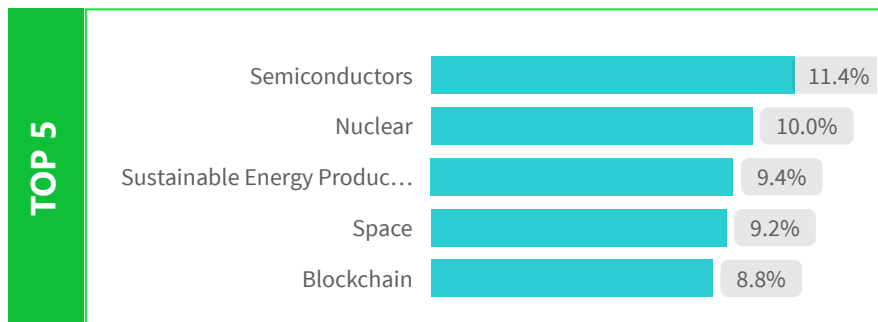
+ In May, "Cloud Computing" was the worst performer due to worries over a slowdown in software companies as some companies, like Salesforce, lowered their growth outlook. Similar sentiment also affected "Cybersecurity", making it the second worst performing theme. YTD, "Sustainable Energy Storage" was the worst performer, with a return of -9.0%. "Cloud Computing" and "Space" closed the bottom three.

Yearly thematic launches in Europe*

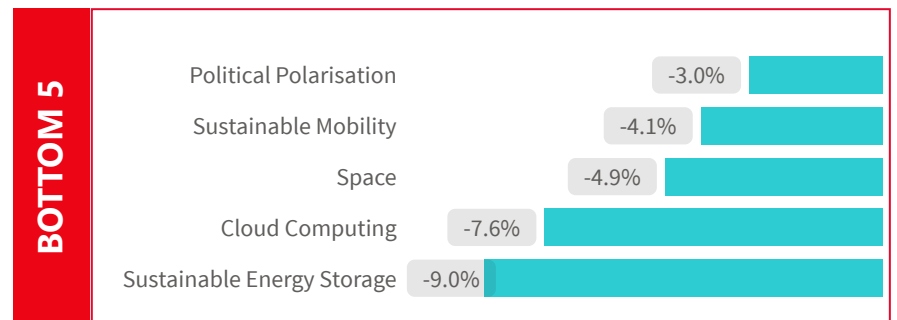
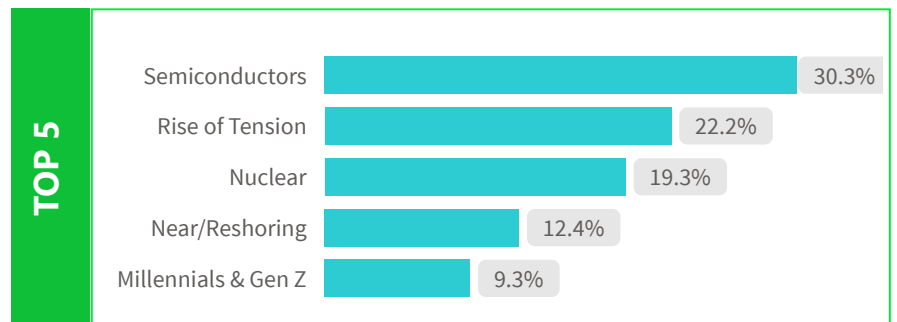


* New launches are updated quarterly

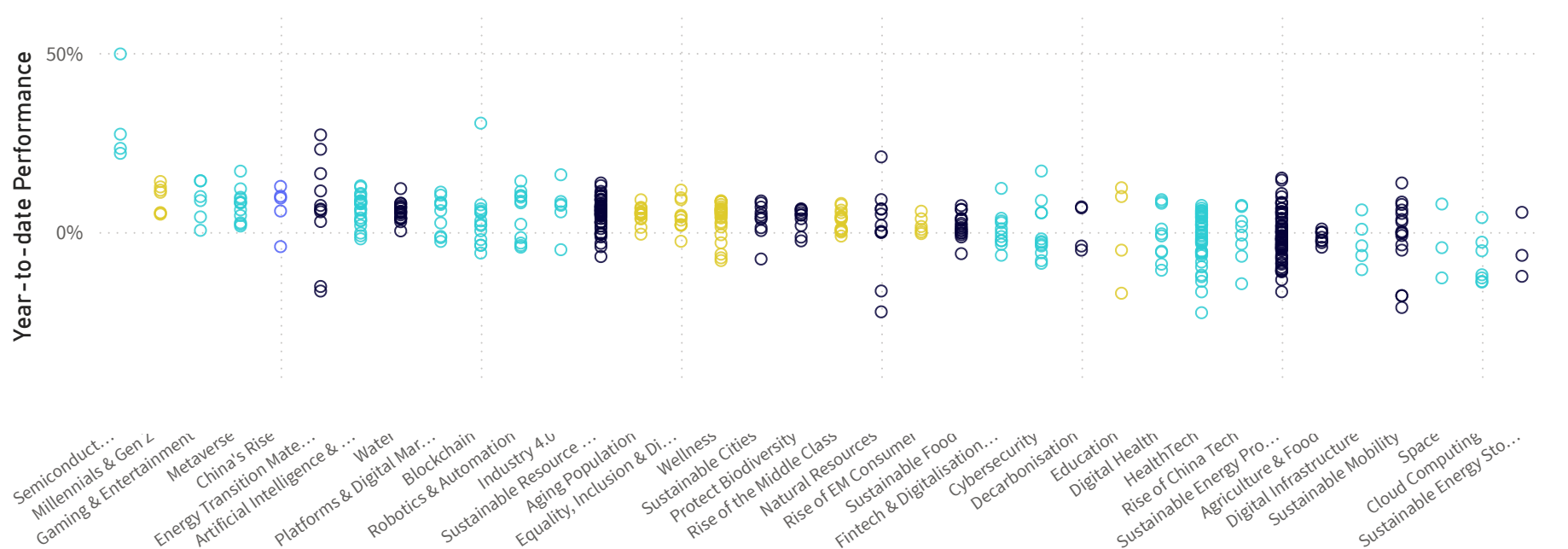
Top 5/Bottom 5 by performance in May



Top 5/Bottom 5 by YTD performance

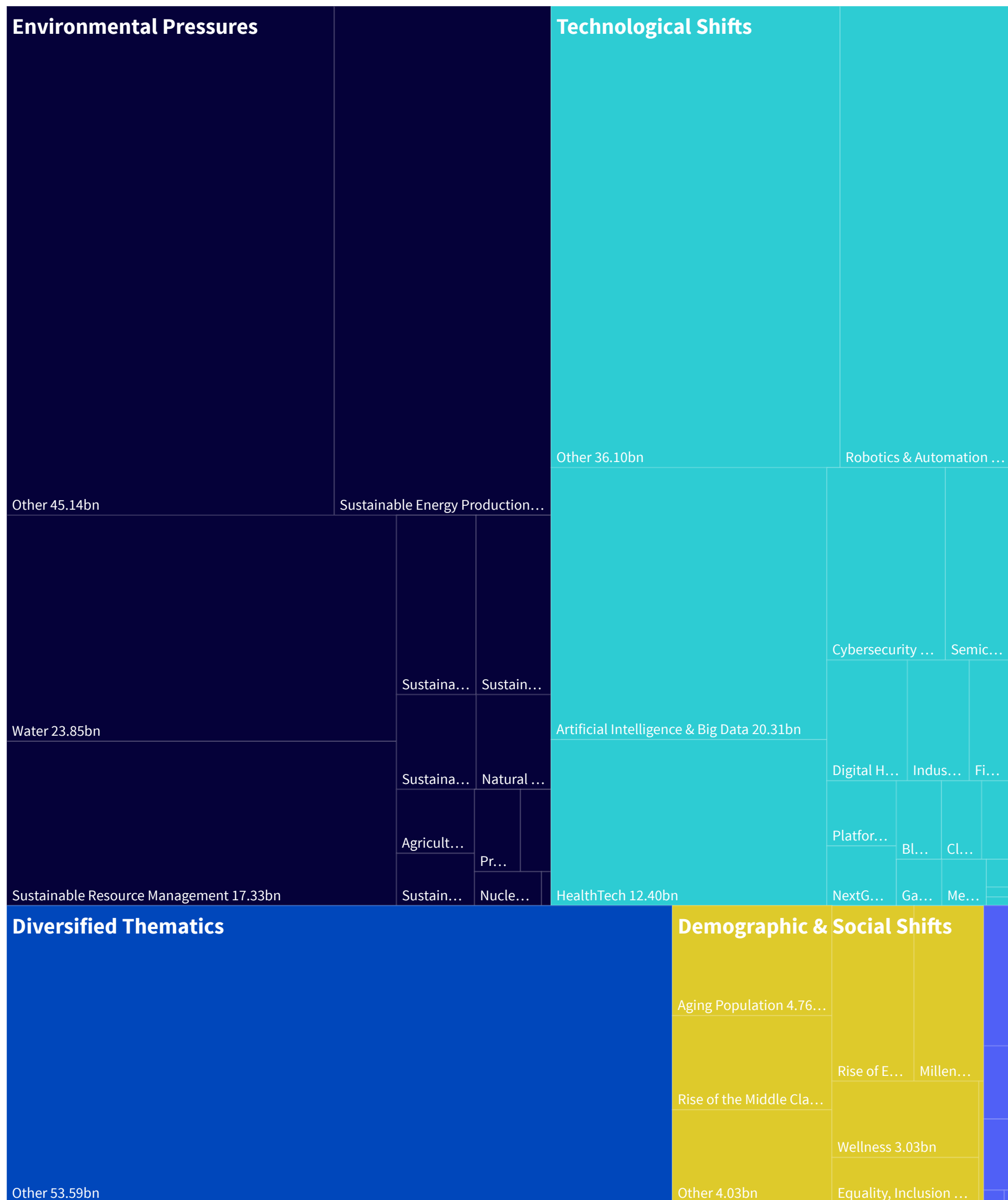


Dispersion of YTD performance of all ETFs and mutual funds by themes in Europe



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/05/2024 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 31/05/2024 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		12,575.48M	-164.33M	-931.15M
Technological Shifts	Disruptive Technologies	15,535.48M	-69.23M	-383.39M
Technological Shifts	HyperConnectivity & Digitalisation	7,991.64M	93.93M	565.31M
Environmental Pressures		3,596.06M	-68.63M	-423.98M
Environmental Pressures	Climate Change & Sustainability	41,528.88M	-242.84M	-2,991.94M
Environmental Pressures	Limited Resources	10.18M	-0.01M	-0.41M
Diversified Thematics		53,593.01M	5,840.36M	4,615.08M
Demographic & Social Shifts		1,414.67M	-20.04M	-210.55M
Demographic & Social Shifts	Demographic Shifts	2,612.39M	-0.30M	-15.32M
Demographic & Social Shifts	Social Shifts	6.79M	-4.35M	-7.95M

Appendix - Theme focused ETFs and Open-ended funds

Theme Name	AuM (\$)	Flows Last Month (\$)	Flows YTD (\$)	Performance Last Month	Performance YTD
Aging Population	4,759.13M	-56.40M	-759.23M	3.9%	5.0%
Agriculture & Food	1,352.02M	-68.09M	-408.07M	0.8%	-1.4%
Artificial Intelligence & Big Data	20,313.76M	69.14M	1,852.39M	3.0%	6.6%
Blockchain	957.41M	-18.67M	19.58M	8.8%	5.6%
China's Rise	536.02M	13.91M	-32.80M	1.8%	6.9%
Cloud Computing	854.50M	7.94M	-28.76M	-2.6%	-7.6%
Cybersecurity	6,174.97M	0.21M	-217.29M	-0.5%	-0.2%
Decarbonisation	86.35M	0.33M	-6.97M	8.2%	-0.4%
Digital Health	2,631.70M	-56.59M	-273.40M	1.8%	-0.7%
Digital Infrastructure	67.52M	-0.29M	-5.03M	4.3%	-2.9%
Education	162.91M	-126.19M	-164.70M	3.6%	-0.5%
Energy Transition Materials	678.79M	56.09M	274.89M	3.9%	8.7%
Equality, Inclusion & Diversity	1,813.76M	-4.91M	-147.72M	3.4%	4.3%
Fintech & Digitalisation of Finance	1,380.56M	20.97M	-91.96M	0.9%	1.0%
Gaming & Entertainment	568.98M	-46.14M	-112.12M	7.4%	8.6%
Global Logistics	25.68M	-0.69M	-0.79M	2.3%	-1.8%
HealthTech	12,395.58M	-176.95M	-937.24M	2.1%	-0.7%
Industry 4.0	2,021.75M	19.43M	-10.89M	4.8%	5.2%
Internet of Things	190.47M	13.50M	45.68M	3.6%	3.0%
Metaverse	558.32M	16.09M	155.71M	4.7%	7.7%
Millennials & Gen Z	3,314.18M	-20.94M	-291.92M	4.2%	9.3%
Natural Resources	1,914.79M	-54.41M	-241.56M	4.4%	3.2%
Near/Reshoring	550.89M	45.35M	62.85M	1.9%	12.4%
NextGen Communications	1,122.03M	-30.62M	-148.83M	5.7%	8.4%
Nuclear	614.84M	42.87M	160.11M	10.0%	19.3%
Platforms & Digital Markets	1,224.21M	-28.21M	-282.64M	2.7%	5.5%
Political Polarisation	71.92M	0.00M	39.77M	0.7%	-3.0%
Protect Biodiversity	1,023.71M	12.34M	-29.47M	2.7%	3.7%
Rise of China Tech	635.74M	21.14M	38.67M	0.3%	-0.7%
Rise of EM Consumer	3,901.16M	-58.60M	-697.65M	1.3%	2.0%
Rise of Tension	1,056.61M	149.50M	861.65M	4.5%	22.2%
Rise of the Middle Class	4,070.71M	-39.09M	-503.03M	2.3%	3.2%
Robotics & Automation	21,416.90M	-27.98M	-429.64M	3.2%	5.3%
Semiconductors	3,452.43M	345.50M	952.35M	11.4%	30.3%
Space	58.34M	3.36M	6.00M	9.2%	-4.9%
Sustainable Cities	2,045.23M	6.32M	-249.02M	4.0%	3.6%
Sustainable Energy Production	29,842.70M	-465.32M	-4,346.80M	9.4%	-1.3%
Sustainable Energy Storage	1,103.14M	-46.38M	-218.17M	2.5%	-9.0%
Sustainable Food	3,865.53M	-117.25M	-828.75M	2.6%	1.1%
Sustainable Mobility	3,632.43M	-91.57M	-798.27M	3.0%	-4.1%
Sustainable Resource Management	17,332.24M	-45.08M	-1,431.69M	3.7%	5.2%
Water	23,852.43M	-25.78M	-634.12M	3.0%	5.7%
Wellness	3,034.21M	-36.03M	-110.46M	2.5%	3.9%

Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/05/2024 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	
DISRUPTIVE TECHNOLOGIES	HYPER CONNECTIVITY & DIGITALISATION	DEMOGRAPHIC SHIFTS	SOCIAL SHIFTS	GLOBALISATION	MULTI-POLARITY	CLIMATE CHANGE & SUSTAINABILITY	LIMITED RESOURCES
	Artificial Intelligence & Big Data	Aging Population	Education	Global Logistics	China's Rise	Decarbonisation	Agriculture & Food
Blockchain	Rise of China Tech	Millennials & Gen Z	Equality, Inclusion & Diversity		Political Polarisation	Protect Biodiversity	Natural Resources
HealthTech	Cybersecurity		Rise of the Middle Class		Rise of Tension	Sustainable Mobility	Water
Industry 4.0	Digital Health		Rise of EM Consumer		Near/Reshoring	Sustainable Energy Production	Nuclear
Next Gen Communications	Digital Infrastructure		Wellness			Sustainable Energy Storage	
Robotics & Automation	Fintech & Digitalisation of Finance					Sustainable Food	
Semiconductors	Gaming & Entertainment					Sustainable Cities	
Smart Materials & Nano Tech	Internet of Things					Sustainable Resource Management	
Space	Metaverse					Extreme Events	
	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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