Positioning for progress: insights from WisdomTree's March 2025 AI strategy rebalance

Published 29 April 2025

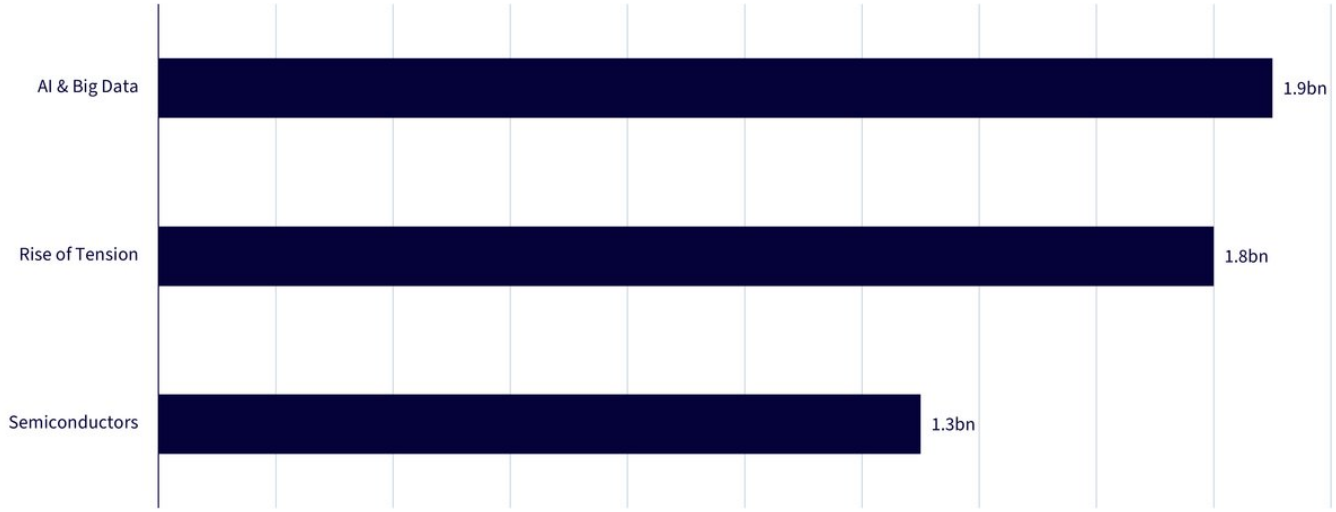
Baoqi Zhu
Associate Director, Quantitative Research & Multi Asset Solutions

Key Takeaways

- AI model development accelerated, with major releases from Google, OpenAI, DeepSeek, and xAI in recent months, intensifying global competition.
- Falling model pricing is making advanced AI more accessible and driving growth in agentic AI applications.
- New portfolio constituents such as Oracle, Tempus AI, and Recursion highlight innovation across AI infrastructure, healthcare, and enterprise software.
- Salesforce and IBM were reclassified as Engagers, reflecting their deepening integration of AI into core products and client services.

Since the release of ChatGPT in 2022, artificial intelligence (AI) has dominated marketing headlines and remained one of the hottest themes for thematic investors. According to our data, the "AI & Big Data" themed exchange-traded funds (ETFs) in Europe attracted approximately $1.9 billion[1] in inflows in 2024, making it the most popular theme of the year. In recent months, we have also seen significant developments across the AI space. We believe the recent rebalancing of the WisdomTree Artificial Intelligence UCITS ETF (WTAI) in March 2025 remains closely aligned with this megatrend and reflects the latest advancements in the AI landscape.

Figure 1: Top 3 flows in Europe ETFs (2024)



Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/12/2024 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 WisdomTree Thematic Classification. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Recent developments

The AI landscape continues to evolve rapidly, driven by fierce competition among leading AI model providers. In recent months, significant model releases underscored this intense rivalry.

Figure 2: AI model releases in recent months

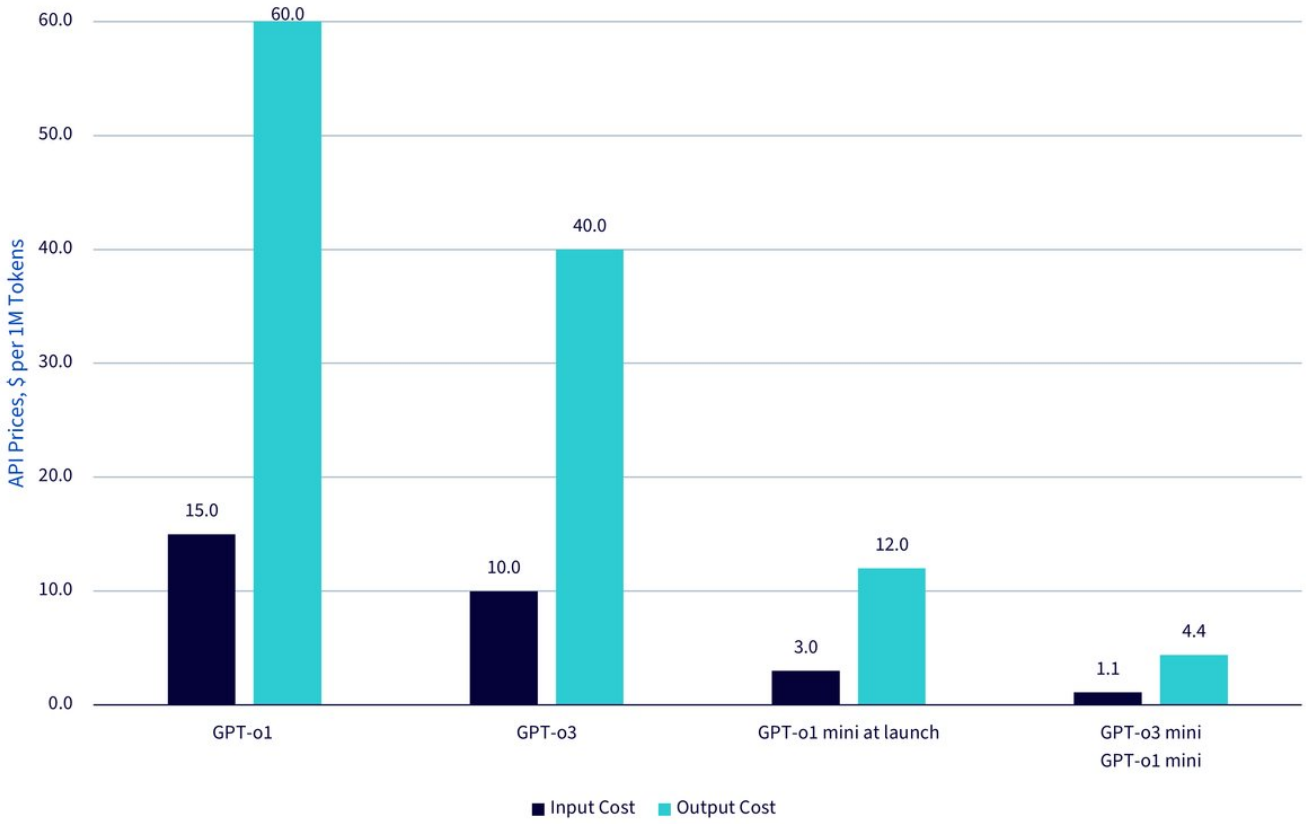


Source: Alphabet, DeepSeek, OpenAI, Meta.

The DeepSeek's cost-efficient models shocked the markets in January because the open sourced high performing models can be trained and operated at a much more affordable price. This competitive environment has driven substantial cost reductions in AI model pricing. For instance, OpenAI significantly lowered the prices for its GPT models, promoting wider adoption and fuelling growth in AI applications. Agentic AI (autonomous agents capable of proactive, context-aware task execution), in particular, has benefited

from these reduced costs, enabling broader deployment across customer service, sales automation, and content generation industries.

Figure 3: OpenAI's model pricing



Source: OpenAI, as of 22 April 2025. **Historical performance is not an indication of future performance and any investments may go down in value.**

In addition, significant developments have emerged in edge AI and robotics, further expanding AI's practical applications. Companies such as Qualcomm and Apple introduced powerful AI processing capabilities in their mobile chipsets, reducing dependency on cloud-based solutions and facilitating more secure and responsive local AI processing. Robotics also advanced, led notably by Tesla's Optimus, which demonstrated enhanced real-time learning and improved autonomous operations.

A recap of the AI value chain

In our strategy, AI companies within the AI value chain are classified into three categories:

Enabler: a company that develops the building block components for artificial intelligence, such as advanced machinery, autonomous systems/self-driving vehicles, semiconductors, or databases used for machine learning.

Engager: a company that designs, creates, integrates, or delivers artificial intelligence in the form of products, software, or systems.

Enhancer: a company that provides its own value-added services within the AI ecosystem that are not core to their product or service offering.

Portfolio changes in the rebalancing in March 2025

Additions:

Kakao (Enhancer): Kakao has significantly improved conversational AI capabilities within its KakaoTalk app. Its assistant "Kanana" now delivers advanced chat summaries, schedule management, and personalised recommendations, leveraging localised language models and global AI partnerships. These developments significantly enhance user interaction, positioning Kakao prominently within Korea's highly competitive mobile ecosystem.

Oracle (Enabler): Oracle's strategic deployment of a zettascale supercomputer cluster with over 130,000 Nvidia GPUs[2] substantially upgrades its infrastructure capabilities, significantly boosting its competitiveness in enterprise AI. Enhanced scalability, combined with strengthened regulatory compliance and deepening partnerships with Nvidia, solidifies Oracle's ability to support complex AI workloads at scale across diverse industries.

Recursion pharmaceuticals (Engager): Recursion accelerated its AI-powered drug discovery capabilities with the introduction of its BioHive-2 supercomputer platform. Recent acquisitions and technological enhancements have substantially increased its experimental throughput, evidenced by promising Phase II clinical results on AI-identified therapeutics. These advances highlight Recursion's continued leadership in technology-driven pharmaceutical innovation.

Siemens (Engager): Siemens expanded its digital twin and simulation technology offerings by acquiring Altair Engineering and launching advanced Industrial Copilot tools. These enhancements, coupled with improved real-time 3D visualisation capabilities through strategic partnerships, reinforce Siemens' position as a pioneer in industrial process optimisation and efficiency.

Tempus AI (Engager): Tempus AI significantly bolstered its precision medicine capabilities by acquiring Ambry Genetics, enriching its genomic datasets and diagnostic expertise. The introduction of generative AI capabilities in the Tempus One clinical assistant further enables rapid analysis of complex medical data, facilitating personalised treatment decisions and clinical trial matching, significantly advancing precision healthcare.

Tesla (Enhancer): Tesla continued to make notable advancements in autonomous vehicle technology with the rollout of Full Self-Driving (FSD) Beta v12, increasingly leveraging end-to-end neural network solutions. Additionally, Tesla's ongoing development of its humanoid robot, Optimus, demonstrated considerable progress through reinforcement learning, underscoring Tesla's dual leadership in automotive and robotic AI applications.

Classification updates:

IBM (from Enhancer to Engager): IBM expanded its Watsonx AI platform, integrating new AI assistants and agents directly into its enterprise consulting workflows. The proactive deployment of AI-driven solutions across consulting projects, combined with the open-sourcing of new language models, signifies IBM's strengthened role in directly engaging clients with bespoke AI tools tailored for security, compliance, and operational efficiency.

Salesforce (from Enhancer to Engager): Salesforce deepened AI integration within its ecosystem through Einstein Copilot, evolving into Agentforce, an advanced AI assistant embedded across Salesforce and Slack. This move streamlines CRM[3] tasks, boosts productivity, and introduces additional revenue opportunities through innovative AI-enabled applications, marking Salesforce's expanded role as a direct AI service provider.

Deletion:

ANSYS Inc (Engager): Removed due to a pending acquisition by Synopsys.

Closing words

The recent rebalance of WisdomTree's AI strategy reflects proactive adaptation to dynamic industry shifts, maintaining exposure to leaders capitalising on AI's increasing affordability, technological advancements, and expanding use-cases. We remain optimistic about AI's transformative potential and believe companies positioned effectively within this rapidly evolving landscape will continue to drive strong growth and innovation.

[1] Source: WisdomTree, Morningstar, Bloomberg.
[2] GPU = graphics processing unit.
[3] CRM = Customer Relationship Management.

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.

This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. 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 affer 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.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer (“WT Prospectus”). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the Shares.

The summary of investor rights associated with an investment in the fund is available in English on WisdomTree Europe's website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to

redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.

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.

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 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