Taking Advantage of Golden Opportunities

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Key Takeaways

- Germany's infrastructure spending could create opportunities beyond defense stocks, including materials and building companies, while political uncertainty in France may warrant selective evaluation rather than a broad retreat.
- Japan's trading houses, insurers and AI supply chain companies offer distinct investment opportunities, with currency positioning remaining an important part of the allocation decision.
- Targeted regional and global strategies may complement existing holdings by providing different country, sector and stock exposures from those in broad market allocations.

Geopolitical uncertainty can change where investors find opportunity. Political strains in Europe, Germany's spending priorities and Japan's role in the AI supply chain all influence the investment landscape, but their implications differ across countries, sectors and companies.

The portfolio challenge is translating those developments into specific exposures. A headline may justify reassessing an allocation, but it does not necessarily mean that the portfolio needs an immediate change. Existing positioning, valuations and the businesses most likely to benefit all matter.

That distinction is central to our approach: identify where economic and geopolitical shifts could support company fundamentals, then consider how those opportunities fit alongside an investor's existing holdings.

Europe: Looking Beyond the Defense Trade

Germany's commitment to defense and infrastructure spending creates an investment theme that extends beyond defense manufacturers. While those companies are an obvious focus, some valuations have become less appealing. Infrastructure spending points toward another set of potential beneficiaries, including materials and building companies.

Our European positioning had already begun to reflect that distinction. We sought companies we believed could be more resilient to higher yields while benefiting from increased spending. Rather than concentrat-

ing only on the most visible defense names, we also considered the businesses supplying the materials and construction activity needed for infrastructure investment.

The investment case does not depend entirely on an end to the Russia-Ukraine conflict. German spending provides a potential source of demand in its own right. A resolution to the war could offer an additional tailwind for materials and building companies, although the timing and outcome of negotiations remain uncertain.

For investors, the broader point is to look beyond the headline category associated with a policy shift. The opportunity may also lie in the companies that make the spending possible. Valuation remains part of that assessment, especially when enthusiasm has already lifted prices in the most obvious beneficiaries.

Political Stress Does Not Always Require a Portfolio Pivot

Political unrest in France raises a practical question: should investors reduce exposure, or could weaker sentiment create opportunities? Our view is that the answer depends on what the portfolio already owns and whether the underlying investment case has changed.

The WisdomTree European Opportunities Fund (OPPE) combines shareholder yield-focused quantitative metrics with geopolitical views for a portion of the portfolio. As of November 18, 2026, OPPE allocated 23.90% to industrials and 11.29% to materials, providing exposure to sectors that may benefit from infrastructure spending.

That starting point matters. A portfolio already positioned for the risks in the headlines may not need to react simply because those risks become more visible. At the same time, market weakness can provide a reason to evaluate individual companies more closely.

We also distinguish between pressures in sovereign debt markets and the outlook for equities. Fiscal concerns can affect bond spreads, while public spending may still support business activity. We see Germany's infrastructure commitment as a potential support for European growth, even as political and fiscal developments require continued attention.

Japan: Stock Selection and Currency Positioning Matter Together

Japan offers a different combination of opportunities. Trading houses remain a central part of the investment thesis, alongside insurers and companies connected to AI infrastructure. Those businesses provide several ways to participate in Japan's equity market rather than treating it as a single broad exposure.

The WisdomTree Japan Opportunities Fund (OPPJ) combines shareholder yield-focused stock selection with geopolitical considerations and dynamic currency hedging. That currency component is relevant because the yen has moved in both directions against the dollar, responding to changing policy expectations and geopolitical developments.

As of November 19, 2026, OPPJ's yen hedge ratio was 27.14%. This was a positioning snapshot, not a fixed hedge level. The approach allows currency exposure to vary rather than remaining fully hedged or fully unhedged.

Within equities, the AI opportunity also extends beyond U.S. technology companies. Kioxia occupies a key position in Japan's AI supply chain. Alongside trading houses and insurers, that exposure illustrates why the Japanese opportunity deserves consideration at the company level as well as through the lens of currency movements.

Putting the Opportunities to Work in a Portfolio

Portfolio implementation begins with how these exposures fit alongside an investor's existing holdings. Regional strategies can target Europe or Japan, while the WisdomTree GeoAlpha Opportunities Fund (OPPG) expresses geopolitical and macroeconomic views across U.S. and international equities.

The global approach can produce country and sector weights that differ meaningfully from broad market benchmarks. For investors with substantial U.S. exposure, that distinction offers a way to consider opportunities beyond the allocations they already hold.

We view the Opportunity Suite as a potential complement to existing portfolios. Its role is to introduce a different set of exposures where appropriate, with the allocation assessed in the context of the investor's current country, sector and individual stock concentrations.

Conclusion

The central investment task is connecting changes in the world to changes in business prospects. In Europe, that means looking beyond defense stocks to infrastructure beneficiaries and assessing political stress against existing positioning. In Japan, it means considering company selection alongside currency exposure. The resulting opportunities may help investors broaden their portfolios without making every headline a reason to trade.

Important Risks Related to this Article

For current holdings, please click the respective ticker: OPPJ, OPPE, OPPG. **Holdings are subject to risk and change.**

There are risks associated with investing, including possible loss of principal. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

OPPJ: 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.

OPPG: To the extent the Fund invests a significant portion of its assets in securities of companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region. Investments in non-U.S. securities, including depositary receipts, involve political, regulatory, and economic risks that may not be present in investments in U.S. securities. Investments in non-U.S. securities may be subject to risk of loss due to foreign currency fluctuations, political or economic instability, or geographic events that adversely impact issuers of foreign securities. Investments in non-U.S. securities also may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. These risks may make investments in the Fund more volatile and potentially less liquid than other types of investments and may be heightened in connection with investments in developing or emerging markets countries.

Funds focusing their investments on certain sectors and/or regions increase their vulnerability to any single economic or regulatory development. The Fund is actively managed; thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager(s).

OPPE: 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

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