

Outpacing tech mega caps and the Magnificent 7: insights from WisdomTree Megatrends

Published 15 October 2025

Pierre Debru

Head of Research, WisdomTree Europe.

Key Takeaways

- WisdomTree's Megatrends global equity strategy has consistently outperformed the market, leveraging tactical adjustments and expert stock selection.
- Since its launch in October 2023, the fund's three-layer investment process has driven outperformance versus the MSCI ACWI, Nasdaq 100 and top multi-thematic peers.
- Blockchain, sustainable energy production, the rise of China tech and energy transition materials have contributed the most to the outperformance over the last three months.

2025 is shaping up to be a strong year for thematic investing. Following a year dominated by mega caps, smaller, fast-growing companies are beginning to shine, pulling thematic strategies higher. In the first three quarters of the year, 22 themes out of 42 in the WisdomTree Classification outperformed the MSCI All Country World Index performance (+18.4%) year to date. The top five strongest themes have been nuclear energy (+70.3%), rise of tensions (+60.3%), energy transition materials (+60.21%), space (+51.77%) and rise of China technology (+49.2%).

Harnessing thematic strength with a multi-thematic strategy offering differentiated growth

Over 2 years ago, we set out to harness WisdomTree's thematic expertise, combining our in-house research with insights from a network of industry specialists, to create a multi-thematic strategy designed to stand apart from the existing landscape. The goal was to deliver a multi-thematic strategy that is:

- A focused pure thematic player
- capable of delivering differentiated growth
- constructed with low overlap to major technology giants and the Nasdaq 100.

It was a bold move, as the Magnificent 71 had been outperforming the rest of the S&P 500 since the launch of ChatGPT a year earlier.

Two years on, many of these strategic decisions have proven successful, with the strategy outperforming the Nasdaq 100 by 2.5%² and the MSCI All Country World Index by 7.9%¹ since launch. Overall, it has delivered stronger returns, a higher Sharpe ratio and a superior information ratio compared to the Nasdaq 100, all while maintaining limited exposure to large-cap technology stocks. The combined weight of the Magnificent 7 currently stands at just 3.22%, with Nvidia representing the largest position at 1.35%.

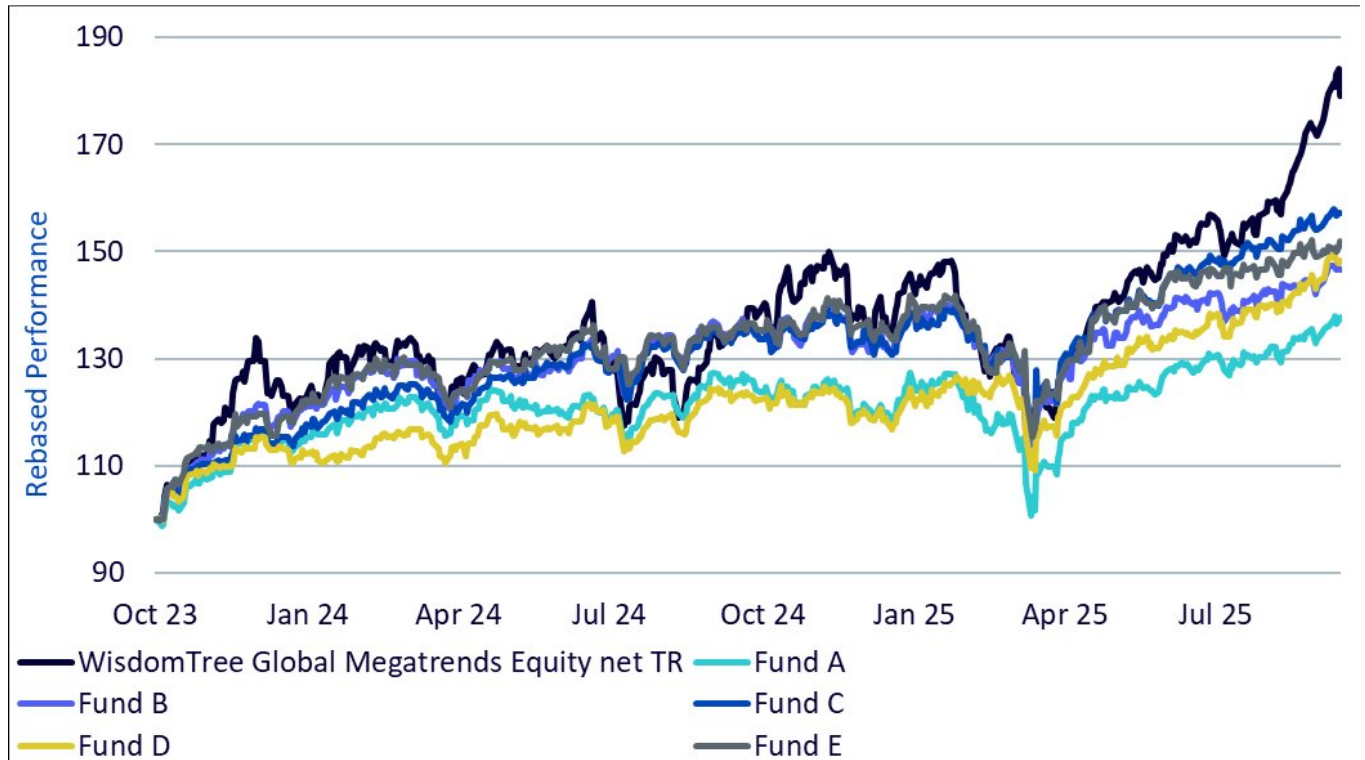
Figure 1: WisdomTree Megatrends strategy compared to the MSCI World and Nasdaq 100 since launch

Source: WisdomTree, Bloomberg. 23 October 2023 to 10 October 2025. In USD. You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.

While outperformance versus broad market and technology exposures is important, it is equally important to compare our live performance with that of the five largest multi-thematic mutual funds in Europe, launched before October 2023. Collectively, these funds represent more than US \$23 billion in assets.

Since its inception, the WisdomTree Megatrends strategy has outperformed each of its peers by more than 8% on an annualised basis and has also demonstrated a higher Sharpe ratio. Notably, all six multi-thematic strategies maintain a similar level of tracking error, yet the WisdomTree strategy has converted that relative risk into outperformance most efficiently, as reflected by its superior information ratio.

Figure 2: WisdomTree Megatrends strategy outperformed the five biggest multi-thematic funds since launch



Source: WisdomTree, Bloomberg. 23 October 2023 to 10 October 2025. In USD. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Volatility

How intelligent design is driving differentiated performance

Unlike many of our market peers that build portfolios from the bottom up, the WisdomTree Megatrends Global Equity strategy is constructed using a top-down approach, applied through three distinct stages:

- **The strategic thematic asset allocation:** Once a year, we identify the most relevant themes for medium- to long-term investment. In April 2025, themes such as ‘quantum computing’, ‘rise of China tech’ and ‘rise of tensions’ were added to the portfolio, each contributing meaningfully to performance, generating 4.3%, 2.0% and 1.7% of outperformance versus the MSCI ACWI respectively (since April 2025)³.

The strategic allocation is designed with a long-term view and allows us to ride our long term conviction in themes that may temporarily lag. Our confidence in ‘sustainable energy production’, ‘sustainable energy storage’ and ‘energy transition metals’ was rewarded, with those segments strongly outperforming. Since the July rebalancing, the MSCI ACWI gained 5.1%, while these three themes returned 32.2%, 24.5% and 35.2% respectively².

- **The tactical asset allocation:** Reviewed quarterly, this process adjusts theme weights using momentum signals to align the portfolio with market conditions. It enables the strategy to benefit from both periods of optimism and caution across individual themes while maintaining exposure to all selected areas (with underweights capped at 50%). This layer of the process has proven highly effective, generating value in six of the eight three-month periods since the strategy's launch. Since July, this layer has again contributed meaningfully to performance. While the WisdomTree thematic strategy outperformed by 10.2% since the last rebalancing, the tactical allocation alone added 1.5% of outperformance versus the MSCI ACWI2.
- **Stock selection:** Within each theme, the stock selection process leverages the WisdomTree Thematic Investment Philosophy, focusing on alignment to theme, domain expertise, purity of exposure, differentiation, transparency and discipline. Since inception, this layer has also been additive, contributing an additional 0.7%.

In summary, since the last rebalancing on 18 July 2025, the strategy has outperformed the MSCI All Country World Net Total Return Index by 10.24%, delivering a total return of 15.3% over the period². Over the past three months, both the strategic and tactical asset allocation layers have contributed positively to performance, while stock selection created a slight drag.

Four themes performed particularly strongly and were the main contributors to outperformance:

1. **Sustainable energy production** - (+1.79%) despite being underweight following more than two years of muted performance, the theme rebounded sharply amid continued strength in global energy demand.
2. **Rise of China tech** - (+1.62%) continued to perform strongly in the wake of the Deepseek announcement earlier in 2025.
3. **Energy transition materials** - (+1.54%) benefited from increased energy demand and renewed investor interest in resource security.
4. **Blockchain** - (+1.45%) has continued to grow as the regulatory environment improves in the US.

Overall, 14 out of the 18 themes we invest in helped the strategy outperform the MSCI ACWI.

Figure 3: Performance attribution of the strategy since the last rebalancing on 17th July 2025 (by steps)

Source: WisdomTree, Bloomberg. In USD. From 18 July 2025 to 10 October 2025. You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.

Since its launch, the WisdomTree Megatrends Global Equity strategy has returned 79%¹ compared to 59.1 for the MSCI All Country World Index. This outperformance reflects the combined strength of all three layers of our investment process: strategic, tactical and stock selection, each contributing positively to overall performance.

Figure 4: Performance attribution since inception of the strategy (by layers)

Source: WisdomTree, Bloomberg. In USD. From 27 October 2023 to 10 October 2025. You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.

Almost two years since launch, the WisdomTree Megatrends Global Equity strategy has outperformed both broad equity markets and the Nasdaq 100, despite maintaining minimal exposure to large technology mega caps. By leveraging bold and distinctive decisions within the investment process, the strategy offers a differentiated source of growth that complements both core market holdings and broader technology allocations.

WisdomTree thematic tactical overlay: how we are positioned

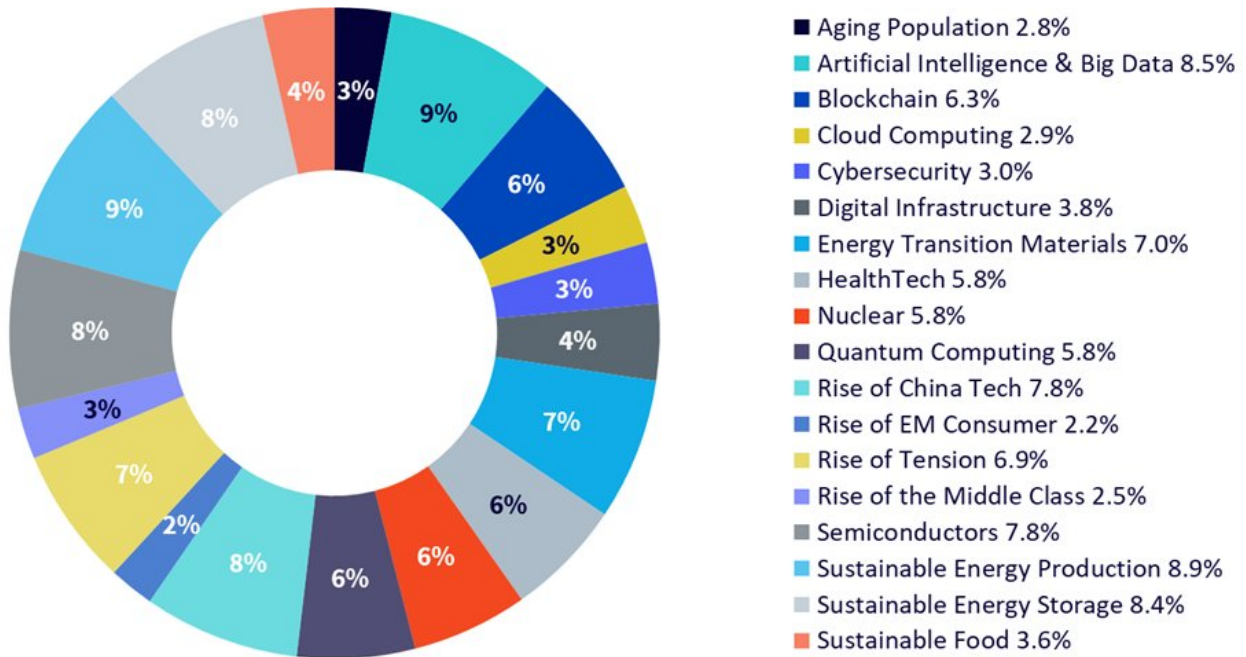
On 17 October 2025, the WisdomTree Megatrends Global Equity Index adjusted its tactical positioning based on quantitative momentum and mean reversion signals, as it does each quarter.

- Themes within 'environmental pressures' performed strongly since April, leading to overweight positions in 'energy transition materials', 'sustainable energy production' and 'sustainable energy storage'.
- 'Semiconductors' also rebounded during the last quarter, resulting in an overweight allocation after two consecutive quarters of underweight positioning.
- 'Cloud computing', 'cybersecurity' and 'rise of EM consumer', underperformed relative to other themes and therefore shifted to underweight.
- 'HealthTech' benefited from recent tailwinds, resulting in a smaller underweight for the next quarter.
- 'Artificial intelligence and big data', 'blockchain', 'nuclear', 'quantum computing', 'rise of China tech', 'rise of tensions' remain overweight.

Figure 5: WisdomTree Global Megatrends Equity – tactical signals

Source: WisdomTree, Bloomberg as of 10 October 2025. You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.

Figure 6: WisdomTree Global Megatrends Equity – the allocation by themes



Source: WisdomTree, Bloomberg as of 10 October 2025. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Conclusion

As thematic strategies continue to build momentum, WisdomTree Megatrends is not only capturing upside but also demonstrating the strength and resilience of its design. Through its multi-layered, top-down framework applied in live markets, the strategy continues to convert today’s thematic tailwinds into disciplined, focused and differentiated performance.

1 The Magnificent 7 refers to a group of high-performing and influential companies in the US stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA and Broadcom.

2 Source: WisdomTree, Bloomberg. 23 October 2023 to 10 October 2025. In USD. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

3 Source: WisdomTree, Bloomberg. 18th July 2025 to 10th October 2025. In USD. **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 Europe¼ 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 WisdomTree¼s 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.