

CAPTURING OPPORTUNITIES IN REAL ESTATE THROUGH TECHNOLOGICAL DISRUPTION

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Megatrends have been among the key focal points for investors in recent years, as they offer growth opportunities in the context of the structural changes that are shaping our world. To support the proliferation and continued functioning of a range of megatrends, very specific types of infrastructure must be in place.

For this reason, WisdomTree believes that investing in real estate infrastructure with a focus on powering the growth of many different megatrends, or the ‘New Economy,’ represents an exciting investment opportunity at the junction of thematic investing and real estate.

The [WisdomTree New Economy Real Estate Fund \(WTRE\)](#) provides exposure to both megatrends and the diversification potential associated with the real estate sector:



Cloud Computing is a megatrend in its own right, changing the way that software and computer resources are consumed. The **data centers** that are vital to its existence require specially designed warehousing to function.



There is a lot of excitement around **4G and 5G Connectivity**—without the **telecommunication tower sites** designed to support this, the proliferation of this connectivity would not be possible.



Logistics/Supply Chain requires a lot of very specialized buildings and warehouses, allowing more and more consumers and businesses to order anything they might need for fast delivery. One example of this is refrigerated storage, as many types of food need to be transported/stored within strict regulatory guidelines.



The **Life Sciences Industry** is poised to gain a vast array of capabilities in the coming years. Laboratories are yet another example of very specialized real estate, without which many biotech efforts would struggle to get off the ground.

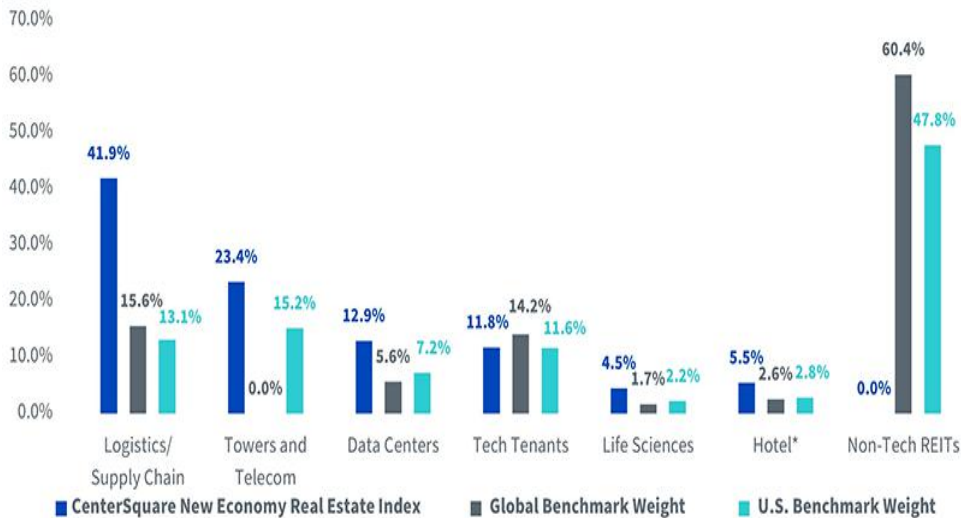
Collaboration for Expertise in Thematic Investing within Real Estate

To capture this exciting thematic investment opportunity within New Economy real estate, WisdomTree is collaborating with CentersSquare Investment Management LLC (CenterSquare), a global investment manager focused on actively managed public and private real estate, equity, and private real estate debt strategies. CenterSquare’s management team has an average of 30+ years of experience, with expertise across real assets and the liquidity spectrum.

[WTRE](#) seeks to track the price and yield performance, before fees and expenses, of the CenterSquare New Economy Real Estate Index (CSNERE).

CSNERE provides differentiated sector exposures relative to broader real estate benchmarks,¹ and specifically provides more exposure to technology-focused sectors.

Sector Breakdown: CenterSquare New Economy Real Estate Index vs. Benchmarks



Source: CenterSquare, Bloomberg, as of 3/31/22. The Global Benchmark is the FTSE EPRA/Nareit Developed Index. The U.S. Benchmark is the FTSE Nareit All Equity REITs Index. Tech Tenants are represented by the Office and Diversified sectors within the New Economy Real Estate Index. Companies within the "Hotel" sector classified as having low sensitivity to technology are reflected under Non-Tech REITs category. You cannot invest directly in an Index.

For definitions of terms in the chart above, please visit the [glossary](#).

WTRE—Capturing Opportunities in Real Estate Created by Technological Disruption

WisdomTree believes that technology-focused real state exposure represents an increasingly important component of the future real estate market.

Built into [WTRE](#)'s strategy is a screen that targets companies with high technology exposure and strong [balance sheets](#). The companies in [WTRE](#) must pass the following filters:



CenterSquare Technology Score Screening—Greater than or Equal to 10

Based on a proprietary approach developed by CenterSquare, companies are scored on a scale of 1–10 (with 10 being the highest) for positive sensitivity to technology. All companies with a Technology Score less than 7 are eliminated from the strategy.



Leverage Screening—Debt to Total Market Cap Below 70%

CenterSquare believes that balance sheet strength is an important factor in the long-term performance of a real estate or real estate related company. Leverage screening eliminates highly leveraged companies with debt to total market caps above 70%.

For definitions of terms in the chart above, please visit the [glossary](#).

[WTRE](#)'s weighting mechanism is designed to form a portfolio of securities that are technology focused and have attractive growth and [valuation](#) characteristics relative to the investable universe. The index methodology assigns a higher weight to companies with (1) stronger technology scores, (2) higher earnings, [dividend](#) and cash growth (3) and more attractive valuations relative to their levels of cash flow, earnings and dividends.

[WTRE](#) may be a fitting solution for investors seeking to replace or complement their global real estate exposure with a diversified basket of companies across the spectrum of data centers, cell towers, life sciences labs, last-mile distribution and cold storage facilities.

¹ The global benchmark is the FTSE EPRA/Nareit Developed Index. The U.S. benchmark is the FTSE Nareit All Equity REITS Index.

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in real estate involve additional special risks, such as credit risk, interest rate fluctuations, decreases in property value and the effect of varied economic conditions. The fund invests a significant portion of its assets in the communication services sector. This sector can be significantly affected by, among other things, government intervention and regulation, technological innovations that make existing products and services obsolete, and consumer demand. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index or take defensive positions in declining markets. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

Related Funds

- + [WisdomTree Cloud Computing Fund](#)
- + [WisdomTree Cybersecurity Fund](#)
- + [WisdomTree New Economy Real Estate Fund](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

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WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only. You cannot invest directly in an index.

DEFINITIONS

Balance sheet: refers to the cash and cash equivalents part of the Current Assets on a firm's balance sheet and cash available for purchasing new position.

Valuation: Refers to metrics that relate financial statistics for equities to their price levels to determine if certain attributes, such as earnings or dividends, are cheap or expensive.

Dividend: A portion of corporate profits paid out to shareholders.