Same theme, different outcomes: why alignment matters

Published 21 April 2026

Pierre Debru
Head of Research, Europe

Key Takeaways

- Portfolios, not labels, decide outcomes. Wide performance dispersion between strategies focusing on the same theme shows that how a manager builds exposure matters far more than the theme name.
- WisdomTree Thematic Investment Philosophy rests on 5 pillars: alignment to the theme, expertise, purity, differentiation, discipline, and transparency.
- Alignment to the theme is the linchpin of thematic investing.

Reflecting on history, a clear pattern emerges: leading megatrends tend to seed tomorrow's mega-caps. The internet is the obvious example: a structural shift in the early 2000s that helped produce Amazon, Alphabet, and Meta as some of the world's largest companies two decades on. Put simply, thematic investing is a repeatable way to target structural growth by signposting the most promising corners of the equity universe.

Yet naming a theme and owning it are two different things. Once investors decide that Artificial intelligence (AI) or European infrastructure matter for multi-decade growth, the hard question is: what does investing in AI or investing in EU infrastructure actually mean in practice?

At WisdomTree, our thematic investment philosophy is built around one priority: delivering thematic portfolios that are as aligned as possible to the theme.

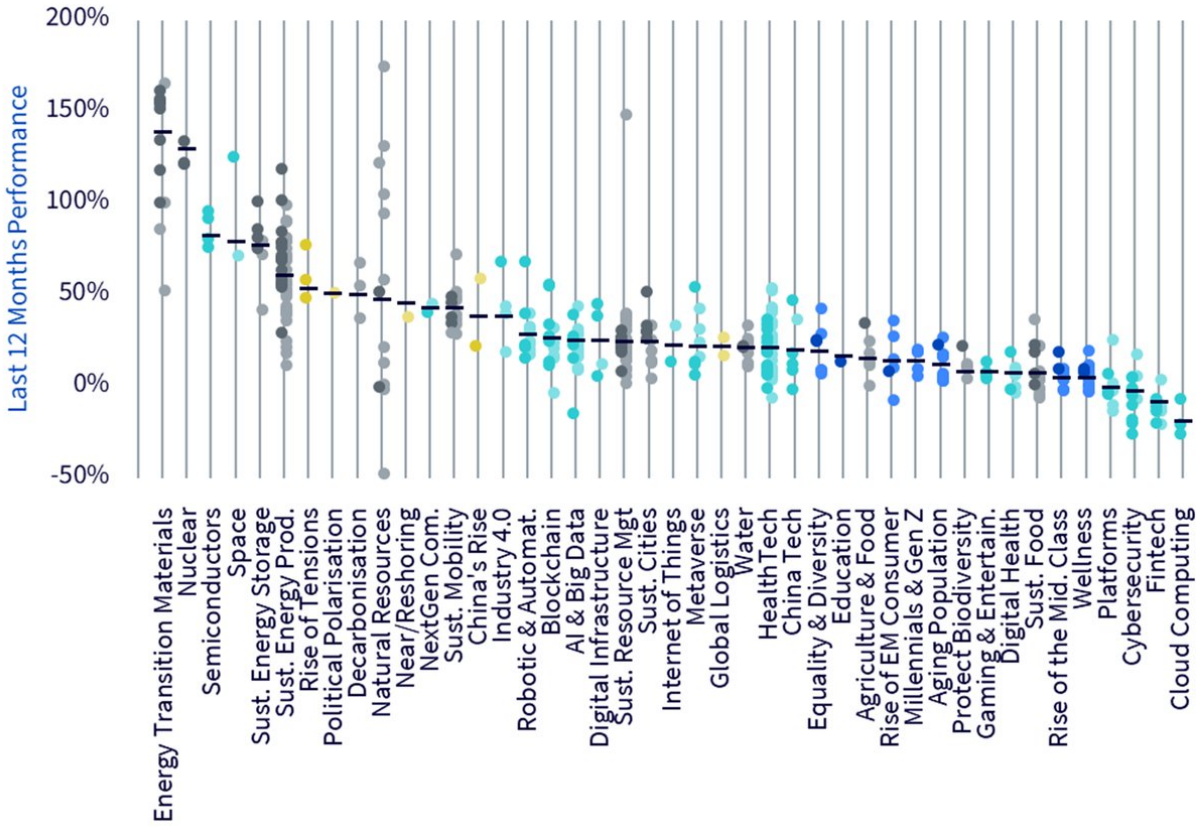
Same theme, different stocks: the dispersion problem

One clear empirical lesson from studying thematic active funds and ETFs is that, even when they claim to provide access to the same theme, they often hold very different baskets and therefore deliver very different returns.

In Figure 1, we show the performance over the last 12 months for all European-domiciled thematic active mutual funds and exchange-traded funds (ETFs), organised by theme. Each column in the graph represents a theme, and each dot represents a strategy. Looking at the dispersion of the dots in each column, it is very clear that the performance of strategies in the same theme diverges a lot. Taking two examples:

- Energy Transition Materials is the best performing theme for the period with an average performance of 139% over the period. However, the best strategy returned 234% while the worst one returned 52.4%. This is a 182% performance gap for 2 strategies in the same theme[1].
- Semiconductors is the third best theme. It is also a theme that should be pretty well defined and yet the best strategy returned 96.1% in the last 12 months when the worst one returned 76.2%[2].

Figure 1: Last 12-month performance dispersion by theme in European domiciled thematic strategies



Source: WisdomTree, Morningstar, Bloomberg. From 28 February 2025 to 28 February 2026. Performance is calculated in US Dollars. The list of Europe-Domiciled ETFs and Open-ended mutual funds has been compiled by WisdomTree as part of the WisdomTree's own thematic classification. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Why such divergence? Because there is no single, recognised benchmark for a theme like AI or quantum computing. When a manager invests in a US small cap, it is clear what the investment universe is and what the benchmark is. As a result, managers make very different stock-selection and weighting choices and outcomes vary accordingly.

The pitfalls to avoid

When considering which portfolio is relevant to a given theme, there are two serious mistakes to avoid:

1. **Overconcentration in a few names.** The late-1990s internet example shows the risk: buying the ten largest dot-com names would have beaten the market long term only because the basket happened to include Amazon; many other names failed. Because equity returns are highly asymmetric (few winners drive most of the wealth creation), being right about which companies win matters far more than avoiding the many losers. The antidote is humility: broaden the net to increase the probability of owning future winners.

2. **Mistaking today's mega-caps for thematic exposure.** Mega-caps have ridden prior waves of structural change. But they cannot keep compounding at the same exponential rates indefinitely, nor should a thematic strategy be a rerun of the Nasdaq top-ten. If a thematic sleeve leans heavily on current hyperscalers, it is functionally a market or sector bet, not a true thematic exposure. Thematic portfolios must be differentiated from broad market and tech indices if they are to capture tomorrow's growth.

When it comes to thematic investing, there is a clear case for a disciplined, research-driven approach that maximises thematic beta while controlling for concentration and benchmark overlap.

WisdomTree philosophy: alignment first, then expertise and purity

WisdomTree Thematic Investment Philosophy rests on 5 pillars:

- **Alignment to the theme:** Opportunities within each theme are captured with a tailored methodology to maximise their investment potential.
- **Expertise:** We collaborate with external industry experts where beneficial while leveraging WisdomTree's in-house research and product development capabilities.
- **Purity:** Companies are selected based on their strong alignment with the theme offering pure-play exposure and growth potential.
- **Differentiation:** Our strategies stand out from broad benchmarks and other thematic products, offering investors true differentiation and diversification benefits.
- **Discipline and Transparency:** Strategies follow a clearly defined framework to ensure precision and consistency in portfolio construction.

Alignment is the lynchpin. A thematic portfolio must visibly and mechanically track the economic drivers of the theme you want to invest in. In practice, that means there is no cookie-cutter approach to a theme that can be applied successfully to every theme. In this case, one size does not fit all. Each theme requires a bespoke construction. This is why, at WisdomTree, we develop unique strategies tailored to each theme (meaning strategies differ widely from theme to theme).

What does that mean in practice?

- The WisdomTree Europe Defence UCITS ETF is focused on established sectors with a clear, established competitive landscape. Therefore, the strategy can select and weight stocks by defence revenue and apply a modified market cap weighting methodology that recognises the existing landscape.
- The WisdomTree Uranium and Nuclear Energy UCITS ETF invests in an industry in mutation with short-term tailwinds (a supply and demand deficit in Uranium), medium-term tailwinds (private and public entities are planning to increase capacity in upcoming years) and long-term tailwinds (innovations like small modular reactors). Therefore, a value-chain approach that excludes utilities lacking pricing power is well-suited to invest across those different opportunities
- The WisdomTree Physical AI, Humanoids and Drones UCITS ETF invests, by definition, in an early-stage theme where the competitive landscape is still in flux. Therefore, the portfolio may use something close to equally weighted to avoid overconcentration in a handful of incumbents.

These are not cosmetic choices. Tailor-made construction changes the portfolio's economic exposure and, when combined with the other pillars, creates a thematic sleeve that is additive to core equity allocations: higher thematic beta, lower overlap with broad indices and a clearer path to capture structural growth.

Conclusion: a short checklist for investors

Thematic ETFs offer a way to point capital at structural growth potential. But execution matters. Before allocating, ask three simple questions:

3. **Alignment:** Does the fund mechanically capture the economic exposures that define the theme?

4. **Purity and expertise:** Is stock selection expert-driven and focused on pure players with high thematic revenue?

5. **Differentiation and tradability:** What is the overlap with MSCI/Nasdaq, and is the implementation liquid and scalable?

If the answers are affirmative, the investment is a genuine thematic satellite, not another way to own today's mega-caps. That distinction is what separates talk from outcome in thematic investing.

[1] Source: WisdomTree, Morningstar, Bloomberg. From 28 February 2025 to 28 February 2026. Performance is calculated in US Dollars. The list of Europe-Domiciled ETFs and Open-ended mutual funds has been compiled by WisdomTree as part of the WisdomTree's own thematic classification.
[2] Ibid.

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.