# Is your thematic investment just a Nasdaq Doppelgänger?

Published 30 March 2026

**Pierre Debru**
Head of Research, Europe

## Key Takeaways

- Thematic investment often hides high concentration in mega-cap names. Lifting the bonnet and seeing which companies the strategy owns is key to a successful investment.
- Not all thematic investments are created equal, even if their names are similar. There are key considerations when creating thematic portfolios that investors should know about and look for before buying.
- High overlap with market benchmarks is one easy giveaway to badly constructed thematic portfolios.

How do you tell if a car is built for speed or simply dressed up to look fast? The easiest way is to open the bonnet and inspect the engine. Similarly, marketing can make any thematic strategy look good, but what lies under the ‘AI’1 or ‘Nuclear’ sticker is key to long-term success.

Many funds that sell themselves as ‘thematic’ end up overweighting the same handful of mega-cap tech names you already own through an S&P 500 or a Nasdaq-100 investment. The point of thematic investing is to add new growth exposures to your portfolio and create diversification, not duplicate what you already have and pay extra for the privilege.

## Why overlap happens

There are two simple reasons thematic funds drift into being Nasdaq-100 doubles. First, stock picking often favours large, diversified companies that can claim relevance to many themes.

Second, poorly designed thematic strategies or portfolios won’t focus on the most important, but smaller, lesser-known pure players in the theme, but instead will favour the biggest, most liquid stocks.

## Why that’s a problem for investors

If your thematic exposure is mostly large tech names, you increase your portfolio’s concentration and sensitivity to a single market cycle: a tech sell-off hits both your core allocation and your thematic sleeve at once. Also, you may miss the very companies that will benefit from the growth of the theme you initially wanted to invest in. Put simply, you pay for thematic marketing but end up with broad-market or tech risks, missing the theme's long-term structural growth.

## How to check a thematic strategy: a quick checklist

We believe there are 5 key pillars that any thematic investment manager should follow when creating a thematic portfolio. These pillars can also offer a helpful checklist for investors selecting a thematic investment:

**1. Alignment to the theme**: Is the investment process designed specifically for this theme, or is it the same across all themes and markets?

**2. Expertise**: What is the real 'on-the-ground' expertise for the investment theme? Is the manager demonstrating real research capacity of the theme outside of pure financial know-how?

**3. Purity**: Do you see pure-play specialist firms or just the same mega-caps? How many of the Magnificent 7 are there, and how high are their weights in the strategy?

**4. Differentiation**: What is the overlap with the broad market (MSCI World) and the broad tech markets?

**5. Discipline**: Is the process clear and consistent over time, or is the manager following the latest hot stocks irrespective of the relevance to the theme?

## How this reduces Nasdaq-100 overlap in practice

Purity and differentiation are the two practical pillars for avoiding the Nasdaq trap. Pure exposure means the portfolio is focused on companies whose revenue, products or services are directly tied to the theme. Differentiation means the manager explicitly measures and limits overlap with broad market and broad tech benchmarks. The result is a portfolio that keeps the thematic upside (ownership of specialist, highly relevant firms) while reducing the chance of becoming a re-packaged market exposure.

Taking a few WisdomTree strategies as an example, we can show how our 5 pillars keep our strategies differentiated2:

- Our Cybersecurity strategy exhibits a 2.1% overlap with the Nasdaq-100
- Our Europe Defence strategy exhibits a 0.8% overlap with the MSCI World
- Our Strategic Metals and Rare Earth Miners strategy exhibits a 0.4% overlap with the MSCI All Country World
- Our Physical AI strategy exhibits a 12.2% overlap with the Nasdaq-100

## What about multi-thematic portfolios?

Investors often view multi-thematic strategies as a one-stop shop for investing in themes without having to pick and choose themselves. The pitfalls listed above are even more acute for this type of strategy, as the tendency to pick large, diversified companies that dabble in all the key themes is even more tempting. The objective of such an investment is clear: provide exposure to a basket of growing, emerging companies that capture structural tailwinds. To do so, such a strategy should focus on offering a clear answer to 3 key questions:

- Which themes does the strategy invest in?
- How does the strategy allocate to those themes over time, and how does the strategy take advantage of sentiment shifts over time?
- Which stocks are selected to represent each theme?

At WisdomTree, we believe that only a top-down approach (and not a bottom-up one) that follows our 5 key pillars can properly answer those 3 questions.

The WisdomTree Megatrends UCITS ETF (WMGT) offers a distinctive top-down approach to allocate across themes. Our three-step process selects themes based on conviction and diversification potential, adjusts allocations quarterly to respond to the changing macro environment, and leverages expertise, purity and discipline when selecting stocks within the high-conviction themes.

Overall, the exchange-traded fund (ETF) provides exposure to a diversified basket of growing, emerging companies, rather than today's established tech mega caps.

## Conclusion

The next time a fund's marketing materials promise AI, Clean Energy, or Europe Defence, don't just buy what's written on the tin, lift the bonnet. Check the investment process and the holdings. Good thematic investing should add genuine, differentiated growth exposure, not duplicate existing risks. If a fund follows our five pillars, theme first, expert selection, purity, differentiation and strict discipline, you're far more likely to get the car you thought you were buying.

1 Artificial intelligence.
2 Source: WisdomTree, Nasdaq, MSCI. Index constituents and overlap analysis as of 31 January 2026. **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 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.

**For Investors in Switzerland:**

This document constitutes an advertisement of the financial product(s) mentioned herein.

The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree's website: https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports

**For WisdomTree UCITS products only:** the representative and paying agent of the ETPs 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. 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 may only be available to Qualified Investors.

**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.