Evaluating a New Framework for European Equity Investing

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Key Takeaways

- Since its June 2025 strategy shift, the WisdomTree European Opportunities Fund (OPPE) has outpaced the MSCI Europe Index by blending capital-return discipline with selective thematic exposure
- OPPE's dynamic currency hedging model helps mitigate currency risk while seeking upside, offering investors a more adaptive approach to European equity exposure.
- With a portfolio focused on shareholder yield and macro-resilient companies, OPPE provides a differentiated path to European equity returns beyond traditional benchmarks.

The WisdomTree European Opportunities Fund (OPPE) has combined early performance momentum with a differentiated investment process designed to capture both shareholder return and macro-driven opportunity in European equities.

- **Strong Early Results**

In June 2025, WisdomTree unveiled its new European Opportunities Fund methodology, and early performance has been compelling.

- **Disciplined Stock Selection with an Opportunistic Overlay**

OPPE deliberately allocates two-thirds of the portfolio to companies returning capital through dividends and buybacks, while reserving one-third for forward-looking thematic opportunities tied to geopolitics, technology shifts, and macroeconomic change.

- **Currency Risk Management Embedded in the Index**

Rather than treating currency exposure as static, OPPE dynamically hedges between 0% and 100% based on multiple signals, including currency momentum, interest-rate differentials, geopolitical developments, and dollar trends, seeking to mitigate adverse foreign exchange impacts while preserving potential upside when currency conditions are favorable.

With the updated methodology going live on June 2, 2025, Figure 1a offers a clean view of OPPE's real-time performance. OPPE has delivered higher cumulative total returns than the MSCI Europe Index,

with a return profile that reflects both participation in European equity upside and resilience through periods of market volatility. Importantly, the performance separation has not come from a single factor or short burst of risk, but from the combined effect of disciplined capital-return exposure, selective thematic positioning, and adjustments to the currency hedge.

Figure 1a: Early Evidence of a Differentiated European Equity Approach

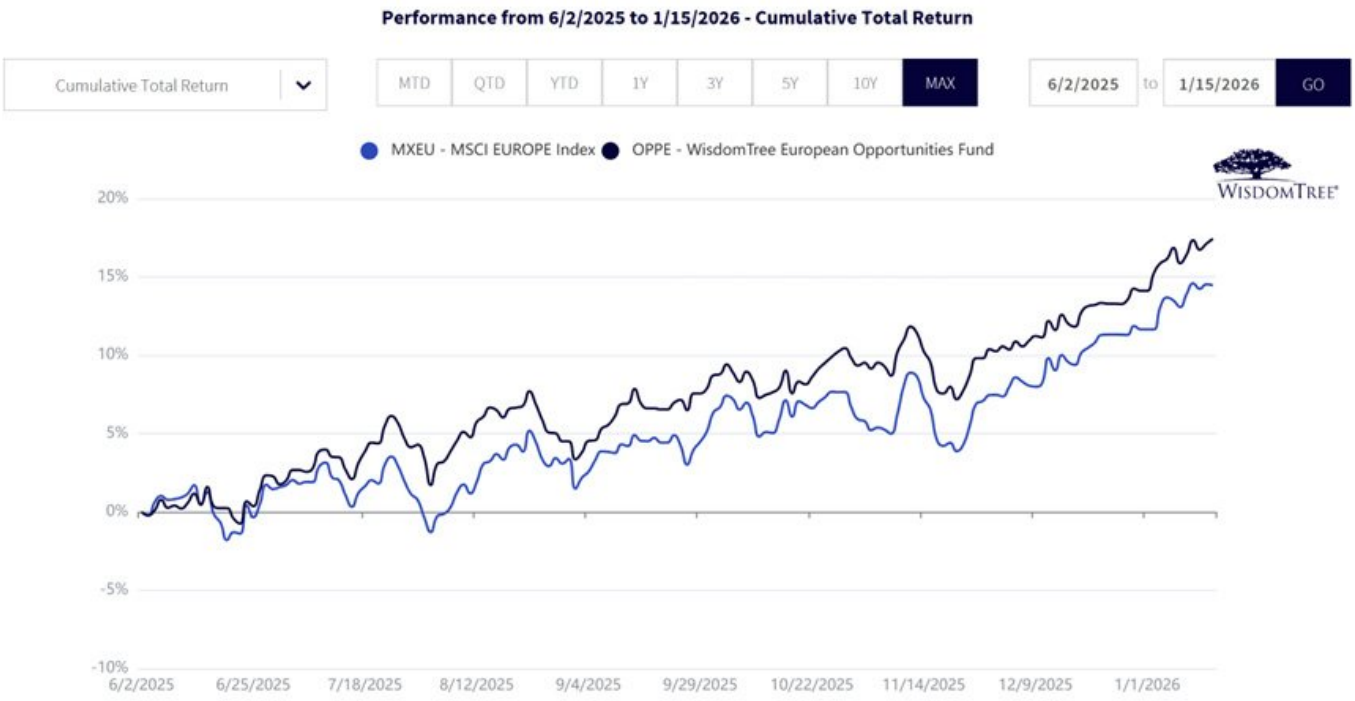


Figure 1b: Standardized Performance

Fund/Index Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Fund SEC 30-Day Yield	1-Year	3-Year	5-Year	10-Year
WisdomTree European Opportunities Fund (NAV)	OPPE	3/4/2015	0.58%	2.83%	38.73%	22.39%	14.84%	11.09%
WisdomTree European Opportunities Fund (MP)	OPPE	3/4/2015	0.58%	2.83%	38.72%	22.47%	15.03%	11.15%
MSCI Europe Index					35.41%	18.22%	10.30%	8.52%

Sources: WisdomTree, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 1/14/26 with returns as of 1/13/26 for Figure 1a and 12/31/2025 for Figure 1b. NAV denotes total return performance at net asset value. MP denotes market price performance. Prior to 6/2/25, OPPE was known as the WisdomTree Europe Hedged SmallCap Equity Fund (EUSC). On that date the Fund's investment policy changed. **The performance data quoted represents past performance and is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance, click** here**.**

Viewed holistically, these comparisons help clarify how OPPE approaches European equity exposure differently than the MSCI Europe Index. Europe's market is often characterized by heavy exposure to its

largest companies and to sectors like Financials and Industrials, which can dominate traditional benchmarks simply by size. OPPE does not avoid these areas, but it approaches them with intention—tilting toward businesses where capital discipline, balance-sheet strength, and shareholder returns are central to the investment case.

That mindset is evident in the portfolio's emphasis on total shareholder yield. Rather than relying solely on price appreciation from Europe's largest growth franchises, OPPE leans into companies that actively return capital through dividends and buybacks, reflecting management confidence and cash-flow durability. This creates a return profile that is grounded not just in economic growth, but in how that growth is shared with investors.

At the holdings level, the strategy blends familiar European leaders with a different rationale for inclusion. Banks, industrial firms, and energy companies appear not because they are large, but because they demonstrate tangible capital return and resilience across cycles. At the same time, exposure to globally competitive companies in areas like automation, infrastructure, and select technology adds a forward-looking dimension that extends beyond traditional income strategies.

The result is a European equity allocation that is both anchored and adaptive, less dependent on the largest companies of Europe by default, and more focused on how companies allocate capital, respond to macro conditions, and ultimately reward shareholders over time.

Conclusion

In an environment where European equity exposure is often defined by legacy benchmarks, OPPE offers a more intentional framework grounded in capital discipline, macro awareness and active currency management. Early results suggest that combining shareholder yield with selective thematic exposure can create a return profile that is both resilient and opportunistic. For investors reassessing how to engage with Europe, OPPE represents a differentiated approach focused less on size and tradition, and more on how companies navigate change and reward shareholders over time.

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. This Fund focuses its investments in Europe, thereby the impact of events and developments associated with the region can adversely affect performance. The Fund invests in derivatives in seeking to obtain a dynamic currency hedge exposure. Derivative investments can be volatile, and these investments may be less liquid than other securities, and more sensitive to the effects of varied economic conditions. Derivatives used by the Fund may not perform as intended. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index. The composition of the Index is governed by an Index Committee and the Index may not perform as intended. Due to the investment strategy of this Fund, it may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.