

Six conviction trades for 2025: seize the new market narrative

Published 19 March 2025

Pierre Debru

Head of Research, WisdomTree Europe.

Key Takeaways

- Value & Growth barbell: investing in US equities beyond mega-cap tech by blending high-quality growth with value strategies.
- Japan's renaissance: corporate reforms, strong earnings and a controlled yen gives exporters more room to grow.
- EM small caps: harnessing domestic-driven growth while protecting against tariffs or dollar strength.
- Cybersecurity surge: Continued corporate and government spending, heightened geopolitical risk, and the imperative to protect the AI revolution, brings cybersecurity to the forefront.
- Silver's upside: gold correlation, increased industrial use, and supply tightness all point towards silver.
- Crypto goes mainstream: growing institutional adoption transforms multi asset portfolios.
- Related Products WisdomTree US Equity Income UCITS ETF, WisdomTree US Quality Growth UCITS ETF - USD Acc, WisdomTree Cybersecurity UCITS ETF – USD Acc, WisdomTree Japan Equity UCITS ETF - USD Hedged, WisdomTree Physical Bitcoin, WisdomTree Emerging Markets SmallCap Dividend UCITS ETF Find out more

While developed economies have shifted to easing policies, opening the way for a broadening of the market away from technology mega stocks, the economic outlook remains uncertain. The violent reaction to DeepSeek's launch early in the year clearly highlights the nervousness of markets and their ultra concentration. In the first few weeks of the year, the Trump administration has also been implementing its agenda at breakneck speed, leading to heightened uncertainties around trade frictions, inflation dynamics, and geopolitical upheaval. In that context, it is important to rethink investment positionings that may have worked in 2024, acknowledging the potential for volatility and numerous changes of directions.

In this uncertain environment, WisdomTree's research team presents its six highest-conviction investment ideas for 2025.

1. Can the Magnificent Seven dominate for a third year in a row?

Few storylines have captured the investor imagination recently as much as the Magnificent Seven—a cohort of mega-cap technology stocks that propelled US equity benchmarks to remarkable gains. While these tech giants remain influential, we see scope for 2025 to become a year of ‘broadening out’.

Macro rationale

- **Resilience in corporate fundamentals and earnings growth:** high quality growth stocks continue to be supported by strong fundamentals and growth could benefit from continued momentum after two years of domination.
- **Value resilience and broadening:** with uncertainty increasing around the Federal Reserve’s (Fed) trajectory and inflationary pressures created by potential tariffs, value stocks may benefit and offer some diversification. Energy and Financials should also benefit from a wave of deregulation under the new Trump regime.
- **The case for a value/growth barbell strategy in US equities:** a barbell strategy between US large cap quality Growth and US large cap Value equities leverages complementary strengths to navigate 2025. This approach allows investors to:
 - Capitalise on the Value factor’s extreme discount to Growth.
 - Enable investors to capture opportunities across market cycles.
 - Create a balance between growth potential and valuation-driven safety.
- Capitalise on the Value factor’s extreme discount to Growth.
- Enable investors to capture opportunities across market cycles.
- Create a balance between growth potential and valuation-driven safety.

2. Unlocking value in Japan

Japan’s economic transformation story continues to gain traction as the country moves beyond four decades of stagnant nominal growth and sporadic deflationary episodes. While 2024 was the best year for Japanese equities since 1989, we believe that the Japanese renaissance still has further room to run.

Macro rationale

3. A Trump card for emerging markets small caps

Emerging markets (EM) have struggled over the past decade, underweighted by many global investors and burned by repeated episodes of dollar strength, trade frictions, and slower growth in China. However, the narrative is a lot more positive going into 2025.

Macro rationale

- **An EM comeback:** with the Federal Reserve maintaining an accommodative stance on monetary policy, China unleashing coordinated fiscal and monetary stimulus, and a wave of EM sovereign ratings upgrades, tailwinds have been picking up strongly for emerging markets.
- **But some clouds remain on the horizon:** unfortunately, the Trump administration's focus on a strong dollar and tariffs could slow down the recovery.
- **EM smalls caps as the solution:** EM small caps typically derive a larger share of revenues from their home countries, insulating them somewhat from US tariffs or the dollar's strength. In a scenario where the global trade outlook remains uncertain, these domestically oriented firms can thrive on internal consumer growth, as rising middle-class demographics in markets like India, Indonesia, and parts of Latin America continue to drive local consumer demand.

4. Cybersecurity at the crossroads of AI, geopolitical tensions, and quantum computing

The first few weeks of 2025 saw a resurgence of software stocks, with cybersecurity companies jumping in front of semiconductors or AI stocks. Continued corporate and government spending, as well as the imperative to protect the AI revolution, position cybersecurity for robust growth in 2025.

Macro rationale

- **AI's security gap:** rapid AI adoption brings higher data volumes and more software vulnerabilities, forcing enterprises to bolster their cyber defences. We expect a wave of spending on next-generation cloud solutions, zero-trust architecture, and quantum-proof encryption.
- **Elevated geopolitical risks:** heightened tensions—from continuing conflicts and new trade disputes—translate into more frequent state-sponsored cyber-attacks. This, in turn, drives increased defence budgets and corporate vigilance.
- **US deregulation:** since the US election, software companies have benefitted from deregulation expectations. Cybersecurity, cloud, and blockchain posted some of the strongest thematic gains in the first few weeks of the year.

5. Precious potential: silver's breakout moment

While gold often steals the headlines, silver has quietly staged a meaningful rally, underpinned by both safe-haven demand and its essential role in green technologies, such as solar photovoltaics. 2025 could be silver's 'catch-up' year.

Macro rationale

- **Haven meets industrial:** silver exhibits a unique duality—part precious metal and part industrial commodity. If risk aversion flares, silver typically follows gold upward. If global growth holds steady, silver benefits from manufacturing demand. Countries worldwide, led by China and the US, are rapidly expanding solar capacity. Newer solar cell technology requires even higher silver content, providing a price tailwind.
- **Gold correlation:** geopolitical tensions and looser monetary policy are offering gold new tailwinds, and silver will also benefit from the catch-up effect.
- **Limited supply growth:** silver's byproduct nature makes supply tight, as mining companies are not incentivised to expand production simply for silver alone. This supply-demand imbalance supports a more bullish price outlook.

6. Institutional adoption of digital assets is redefining multi-asset portfolios

After navigating a series of regulatory speed bumps, digital assets, led by bitcoin, have entered 2025 with growing mainstream acceptance. Key catalysts have included the expansion of physical bitcoin exchange-traded product (ETP) listings across major exchanges and the gradual emergence of regulatory frameworks that remove operational frictions. We believe most multi-asset portfolios remain structurally under-allocated to cryptocurrencies as a neutral position in digital assets (as illustrated by the market portfolio) should be around 1.5%.

Macro rationale

- **Portfolio diversification:** bitcoin's correlation to equities and bonds is low, providing a diversification benefit. Even small allocations have, historically, improved risk-adjusted returns.
- **Institutional inflows:** pension funds, endowments, and sovereign wealth funds are steadily warming to digital assets, pointing to a rising tide of flows. As coverage by mainstream analysts grows, digital assets are increasingly viewed through the lens of asset class fundamentals rather than speculation alone.
- **Technological leaps:** alongside bitcoin, developments in Ethereum scaling, stablecoins for global payments, and the tokenisation of real-world assets are reshaping how capital markets function. The resulting network effects may boost confidence in the broader crypto ecosystem.

Conclusion

In an environment that may reward conviction and flexibility, these six investment ideas offer distinct avenues to harness the opportunities emerging in 2025. Whether you seek cyclical upside, defensive yield, or secular growth themes, we believe these high-conviction calls exemplify WisdomTree's mission: delivering innovative, research-driven solutions in a world of constant change.

For WisdomTree's full Market Outlook, please [click here](#).

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 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.

Jersey ETCs

The products discussed in this document are issued by WisdomTree Metal Securities Limited. The Issuer is regulated by the Jersey Financial Services Commission. Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the securities offered by the Issuer. Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of HSBC Bank plc and JP Morgan Chase Bank, N.A. any of their affiliates or anyone else or any of their affiliates. Each of HSBC Bank plc and JP Morgan Chase Bank, N.A. disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

WisdomTree Issuer X Limited

The products discussed in this document are issued by WisdomTree Issuer X Limited (the “Issuer”). Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled “Risk Factors” for further details of risks associated with an investment in the securities offered by the Issuer.

Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of Swissquote Bank Ltd (“Swissquote”), Coinbase Custody Trust Company LLC (“Coinbase”), any of their affiliates or anyone else or any of their affiliates. Each of Swissquote and Coinbase disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

The product discussed in this document is an unregulated ETP, approved to trade on the SIX Swiss Exchange in Switzerland, Euronext Paris, Euronext Amsterdam and the Deutsche Börse Xetra in Germany. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Prospective investors should be aware that the price of the underlying asset(s) by which the securities are secured can demonstrate higher volatility than other asset classes and consequently the value of the securities may be extremely volatile. You must ensure that the nature, complexity and risks associated with cryptocurrencies are suitable for your objectives in light of your circumstances and financial position.

BTCW Index

All rights reserved. Compass has all proprietary rights with respect to the Compass Crypto Reference Index Bitcoin. Compass disclaims any liability to any party for any inaccuracy in the data on which the Index is based, for any mistakes, errors, omissions or interruptions in the calculation and/or dissemination of the Index. In no event shall Compass have any liability for any lost profits or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof.

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.