

COULD YOU PREDICT WISDOMTREE'S TOP-PERFORMING STRATEGY TO START 2023?

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Nearly every asset manager has their version of an [investment outlook for 2023](#), and WisdomTree is no different. It's an interesting exercise to undertake. At the end of it, however, humility comes from knowing that we cannot accurately predict, no matter how much work we do, which of our own Funds will perform best over any period.

Amazingly, January is already over—one month down, eleven to go for 2023. Did you have any thoughts as to how the year would begin? In this piece, we look at the performance of WisdomTree's best 5 and worst 5-performing exchange traded funds (ETFs), measured on a net asset value (NAV) basis.

The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please click the respective fund ticker: [WTAI](#), [WCLD](#), [PLAT](#), [WBAT](#), [GDMN](#), [IXSE](#), [USDU](#), [EPI](#), [GCC](#), [USFR](#).

We seek to explore answers to questions like:

- [Value](#)-oriented equity strategies or [growth](#)-oriented strategies? Last year was characterized by value leading the way, so it's really a case of whether 2023 is a continuation or a shift toward a different trend.
- Profitable companies, many of which pay [dividends](#), or riskier, higher [duration](#) companies that are earlier in their life cycles, without histories of demonstrating positive net income? These risky companies did very well in 2020 and parts of 2021, but then in 2022 there was a sharp shift in the trend, and they massively underperformed.
- U.S. equities or non-U.S. equities? It's possible that certain fundamentals may lead to predictions of non-U.S. equity leadership—but there have been many years where U.S. equities have won the day even in the face of similar indications.

These are but a few questions that we know were on the minds of investors to start 2023. With one month down—admittedly a short period—have we learned anything interesting so far from the actual results?

WisdomTree's BEST-Performing Strategies to Start 2023

The [WisdomTree Artificial Intelligence and Innovation Fund \(WTAI\)](#) delivered the strongest performance (+21.60% at NAV) of any of WisdomTree's strategies. This would have been a very challenging prediction to make, knowing what we knew as 2022 was winding down:

- This strategy is [highly exposed to semiconductor companies](#). While we like the long-term case for these companies, recognizing that modern life cannot be lived without these products, to predict that they would rally in January 2023 would have been difficult. Earnings reports from these companies leading into the end of the year were almost universally negative. It would have been difficult to find anyone saying anything positive about this space. Even the companies' CEOs were doing all they could to downplay expectations—and perhaps part of the early 2023 rally tells us they did a good job.

Looking down the rest of the list in figure 1, WisdomTree's top-performing strategies to start the year, we see:

- The [WisdomTree Cloud Computing Fund \(WCLD\)](#) and [WisdomTree Growth Leaders Fund \(PLAT\)](#) had strong returns. The fact they were in the top five, and that both returned above 15% for the month, tells us that the performance of technology broadly was strong. It also tells us that the software space within technology, frequently newer companies less likely to have positive earnings, also did well. This is a big difference to what we saw during 2022. We don't know if it will continue, but it is a shift from 2022's trend.
- The [WisdomTree Battery Value Chain and Innovation Fund \(WBAT\)](#) also made the top five. By virtue of the fact that a lot of battery processing and manufacturing occurs in China, this strategy has a big China exposure. This is another notable shift in trend from 2022, in that China has now ended COVID lockdowns and markets have been rallying on improved growth expectations as a result of this policy change.
- Rounding out the top five is the [WisdomTree Efficient Gold Plus Gold Miners Strategy Fund \(GDMN\)](#). Broad economic uncertainty and recession fears remain, even if certain riskier parts of the global equity market are rallying. This strategy is quite specific, telling us that the performance of gold, as well as the performance of gold miners, has been ticking up. This strategy could be one to watch as further months evolve.

Figure 1: WisdomTree's Top 5 Performing ETF Strategies, on a Net Asset Value (NAV) Basis

Ticker	Fund	Category	Inception Date	Cumulative Returns
WTAI	WisdomTree Artificial Intelligence and Innovation Fund	Megatrends	12/09/2021	21.60%
WCLD	WisdomTree Cloud Computing Fund	Megatrends	09/06/2019	19.80%
WBAT	WisdomTree Battery Value Chain and Innovation Fund	Megatrends	02/17/2022	17.26%
GDMN	WisdomTree Efficient Gold Plus Gold Miners Strategy Fund	Capital Efficient ETFs - Tactical	12/16/2021	16.96%
PLAT	WisdomTree Growth Leaders Fund	Megatrends	05/22/2019	16.68%

Source: WisdomTree, for the period 12/31/22-2/1/23. **Performance is historical and does not guarantee future results.**

For full Fund performance and other important information, click the Fund's ticker: [WTAI](#), [WCLD](#), [WBAT](#), [GDMN](#), [PLAT](#).

Just as we can learn from the top performers, we can also learn from the bottom performers, which we see in figure 2:

- Three out of the bottom five performing ETFs had a negative return over the period, and two were focused specifically on India's equities. The [WisdomTree India ex-State-Owned Enterprises Fund \(IXSE\)](#) and [WisdomTree India Earnings Fund \(EPI\)](#) tend to provide broad exposure to India's equities, and while we like India's long-term prospects, over any shorter period, there can be [volatility](#). Additionally, to see that the worst performing Fund was not even down 3% tells us that January 2023 was clearly risk-on in nature, globally.
- The [WisdomTree Bloomberg U.S. Dollar Bullish Fund \(USDU\)](#) represents a strategy that did very well in 2022, given the strength of the [U.S. dollar](#) against other world currencies. However, 2023 may not see the same levels of dollar strength, and the first month of the year's observation seems to support this.
- The [WisdomTree Enhanced Commodity Strategy Fund \(GCC\)](#) delivered a positive return of 0.27%, telling us that a diversified [commodity](#) strategy was able to showcase a positive return for the month, but that the return was not that much above 0%.

Figure 2: WisdomTree's Bottom 5 Performing ETF Strategies, on a Net Asset Value (NAV) Basis

Ticker	Fund	Category	Inception Date	Cumulative Returns
IXSE	WisdomTree India ex-State-Owned Enterprises Fund	Emerging Markets Equity - Regional/Single Country	04/04/2019	-2.97%
USDU	WisdomTree Bloomberg U.S. Dollar Bullish Fund	Fixed Income - Currency Strategies	12/18/2013	-2.19%
EPI	WisdomTree India Earnings Fund	Emerging Markets Equity - Regional/Single Country	02/22/2008	-0.89%
GCC	WisdomTree Enhanced Commodity Strategy Fund	Alternative - Commodity	12/21/2020	0.27%
USFR	WisdomTree Floating Rate Treasury Fund	Fixed Income - Short-Term Government	02/04/2014	0.45%

Source: WisdomTree, for the period of 12/31/22–2/1/23. **Performance is historical and does not guarantee future results.**

For full Fund performance and other important information click the Fund's ticker: [IXSE](#), [USDU](#), [EPI](#), [GCC](#), [USFR](#).

Can these Trends Continue?

Our honest answer when asked any question requiring a crystal ball and view of the future is—we don't know. Technology-oriented thematic Funds, many of which are seen in the top five in figure 1, experienced massive corrections in 2022. It's possible that these strategies were just due for a rebound. Earnings announcements that we have seen so far are mixed, in that you can find companies with very positive stories surrounding them and you can find others with quite negative stories. If history is any guide, it is unlikely that risk-on strategies can deliver smooth positive performance for a full year—there has almost always been volatility—even if the full year result can look quite strong.

We certainly look forward to continuing to track this as the year goes on.

Check out our Performance at a glance tool to dig more into January's [Top 5](#) and [Bottom 5](#) performing ETFs.

Important Risks Related to this Article

For important risks related to the Funds in this blog post, please click the respective ticker: [WTAI](#), [WCLD](#), [PLAT](#), [GDMN](#), [WBAT](#), [IXSE](#), [EPI](#), [USDU](#), [GCC](#), [USFR](#).

For the top 10 holdings of WBAT please visit the Fund's fund detail page at <https://www.wisdomtree.com/investments/etfs/megatrends/wbat>

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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 Artificial Intelligence and Innovation Fund](#)

- + [WisdomTree Cloud Computing Fund](#)
- + [WisdomTree Efficient Gold Plus Gold Miners Strategy Fund](#)
- + [WisdomTree Battery Value Chain and Innovation Fund](#)
- + [WisdomTree India Earnings Fund](#)
- + [WisdomTree Bloomberg U.S. Dollar Bullish Fund](#)
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DEFINITIONS

Value : Characterized by lower price levels relative to fundamentals, such as earnings or dividends. Prices are lower because investors are less certain of the performance of these fundamentals in the future. This term is also related to the Value Factor, which associates these stock characteristics with excess returns vs the market over time.

Growth : Characterized by higher price levels relative to fundamentals, such as dividends or earnings. Price levels are higher because investors are willing to pay more due to their expectations of future improvements in these fundamentals.

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

Duration : A measure of a bond's sensitivity to changes in interest rates. The weighted average accounts for the various durations of the bonds purchased as well as the proportion of the total government bond portfolio that they make up.

Volatility : A measure of the dispersion of actual returns around a particular average level. .

EM USD Sovereigns : Debt denominated in U.S. dollars issued by emerging market governments.

Commodity : A raw material or primary agricultural product that can be bought and sold.