The next Nvidia is hiding in plain sight. How do you find it early?

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Key Takeaways

- Equity wealth creation is highly skewed, and long-term thematic success depends less on avoiding every loser and more on owning the rare companies that compound exponentially.
- Themes provide the map to future profit pools, but investors still need disciplined stock selection. Identifying Amazon in 1998 was far harder than identifying the Internet. WisdomTree's Megatrends and Tech
- WisdomTree's Megatrends and Tech Megatrends UCITS ETFs seek to balance breadth and relevance, aiming to capture future winners early while maintaining low overlap to market benchmarks.

Over the last 100 years, US stocks created about $91 trillion of total shareholder wealth. But the distribution was extremely uneven. Only 3.72% of all stocks accounted for 100% of that net wealth creation. Only 46 of those stocks created half of that total value. Apple alone represented 5.52%; Amazon, 2.49%.

Table 1: Companies with the largest shareholder wealth creation, measured as of December 31, 2025

Source: "One Hundred Years in the U.S. Stock Markets". H. Bessembinder. March 2026.

The latest results from H. Bessembinder's updated landmark study should not, however, be seen as an indictment of stock-picking. What they brutally demonstrate is that equity returns are highly positively skewed, or in other words, that equities are a winner-takes-all world. Equity investing is not about avoiding losers, most stocks are, but about ensuring exposure to the winners. Investing early in exceptional compounders like Apple, Amazon or Nvidia can make or break portfolios.

This is why every market cycle raises the same question: where is the next Amazon or Nvidia?

Are themes the map?

When it comes to finding a company with exponential growth potential, finding the theme is usually easier than finding the company itself. As early as 1998, it was clear that the internet had the capacity to transform commerce, media and communication. The hard part, however, was knowing it would be Amazon rather than Yahoo, Lycos or InfoSpace. The same applies today. Artificial intelligence (AI), electrification, quantum

computing or blockchain are visible structural forces. Themes become the map. It tells investors where profit pools may migrate. It does not hand them a single name. The hard part comes next: what should the investor do or not do with that map?

Two classic mistakes: mega-cap gravity and overconfidence

When it comes to thematic investing, two recurring mistakes stand out after reviewing hundreds of portfolios:

- The first mistake is what we could call mega-cap gravity. Many thematic portfolios drift towards the same companies already dominating the S&P 500 or Nasdaq-100. These firms stand out because they have already won. They are exceptional compounders, but much of their exponential growth may already be behind them. While familiar and comfortable, they risk turning a thematic allocation into a more expensive version of benchmark exposure. A differentiated thematic portfolio should maintain low overlap with broad market indices and focus instead on companies with higher future growth potential within each theme.
- The second mistake is the opposite: overconfidence. Investors are tempted to believe they can identify the single winner and build portfolios so concentrated that missing one stock becomes fatal. What would an internet portfolio in the early 2000s have looked like without Amazon, or an AI portfolio since 2022 without Nvidia?

Finding the right balance: a wide net of relevant companies

The answer is not blind diversification. It is relevance with breadth. A thematic strategy should cast a wide enough net to improve the probability of owning the future winner, but not so wide that exposure becomes indistinguishable from the broad market.

This is where rules and investment philosophy matter. Thematic investing has to be a repeatable process to:

- increase the probability of being in the right part of the equity universe
- maintain enough breadth to avoid missing the key stock in the space

WisdomTree's thematic investment philosophy is built around those two ideas: recognise and classify structural shifts, then build investable exposure around companies most aligned with them in a dynamic manner.

The WisdomTree Megatrends UCITS ETFs and WisdomTree Tech Megatrends UCITS ETF offer a diversified route across the key megatrends shaping the future. They are built using a three-step process aiming to find the right balance between precision investing and diversified exposure:

1. **The strategic thematic asset allocation** The most relevant themes are selected on an annual cadence to ensure that the portfolio gains exposure to the structural trends shaping the future.

2. **The tactical thematic allocation** Themes are overweighted or underweighted on a quarterly basis using momentum signals to lean into the sentiment-driven nature of thematic performance.
3. **The thematic stock selection** Each theme exposure is expressed through a tailor-made portfolio of stocks for that theme (with different rules and logic for each theme to maximise alignment with that theme's investment thesis). Every thematic sub-portfolio is built around companies with high purity and relevance to the theme, while also seeking to minimise overlap with broad equity markets and with other themes within the Megatrends portfolio.

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The result is a strategy that accepts that the single winner cannot be known in advance, but keeps asking the right question: Is this company highly relevant to the theme?

Conclusion

Bessembinder’s evidence should make investors humble, not passive. If only a small minority of firms drive most long-term wealth creation, the challenge is to narrow the search intelligently while avoiding the arrogance of pretending to know the winner in advance. The next Nvidia may already be public. It may sit in AI infrastructure, cybersecurity, quantum computing or a theme not yet fully appreciated by the market. It may not look like Nvidia today, just as Amazon only looked like an online bookshop in 1998.

Investments focused on thematic or growth-oriented companies may be more volatile than broader equity-market investments and can experience significant price fluctuations. Companies exposed to emerging technologies and structural growth themes may face regulatory, competitive, valuation, technological and execution risks, and there is no guarantee that anticipated growth trends will materialise.

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