

# The WisdomTree Global Quality Growth Strategy: a global alternative to the NASDAQ 100

Published 27 March 2025

**Ayush Babel**

Director, Quantitative Research

## Key Takeaways

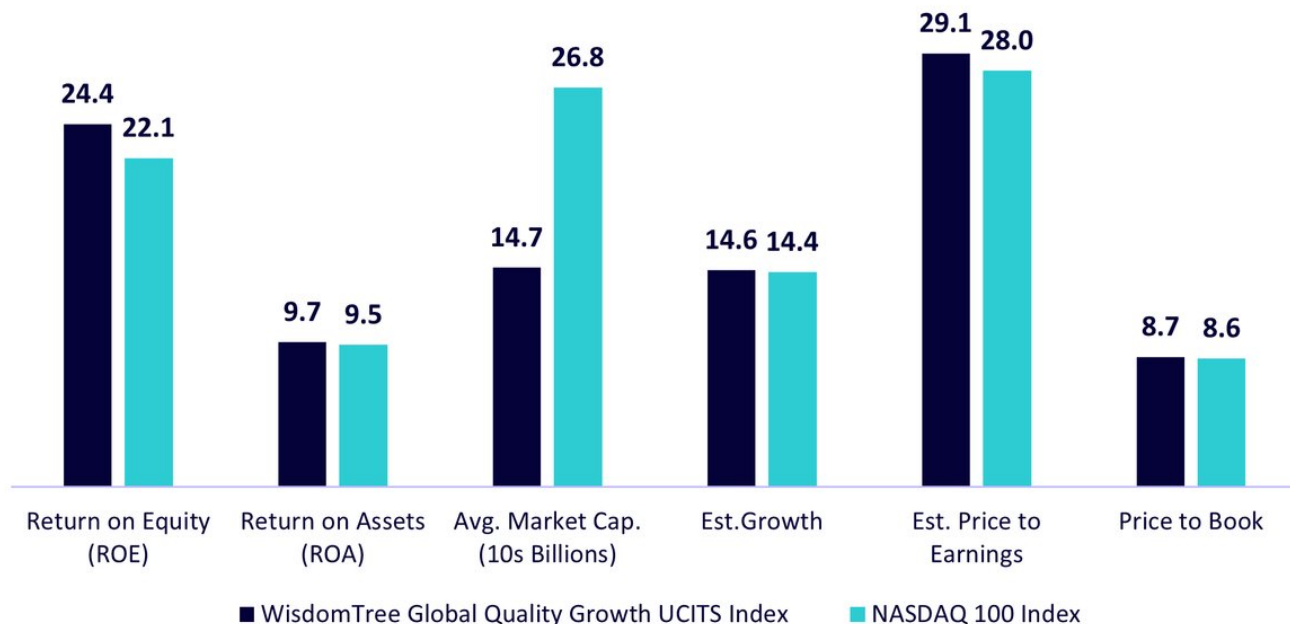
- **Regional diversification:** The WisdomTree Global Quality Growth UCITS ETF (WGRO) provides regional diversification versus the US-centric NASDAQ 100.
- **Targeted growth selection:** unlike the NASDAQ 100, which includes slower-growing companies like Cisco Systems and PepsiCo due to market cap weighting, the WisdomTree Global Quality Growth UCITS Index prioritises high-growth, high-profitability companies like LVMH and Eli Lilly, leading to a more targeted growth exposure.
- **Quality and Growth:** WisdomTree Global Quality Growth UCITS ETF (WGRO) avoids vulnerable growth stocks that often make their way into growth portfolios by applying profitability as one of the criteria to select stocks. The strategy also uses a combination of forward-looking and backward-looking growth measures for a more robust selection.
- **Related Products** WisdomTree Global Quality Growth UCITS ETF - USD Acc Find out more

For years, the NASDAQ 100 has been the dominant benchmark for growth investors, known for its heavy exposure to information technology companies. The methodology is straightforward—the 100 largest non-financial companies by market capitalisation listed on the NASDAQ exchange are selected for inclusion, with constituents weighted by modified market capitalisation.

However, this simplicity can come with trade-offs. Since the NASDAQ 100 does not apply fundamental selection criteria, mature, slow-growth companies can enter the index purely due to their size, potentially diluting the 'growth' exposure that investors seek. Additionally, growth stocks from other major stock exchanges in the United States are missed in this benchmark. Also, global investors that would like to diversify their exposure to other developed markets would need to look elsewhere for additional supplementary exposures.

In contrast, the [WisdomTree Global Quality Growth UCITS ETF \(WGRO\)](#) deploys a fundamentals-based selection process, identifying high-growth companies with strong profitability metrics across all major exchanges in global developed markets. A combination of profitability factors such as ROE (return on equity) and ROA (return on assets), combined with growth factors such as sales and EBITDA1 growth over

the past 5 years, and estimated earnings growth over the next 3 years, are used to select 200 high-growth companies, that have strong balance sheets, from developed markets across the world.



The WisdomTree Global Quality Growth Strategy captures stocks with better profitability and growth metrics, which can be seen across factor exposures offering regional diversification without sacrificing on quality and growth scores (see Figure 1). With an active share of 47% versus the NASDAQ 100, the WisdomTree strategy offers a differentiated exposure to growth stocks in the global markets. To highlight the contrast in methodology versus the NASDAQ 100, below are the five largest unique holdings in each index.

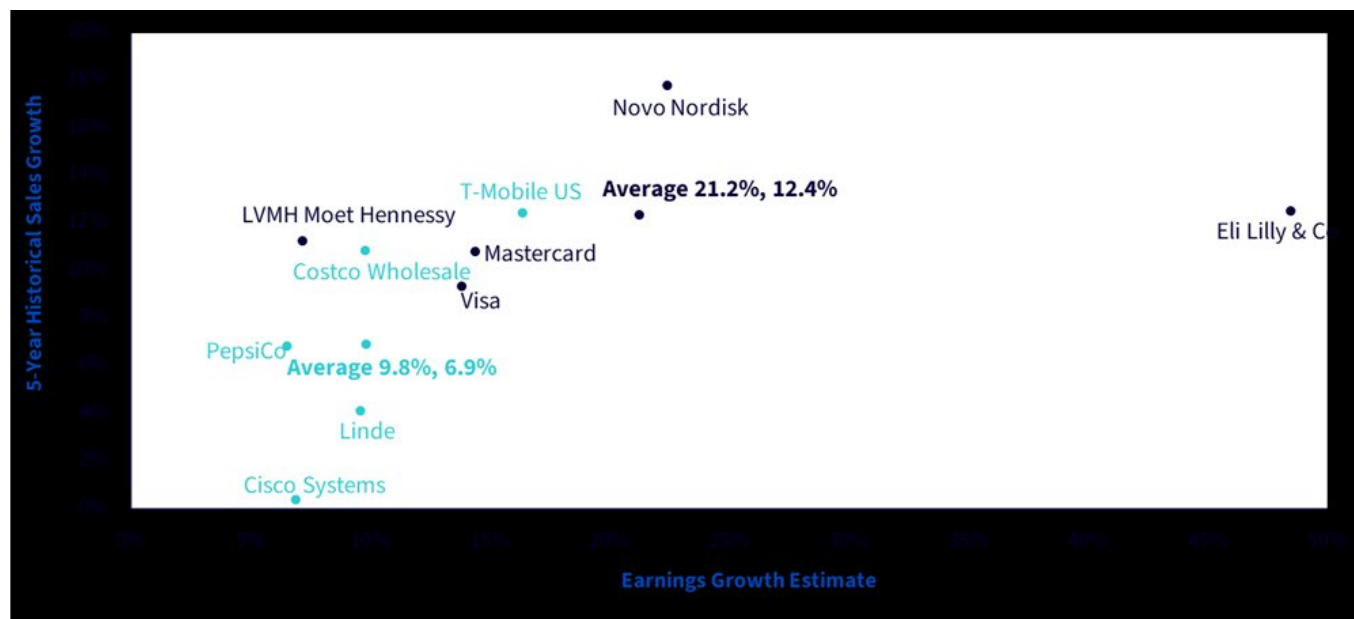
As of the month end post the latest rebalance<sup>2</sup> of the WisdomTree Global Quality Growth UCITS Index:

#### Top unique stocks in the WisdomTree Global Quality Growth Index

- Eli Lilly & Co
- Visa
- Mastercard
- LVMH Moët Hennessy
- Novo Nordisk

**Top unique stocks in the NASDAQ 100** (excluded from WisdomTree due to profitability and growth screens)

- Costco Wholesale
- T-Mobile US
- Cisco Systems
- PepsiCo
- Linde



A few observations from Figure 2:

- As of 31 December 2024, the average estimated earnings growth and sales growth for companies included in the WisdomTree Global Quality Growth UCITS Index, but excluded from the NASDAQ 100, were 21.2% and 12.4%, respectively.
- Conversely, the average earnings and sales growth for companies included in the NASDAQ 100 but excluded from the WisdomTree Global Quality Growth UCITS Index were just 9.8% and 6.9%, respectively.
- One standout example is Eli Lilly & Co—a \$750+ billion<sup>3</sup> market capitalisation company that has grown sales at an annualised rate of 12.5% over the last five years. Analysts project it will grow earnings at over 48.5% annually in the coming years.
- On the other hand, Cisco Systems (CSCO), which is included in the NASDAQ 100 but excluded from the WisdomTree Index, has grown sales at just 0.4% annualised and is expected to deliver less than 7% earnings growth going forward. Despite its relatively slow growth, Cisco remains in the NASDAQ 100 simply due to its market cap, not because it meets high-growth criteria.

## Conclusion

The [WisdomTree Global Quality Growth UCITS ETF \(WGRO\)](#), that tracks the WisdomTree Global Quality Growth UCITS Index, aims to be a comprehensive growth benchmark that captures high growth companies from across the global developed markets. The Quality filter helps avoid vulnerable stocks that often make it into growth portfolios but do not have the fundamentals to sustain growth over the longer term. With its fundamentals-based stock selection, the strategy offers strong growth exposure to the global developed markets.

<sup>1</sup>EBITDA = earnings before interest, taxes, depreciation, and amortisation.

<sup>2</sup>That is, data as of 31 December 2024.

<sup>3</sup>Bloomberg, as of 10 March 2025.

## 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](http://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.

**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.