

# What worked in 2023 and what could work in 2024?

Publié le 16 janvier 2024

**Pierre Debru**

Head of Research, WisdomTree Europe.

## What worked in 2023 and what could work in 2024 ?

After a very difficult year for equity investors in 2022, market participants started the year with cautious optimism, expecting small gains for equity markets. While the ride was not always smooth, investors who remained invested were richly rewarded as equity bounced back very strongly. Helped by easing inflation, a resilient economy and the prospect of lower interest rates, global equity markets posted a 23.79% gain in 2023. Many equity indices are now even higher than where they closed on 31 December 2021.

Having said that, those gains have not been shared equally between companies, countries or sectors. Much has been written on the dominance of the Magnificent Seven during the equity recovery in H1 2023, but let's dig into the success stories of 2023 and see what we can learn for the year ahead.

### 1. The stars may be aligning for blockchain technology and cryptocurrencies

After a difficult 2022, when Bitcoin shed more than 65% of its value, 2023 marked the resurgence of cryptocurrencies. Bitcoin gained 157% over the full year jumping from \$16,539 at the end of 2022 to \$42,508 a year later. After the short-lived banking crisis in the US – that led to the bankruptcy of two “crypto” banks – sentiment turned slowly positive for the asset class on the back of a more supportive macro environment and increasing support from institutional actors such as BlackRock. This strong performance for Bitcoin also translated into positive performance for other coins such as Ethereum which gained 90.3% but also Blockchain equities with the [WisdomTree Blockchain UCITS ETF](#) gaining 120% over the year.

Looking forward to 2024, Bitcoin is still benefiting from multiple bullish catalysts:

- The potential approval of physical Bitcoin ETFs in the US would expand the investor base as well as increase institutional adoption of the asset class.
- The next Bitcoin Halving, an event that happens periodically and reduces the supply of new coins, is due in H1. Historically this event has led to price increases.
- The improvement of the macro environment with potential rate cuts incoming during the year.

#### ETPs to watch:

[WBLK - WisdomTree Blockchain UCITS ETF](#)

[WBTC - WisdomTree Physical Bitcoin](#)

[WETH - WisdomTree Physical Ethereum](#)

## 2. Entering the age of Artificial Intelligence (AI) – how AI is fuelling other themes

Following the launch of Chat GPT, a lot has been said about generative AI and the potential benefits of the technology diffusing through the economy. The world's reawakening to the potential of AI created massive success stories with NVIDIA gaining 238.9% during the year for example. This, of course, translated into great performance for AI focused strategies such as the [WisdomTree Artificial Intelligence UCITS ETF \(WTAI\)](#), which gained 55.2% in 2023. Having said that for most of the year, mega caps benefitted the most from this resurgence, with the NASDAQ gaining a full 54.7% over the year.

However, in Q4 this trend started to reverse with the AI rally broadening outside large caps and with smaller, more pure play AI companies starting to gain ground. This is obvious from the Q4 performance of WTAI, which gained 17.9% compared to 14.5% for NASDAQ 100.

The AI trend also started to impact adjacent themes. It is transforming the future of software. Generative AI's rise is poised to occur through the Cloud, so protecting those Large Language Models (LLM) and related software will require more and more cybersecurity solutions. These impacts are already showing in the performance of those themes with [WisdomTree Cybersecurity UCITS ETF](#) gaining 66.4% in 2023 and [WisdomTree Cloud Computing UCITS ETF](#) gaining 39.5%.

In the grand scheme of historical tech adoption, a single year is nothing. Following ChatGPT's splash in 2022, there is still a lot of growth left in the AI theme. Looking forward to 2024, a more comprehensive exposure to the breadth of AI activities, that includes pure players, enjoys diversification across all aspects of AI and focuses on the mega caps of tomorrow instead of those of today.

[WTAI - WisdomTree Artificial Intelligence UCITS ETF](#)

[WCBR - WisdomTree Cybersecurity UCITS ETF](#)

## 3. A transformational year for Japan equities?

**WisdomTree Japan Equity UCITS ETF** gained 25.35% in 2023. While a strong result in absolute, it is also very strong compared to the market since the 21.3% Nikkei 225 net returned 21.3% and the Topix net returned 18.9%. Over the year, Japanese equities have benefited from:

- A very accommodative monetary policies that strengthened foreign investments and continued the TINA trade (there is no alternative to equities)
- A weak Yen that helped exports
- Diversification of supply chains away from China in Asia

Looking forward to 2024, several bullish catalysts remain in place for Japanese equities. Corporate governance reforms, strong-armed by the Tokyo Stock Exchange, are ramping up this year, increasing

payout ratios for investors. Stocks remain the only alternative with 10-year government bonds under 1%. Furthermore, equity valuations remain low with price earnings multiples in the low teens. Finally, the tripling of the annual contribution that an individual will be able to make into retirement saving accounts.

With the Yen potentially strengthening in 2024, a currency hedged approach to Japanese equities with a focus on exporters could gain from the extension of this year's trend.

#### **ETFs to watch:**

[DXJF - WisdomTree Japan Equity UCITS ETF - EUR Hedged](#)

[DXJP - WisdomTree Japan Equity UCITS ETF - GBP Hedged](#)

[DXJD - WisdomTree Japan Equity UCITS ETF - CHF Hedged](#)

#### **4. Quality filtered, Value and High Dividend outperformed in Emerging Markets in 2023**

With an unprecedented rate hike in the US and unmet expectations around the recovery of China, Emerging Markets equities did not perform as well as developed equities, retuning only 9.8% over 2023. This does not mean that there were no opportunities for investments in Emerging Markets. [WisdomTree Emerging Markets Equity Income UCITS ETF](#) returned 22.75% over the same period, outperforming the benchmark by almost 13%. By focusing on high dividend paying stocks with some quality filter, the ETF managed to stay invested in the more interesting part of the market sector and geographically wise.

Looking forward to 2024, growth is expected to remain softer. Having said that markets may have reached peak pessimism on China, and it is important to note that many countries have continued to deliver with India, Taiwan and Indonesia high on that list. This means that there are still pockets of opportunities in Emerging Markets that could be tapped with the right strategy.

[DEM - WisdomTree Emerging Markets Equity Income UCITS ETF](#)

#### **5. A resilient Gold in 2023, despite Macro headwinds**

Despite the lack of institutional investor interest in the metal, gold had a fantastic year, reaching a new high of \$2078/oz on the London Bullion Market Association (LBMA) afternoon fixing on 28 December 2023 and, in terms of intra-day prices, reached an even higher \$2135/oz on 4 December 2023. [WisdomTree Core Physical Gold](#) closed the year up 13.9% (LBMA afternoon fixing, 29 December 2022 – 29 December 2023). Gold significantly outperformed US Government Bonds (up 4.0% over the same period based on the Bloomberg US Treasury Index). In contrast to 2022, bond and US Dollar headwinds eased, allowing the metal to gain. Speculative positioning in the gold futures went through a wide range, topping at 226k contracts net long in May and falling to just 60k contracts net long in October. However, positioning ended the year close to its intra-year high at 217k contracts, indicating that investor sentiment toward the metal is improving markedly alongside the price rally. Meanwhile central bank demand for the metal in looked like it was on track to match the 2022 all-time highs (latest data from World Gold Council shows that central banks bought 799.6 tonnes in the first three quarters of 2023 compared to 699.8 tonnes in the first three

quarters of 2022).

As we look to 2024, further compression in bond yields and a softening US Dollar will likely override the slowing support from inflation, potentially driving gold to new highs.

**ETFs to watch:**

[WGLD – WisdomTree Core Physical Gold](#)

[GBSP - WisdomTree Physical Gold - GBP Daily Hedged](#)

[GBSE - WisdomTree Physical Gold - EUR Daily Hedged](#)

1 Bloomberg. Based on returns for the MSCI World net TR Index in USD.

2 Bloomberg, WisdomTree. From 31 December 2021 to 31 December 2022. Historical performance is not an indication of future performance and any investments may go down in value.

3 Bloomberg, WisdomTree. From 31 December 2022 to 31 December 2023. Historical performance is not an indication of future performance and any investments may go down in value.

4 Bloomberg, WisdomTree. From 30 September 2022 to 31 December 2023. Historical performance is not an indication of future performance and any investments may go down in value.

5 Bloomberg, WisdomTree. From 29 December 2022 – 29 December 2023. Historical performance is not an indication of future performance and any investments may go down in value.

## Important Risks Related to this Article

### IMPORTANT INFORMATION

**Marketing communications issued in the European Economic Area (“EEA”):** This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

**Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

**For professional clients only. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.**

An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this

document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any

affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

**WisdomTree Issuer ICAV** The products discussed in this document are issued by WisdomTree Issuer ICAV ("WT Issuer"). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland ("CBI"). WT Issuer is organised as

an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the laws of Ireland and shall issue a separate class of shares ("Shares") representing each fund. Investors should read the prospectus of WT Issuer ("WT Prospectus") before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares.

WisdomTree Artificial Intelligence UCITS ETF Nasdaq® and the Nasdaq CTA Artificial intelligence Index are registered trademarks of Nasdaq, Inc. (which with its affiliates is referred to as the "Corporations") and are licensed for use by WisdomTree Management Limited. The WisdomTree Artificial Intelligence UCITS ETF (the "Fund") has not been passed on by the Corporations as to its legality or suitability. Shares in the Fund are not issued, endorsed, sold, or promoted by the Corporations. **THE CORPORATIONS MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO THE FUND.**

WisdomTree Cloud Computing UCITS ETF Nasdaq® is a registered trademark of Nasdaq, Inc. (which with its affiliates is referred to as the "Corporations") and is licensed for use by WisdomTree Management Limited. The WisdomTree Cloud Computing UCITS ETF (the "Fund") has not been passed on by the Corporations as to its legality or suitability. Shares in the Fund are not issued, endorsed, sold, or promoted by the Corporations. **THE CORPORATIONS MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO THE FUND.** The information set forth in the BVP Nasdaq Emerging Cloud Index is provided for informational and discussion purposes only and is not intended to be, and shall not be regarded or construed as, a recommendation for a transaction or investment or financial, tax, investment or other advice of any kind by Bessemer Venture Partners ("BVP"). BVP makes no warranty or representation regarding any such information or the data presented in such materials. BVP and/or pooled investment vehicles which it manages, and individuals and entities affiliated with such vehicles, may purchase, sell or hold securities

of (a) issuers that are constituents of the BVP Nasdaq Emerging Cloud Index or (b) the Fund itself from time to time and at any time, including in advance of or following an issuer being added to or removed from the BVP Nasdaq Emerging Cloud Index. The information attributable to BVP is provided for informational and discussion purposes only and is not intended to be, and shall not be regarded or construed as, a recommendation for a transaction or investment or financial, tax, investment or other advice of any kind by BVP. BVP makes no warranty or representation regarding any such information or the data presented in such materials.

**WisdomTree Issuer X Limited** The products discussed in this document are issued by WisdomTree Issuer X Limited (the "Issuer"). Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled "Risk Factors" for further details of risks associated with an investment in the securities offered by the Issuer.

Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of Swissquote Bank Ltd ("Swissquote"), Coinbase Custody Trust Company LLC ("Coinbase"), any of their affiliates or anyone else or any of their affiliates. Each of Swissquote and Coinbase disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

The product discussed in this document is an unregulated ETP, approved to trade on the SIX Swiss Exchange in Switzerland, Euronext Paris, Euronext Amsterdam and the Deutsche Börse Xetra in Germany. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Prospective investors should be aware that the price of the underlying asset(s) by which the securities are secured can demonstrate higher volatility than other asset classes and consequently the value of the securities may be extremely volatile. You must ensure that the nature, complexity and risks associated with cryptocurrencies are suitable for your objectives in light of your circumstances and financial position.

**Jersey ETCs** The products discussed in this document are issued by WisdomTree Metal Securities Limited and WisdomTree Hedged Metal Securities Limited (the "Issuer"). The Issuer is regulated by the Jersey Financial Services Commission. Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled "Risk Factors" for further details of risks associated with an investment in the securities offered by the Issuer.

**WisdomTree Metal Securities Limited** Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of HSBC Bank plc and JP Morgan Chase Bank, N.A. any of their affiliates or anyone else or any of their affiliates. Each of HSBC Bank plc and JP Morgan Chase Bank, N.A. disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

**WisdomTree Hedged Metal Securities Limited** Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of Morgan Stanley & Co International plc, Morgan Stanley & Co. LLC and JP Morgan Chase Bank, N.A. any of their affiliates or anyone else or any of their affiliates. Each of Morgan Stanley & Co International plc, Morgan Stanley & Co.

LLC and JP Morgan Chase Bank, N.A. disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith. The Morgan Stanley Indices are the exclusive property of Morgan Stanley & Co. LLC ("Morgan Stanley"). Morgan Stanley and the Morgan Stanley index names are service mark(s) of Morgan Stanley or its affiliates and have been licensed for use for certain purposes by WisdomTree Management Jersey Limited in respect of the securities issued by the Issuer. The securities issued by the Issuer are not sponsored, endorsed, or promoted by Morgan Stanley, and Morgan Stanley bears no liability with respect to any such financial securities. The prospectus of the Issuer contains a more detailed description of the limited relationship Morgan Stanley has with the Issuer and any related financial securities. No purchaser, seller or holder of securities issued by the Issuer, or any other person or entity, should use or refer to any Morgan Stanley trade name, trademark or service mark to sponsor, endorse, market or promote this product without first contacting Morgan Stanley to determine whether Morgan Stanley's permission is required. Under no circumstances may any person or entity claim any affiliation with Morgan Stanley without the prior written permission of Morgan Stanley.

**Notice to Investors in Switzerland – Qualified Investors** This document constitutes an advertisement of the financial product(s) mentioned herein. The prospectus and the key **investor information documents (KIID) are available from WisdomTree's website** <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports> Some of the sub-funds referred to in this document may not have not been registered with the Swiss Financial Market Supervisory Authority ("FINMA"). In Switzerland, such sub-funds that have not been registered with FINMA shall be distributed exclusively to qualified investors, as defined in the Swiss Federal Act on Collective Investment Schemes or its implementing ordinance (each, as amended from time to time). The representative and paying agent of the sub-funds in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent.

**For Investors in France** The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France.

Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto.

For Investors in Malta This document does not constitute or form part of any offer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been

addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.

For Investors in Monaco This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.