

Thematic ETFs unchained: why they are the best vehicle to invest in differentiated innovation

Published 5 January 2026

Pierre Debru

Head of Research, WisdomTree Europe.

Key Takeaways

- ETFs are no longer just passive. Modern thematic ETFs embed expert insight and proprietary design, combining systematic rules with active intelligence.
- Pure-play exposure matters. Tailored strategies target emerging innovators outside traditional benchmarks.
- Liquidity is built in. The ETF structure ensures daily tradability even in specialised themes.
- Related Products WisdomTree Megatrends UCITS ETF - USD Acc, WisdomTree Blockchain UCITS ETF - USD Acc, WisdomTree Europe Defence UCITS ETF - EUR Acc, WisdomTree Uranium and Nuclear Energy UCITS ETF - USD Acc, WisdomTree Quantum Computing UCITS ETF - USD Acc, WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF - USD Acc, WisdomTree Battery Solutions UCITS ETF - USD Acc Find out more

2025 is shaping up to be the year of thematic investing. Year-to-date, 22 themes have outperformed the market (out of 42)¹ and four themes have delivered more than 50% of absolute performance in nine months (Nuclear, Rise of Tension, Energy Transition Metals and Space)¹. Assets in thematic exchange-traded funds (ETFs) are at an all-time high, now representing US \$76.4 billion in assets in Europe. While thematic mutual funds have historically dominated the space, the market share of thematic ETFs has increased from barely 12% five years ago to 15% last year and now stands at 22%¹. Year-to-date, thematic ETFs have seen a total of US \$14.7 billion in inflows in 2025, while thematic mutual funds have suffered an outflow of US \$31.9 billion¹.

Despite all of this, many misconceptions about thematic ETFs persist, influencing investors' views. In our annual WisdomTree survey, when asked about the main barriers to investing in thematic ETFs, European investors have cited:

- Passive strategies don't provide expert stock selection (26%)
- Overlap with established indices (22%)

- Liquidity concerns (25%)
- Perception that products follow fads (20%)
- Too many strategies to choose from (25%)

These challenges can affect some ETFs, but systematic thematic strategies, when thoughtfully designed, can overcome them. Let's explore these barriers in more detail.

Systematic investing does not mean passive

It has been a long time since ETFs have been synonymous with passive investing. At WisdomTree, we develop our own proprietary strategies across most asset classes, aiming to deliver investment profiles and outcomes that differ from classic, market-weighted indices. In thematic investing, we build a distinct strategy for every theme, ensuring each one reflects the specific dynamics of that area. Many of these strategies are developed with specialist partners who bring deep, often non-financial, industry expertise to the design and stock selection process. For example, our [WisdomTree Quantum Computing UCITS ETF](#) is built in collaboration with Classiq, a leader in quantum software whose technology supports the creation and optimisation of advanced quantum algorithms. These partnerships allow our thematic exchange-traded funds to embed genuine, theme-specific insights, a feature that many thematic mutual funds lack, often run by generalist portfolio managers.

Well-designed, expert-driven thematic strategies go beyond traditional benchmarks

A direct consequence of tailoring an expert-driven, pure-play focused strategy for each theme is that it enables us to focus on lesser-known, higher-growth companies within each theme. Our strategies focus on selecting and overweighting pure-play companies, resulting in a stronger tilt towards up-and-coming mid- and small-cap companies that have the potential to become tomorrow's Nvidia and Amazon, rather than investing in today's giants. At WisdomTree, we offer 15 thematic products, and 12 of them have less than 10% overlap with the MSCI World2.

ETFs are the structure of choice for daily liquidity

Although thematic portfolios often include smaller-cap exposures, ETF issuers' focus on liquidity and tradability can be an advantage in delivering accessible strategies. While fund managers can use tools such as gating, switch pricing or infrequent net asset values (NAVs) to manage illiquidity, ETF issuers must design portfolios that remain highly liquid and tradeable throughout the day, regardless of size. As a result, tradability becomes a core requirement when building thematic ETF portfolios, whereas it is often a lower priority for active managers.

Thematic investing is conviction-based investing

At WisdomTree, our thematic strategies are built around long-term structural trends with clear economic, geopolitical or technological foundations. Themes are vetted through a disciplined research process and shaped with input from industry experts. A clear illustration of this approach is our early move into artificial

intelligence (AI) back in 2018, when we launched the [WisdomTree Artificial Intelligence UCITS ETF](#). Although AI was not yet a mainstream theme, we partnered with the Consumer Technology Association (CTA) to design an innovative ETF strategy that has since grown to more than US \$1 billion in assets.

From complexity to clarity: multi-thematic strategies can help investors capture innovation

Thematic investing moves quickly, and portfolios need to evolve just as fast to stay relevant. This creates opportunity, but also complexity. For investors who are not specialised in the space, keeping pace with shifting themes, capital allocation decisions and stock selection can be challenging.

Multi-thematic strategies offer a practical, one-stop solution. When thoughtfully designed, they provide a single entry point into long-term equity growth across multiple megatrends. They also allow investors to delegate theme selection, capital allocation and portfolio construction to thematic specialists.

The [WisdomTree Megatrends UCITS ETF](#), for example, offers a unique top-down approach to allocate across themes based on conviction and diversification, complemented by a tactical overlay that adjusts for sentiment and momentum. Combined with our unique thematic investment philosophy, the fund provides exposure to a diversified basket of growing, emerging companies, rather than today's established tech mega caps.

Conclusion

The concerns often raised about thematic ETFs say more about perception than reality.

At WisdomTree, we have developed a unique thematic investment philosophy that enables us to deliver thoughtfully built, expert-driven, liquid and highly differentiated thematic portfolios that rival traditional active approaches. The result is a more transparent, efficient way to invest in change itself.

1 Source: WisdomTree, Morningstar, Bloomberg. As of 30 September 2025. All data based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Morningstar. **Historical performance is not an indication of future performance, and any investments may go down in value.**

2 Source: WisdomTree, Bloomberg, MSCI, FactSet. The holdings data is as of 30 September 2025 and for the respective underlying indices. **You cannot invest directly in an index. 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.

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 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.

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 Factors¼ 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.

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.