

It's Good to Be #1

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Key Takeaways

- The [WisdomTree Japan Opportunities Fund \(OPPJ\)](#) ranked #1 in the Morningstar Japan Stock category over the one-year period ended June 30, 2026, validating its repositioned strategy and differentiated approach to Japan equities.
- [OPPJ](#) combines four complementary themes including trading houses, shareholder yield, corporate governance reform and geopolitical beneficiaries to capture Japan's evolving market opportunity.
- Japan's structural tailwinds including corporate reform, an end to deflation, AI and defense investment and rising equity ownership continue to support the [OPPJ's](#) long-term investment thesis.

Ranking first in a category is the kind of result that speaks for itself. Over the one-year period ended June 30, 2026, the [WisdomTree Japan Opportunities Fund \(OPPJ\)](#) ranked #1 in the Morningstar Japan Stock category. The specific data is presented in Figure 1b.

Figure 1a: Standardized Performance

Fund/Index Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
WisdomTree Japan Opportunities Fund (NAV)	OPPJ	6/28/13	0.58%	24.67%	58.06%	32.86%	24.84%	17.89%	15.37%
WisdomTree Japan Opportunities Fund (MP)	OPPJ	6/28/13	0.58%	25.05%	59.50%	32.78%	25.05%	17.88%	15.33%
MSCI Japan Index				10.65%	30.57%	19.01%	8.77%	8.96%	N/A

Figure 1b: Morningstar Japan Stock Category Rankings

	1-Year			3-Year			5-Year			10-Year			Since Inception		
	Return	Peer Group Rank	% of Peer Group Beaten	Return	Peer Group Rank	% of Peer Group Beaten	Return	Peer Group Rank	% of Peer Group Beaten	Return	Peer Group Rank	% of Peer Group Beaten	Return	Peer Group Rank	% of Peer Group Beaten
OPPJ	58.05%	1	100	32.86%	1	100	24.84%	2	97	17.89%	2	96	15.38%	1	100
Number of Managers	43			36			35			25			22		

Sources: For Figure 1a: Morningstar, FactSet and WisdomTree, specifically data is from the PATH Fund Comparison Tool, accessed as of July 11, 2026, but showing returns for the period ended June 30, 2026. Prior to July 01, 2025, the Fund was known as the WisdomTree Japan Hedged SmallCap Equity Fund (DXJS). On that date the Fund's investment policy changed. NAV denotes total return performance at net asset value. MP denotes market price performance. Figure 1b: Morningstar Direct, with all results shown for the Morningstar Japan Stock category. Morningstar, Inc., 2019. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance, rankings and ratings are no guarantee of future results. The % of Peer Group Beaten is the funds' total-return percentile rank compared to all funds within the same Morningstar Category and is subject to change each month. Regarding ranking of funds, 1 = Best. **Past performance 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](#).**

Happy 1-Year Anniversary

That result did not happen by accident. It reflects a deliberate strategic repositioning made roughly one year ago, and an investment thesis on Japan that has, so far, proven correct.

What Changed

Prior to July 1, 2025, [OPPJ](#) operated under a different investment policy as the WisdomTree Japan Hedged SmallCap Equity Fund (DXJS). On that date, the Fund transitioned to track the WisdomTree Japan Opportunities Index, which is a meaningfully different approach designed to capture the full complexity of Japan's evolving equity opportunity rather than a single factor or market-cap segment.

The new strategy is built around four distinct sleeves.

The Sogo Shosha

The first targets the five trading conglomerates, the sogo shosha, in which Berkshire Hathaway holds strategic stakes:¹

- Mitsubishi Corporation
- Mitsui & Co.

- Marubeni Corporation
- Itochu Corporation
- Sumitomo Corporation

These firms are themselves broadly diversified across the Japanese industrial economy, and they have delivered shareholder yields that compare favorably to both the MSCI Japan Index and the S&P 500 Index.² Buffett's entry into these names in 2019 reinvigorated foreign investor attention to Japan, and the positions have compounded well since.³

High Shareholder Yield

The second sleeve focuses on high shareholder yield, meaning companies returning capital through dividends and net buybacks at above-average rates. Two-plus decades of data show that the highest shareholder yield quintile within Japan has outperformed the lowest by a wide margin, with lower volatility.⁴ As Japanese companies increasingly deploy buybacks alongside dividends, the signal becomes more powerful:

Over 84% of MSCI Japan constituents now carry a positive net buyback yield, up from nearly zero in the mid-1990s.⁵

Corporate Governance Improvers

The third sleeve targets corporate governance improvers, companies with low valuations, such as low price-to-book ratios, that are also demonstrating earnings and dividend growth. This is a systematic way to capture companies mid-reform, before their transformation is fully priced in.

GeoAlpha

The fourth, and most distinctive, sleeve is the Geopolitical-Alpha (GeoAlpha) component. This provides exposure to companies positioned to benefit from geopolitical events, fiscal and monetary policy shifts, technological innovation, and shifting consumer preferences. It is where the AI infrastructure, defense spending, and domestic capital expenditure themes enter the portfolio in a rules-based way.

The strategy also applies a dynamic currency hedging overlay, managing yen exposure monthly across a 0% to 100% hedged range.

Conclusion: Why the Approach has Fit the Moment

The Japan investment story in 2025–2026 has not been a single-factor trade. It has been a convergence:

1. An exit from deflation that is changing corporate behavior
2. A governance reform wave driven by Tokyo Stock Exchange pressure
3. An AI and defense capex cycle running through Japan's upstream industrial sector
4. A domestic savings rotation beginning to redirect household assets from cash toward equities

No single sleeve or factor captures all of that, but [OPPJ](#) was designed around that complexity.

The #1 ranking in the Morningstar Japan Stock category over one year reflects both the strength of the underlying Japan thesis and the quality of the strategic design.

1 As of July 13, 2026, OPPJ held 7.45% in Sumitomo Corp., 7.18% in Marubeni Corp., 7.06% in Mitsubishi Corp., 6.40% in Mitsui & Co. Ltd., and 5.30% in Itochu Corp. **Holdings subject to change.**

2 Sources: WisdomTree, FactSet, and S&P, with data through March 31, 2026. **Past performance is not indicative of future returns.**

3 Source: Buffett, W. E. (2024). *2023 annual report: Letter to shareholders*. Berkshire Hathaway Inc.

4 Sources: WisdomTree, FactSet and MSCI, with period measured from 12/31/2002 to 5/31/2025. **Past performance is not indicative of future returns.**

5 Sources: WisdomTree, FactSet and MSCI, with data measured from 4/28/1995 to 3/31/2026. **Past performance is not indicative of future returns.**

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. The Fund focuses its investments in Japan, thereby increasing the impact of events and developments in Japan that can adversely affect performance. Derivative investments can be volatile and these investments may be less liquid than other securities, and more sensitive to the effect of varied economic conditions. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. Due to the investment strategy of this Fund, it may make higher capital gain distributions than other ETFs. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. 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. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.