Turning Geopolitical Risk into Strategic Opportunity: The Rebalance of the GeoAlpha Opportunities Fund

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Key Takeaways

- Following its latest rebalance, the WisdomTree GeoAlpha Opportunities Fund (GEOA) has trimmed energy exposure and reallocated toward companies positioned to benefit from tariff relief, interest rate shifts and geopolitical tailwinds.
- New additions to GEOA such as Stanley Black & Decker, Honeywell and UPS reflect a strategic tilt toward firms aligned with industrial policy, supply chain realignment and AI infrastructure build out.
- The Fund's reallocation away from names like Chevron, Boeing and Verizon highlights a disciplined move from policy-capped or execution-challenged firms to those better positioned to harness structural market forces.

A New Policy and Geopolitical Regime

Anchoring on the Framework

The **shift in policy regime** is the critical starting point for how we think of the recent rebalance of the WisdomTree GeoAlpha Opportunities Fund (GEOA).[1] Markets are signaling support for lower-for-longer energy prices, not the higher-for-longer narrative that dominated in the recent past. Equities have begun to adapt to this dynamic and will continue to reflect it. In that context, cutting the over-weight to energy within GEOA is a recognition that the tailwinds driving the sector have weakened.

The reallocation is designed to **up-weight companies with (1) tariff exposure, (2) interest rate exposure and (3) geopolitical tailwinds.** These categories are where we see the ability of companies to consistently exceed earnings estimates over the next 6–12 months. Fundamentally sound businesses, positioned at these intersections, are best placed to prosper.

Tariff Exposure and Supply Chain Realignment

Global supply chains are no longer optimized for marginal cost—they are being rebuilt around resilience, security and policy alignment. This has profound implications for firms like **Stanley Black & Decker** and **Ball Corp**, which are both highly exposed to tariff regimes.

- **Stanley Black & Decker (Ticker SWK) (0.79% weight[2])**—Challenged by current tariff headwinds, SWK's profitability has been reshaped by trade policy shocks. Its ongoing restructuring and cost-cutting program positions it to convert tariff relief or stabilization into meaningful upside. In addition, its tools and storage business is tightly linked to U.S. industrial policy and reshoring trends.
- **Ball Corp (0.79% weight[3])**—With a roughly 26% global share in beverage cans, Ball sits at the intersection of commodity sourcing and trade policy. Tariff and aluminum price volatility remain real, but Ball's scale, sustainability positioning and grocery-heavy channel exposure provide resilience. Its deleveraging strategy post-Aerospace sale also supports shareholder returns.

By owning these companies, GEOA may turn tariff-driven volatility into a lever for possible alpha.

Interest Rate Sensitivity and Financing Conditions

Higher-for-longer interest rates redistribute capital. Some firms are disadvantaged; others, if they can adapt, gain relative advantage. **CarMax** and **Stanley Black & Decker could embody** this dynamic.

- **CarMax (0.71% weight[4])**—A pure play on the used car market, CarMax is heavily dependent on consumer credit conditions. With auto financing costs elevated, execution on its omnichannel model and reconditioning scale becomes decisive. If rates ease, CarMax has torque; if not, its scale and financing arm provide competitive resilience.
- **Stanley Black & Decker**—Beyond tariff exposure, SWK's leverage profile makes debt cost central to its outlook. Its restructuring and portfolio simplification are designed to manage higher structural rates, positioning it as a turnaround story.

These companies could capture the asymmetric opportunities created by rate regimes.

Geopolitical and Policy Tailwinds

Defense spending, industrial realignment and AI-driven infrastructure demand are the strongest secular forces of 2025. **Honeywell** and **United Parcel Service** are direct beneficiaries.

- **Honeywell International (1.25% weight[5])**—A diversified industrial with exposure to aerospace, defense and automation, Honeywell is also an underappreciated **data center and cooling play**. As AI workloads surge, power and thermal management are mission critical. Honeywell's systems integration and scale make it a quiet enabler of the AI build-out.
- **UPS (2.41% weight[6])**—At the core of global logistics, UPS is levered to nearshoring and "friend-shoring[7]." Industrial policy is reshaping supply chains, and UPS is positioned as a beneficiary of government and corporate reorientation of trade flows.

These are not defensive allocations—they are offensive bets on companies aligned with state and corporate priorities.

Resilience and Diversification

Not every addition is about volatility. Some are about resilience in a volatile macroeconomic environment. **Kimberly-Clark** and **Brown-Forman** can provide this ballast.

- **Kimberly-Clark (1.09% weight**[8]**)**—Fresh off its strongest volume growth quarter in five years, KMB is proving that disciplined cost management and consumer-driven innovation can deliver growth even in tough macro backdrops. With tariff costs falling from $300 million to $170 million and improved pricing/mix resilience, KMB provides stability with upside optionality.[9]
- **Brown-Forman (1.09% weight**[10]**)**—Despite headwinds in U.S. spirits and whiskey oversupply, BF's global diversification (particularly via tequila and emerging markets) positions it as a long-term consumer brand builder. Its ability to weather U.S.-centric structural challenges while still tapping international premiumization trends makes it a stabilizer with contrarian upside.

Together, these positions ensure portfolio balance while pursuing the possibility of "geoalpha.[11]"

Energy Cuts: Chevron and Exxon Mobil

We are trimming **Chevron** and **Exxon Mobil** because the policy regime has shifted toward stability and lower-for-longer energy prices. Both remain industry leaders, but their risk/reward skew appears less favorable compared to policy-supported opportunities elsewhere. Energy no longer carries the same inflation hedge potential or geopolitical risk premium; reallocating capital here reflects discipline, not doubt in their quality.

Deletes: Policy and Macro Headwinds

The deletions follow the same principle: moving away from exposures capped by policy, limited upside potential or undermined by execution challenges.

- **CenterPoint Energy (1.25% weight**[12]**)**—Stable but capped by higher-for-longer financing costs and regulatory structures.
- **Verizon (2.18% weight**[13]**)**—Capital intensity meets interest rate pressure, and low-earth-orbit satellites could erode its moat.
- **Boeing (1.58% weight**[14]**)**—Defense can be a tailwind, but Boeing's execution and regulatory burdens keep potential share price upside muted.
- **YPF (0.71% weight**[15]**)**—Argentina has been a fascinating macroeconomic story in 2025, with reform-driven outperformance. But YPF remains a concentrated bet on emerging markets volatility and commodity cyclicality. Argentina's opportunity is real but will take time to materialize.

Conclusion: Finding Opportunities with Multiple Paths to Win

The rebalance of the WisdomTree GeoAlpha Opportunities Fund (GEOA) is not scattershot—it is anchored in the framework of **tariff exposure, rate exposure and geopolitical tailwinds**. We are deliberately shifting away from energy and companies capped by policy or burdened by execution risk, and toward those positioned to harness structural forces. The framework ensures we are proactive, not reactive, turning policy shifts and volatility into the raw material of growth. In short: **geoalpha is generated where fundamentals meet the structural currents of tariffs, rates and geopolitics.**

1 The WisdomTree GeoAlpha Opportunities Fund is designed to track the total return performance, before fees and expenses, of the WisdomTree GeoAlpha Opportunities Index. When we discuss the rebalance or shifting allocations in this piece, we are indicating these shifts in the WisdomTree GeoAlpha Opportunities Index.

2 This is the targeted weight within GEOA as of the 9/25/25 rebalance.

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7 Friendshoring is a trade and supply-chain strategy where countries or companies deliberately shift production and sourcing away from geopolitical rivals or unstable regions, and instead relocate it to allied or "friendly" countries that share strategic, political or economic alignment.

8 This is the targeted weight in GEOA as of the 9/25/25 rebalance.

9 Source: Goldman Sachs Global Investment Research, "Kimberly-Clark Corp. (KMB): Stronger than Expected Volume-Led Growth Drove Q2 EPS Beat – Reiterate Buy as Increasing Optionality not Priced In," Goldman Sachs, 8/1/25.

10 This is the targeted weight in GEOA as of the 9/25/25 rebalance

11 **GeoAlpha** refers to an investment approach—and the Fund built on it—that seeks to **monetize geopolitical change rather than simply endure it**.

12 Refers to the weight going into the 9/25/25 rebalance in GEOA, as the post-rebalance weight would be 0.00%.

13 Refers to the weight going into the 9/25/25 rebalance in GEOA, as the post-rebalance weight would be 0.00%.

14 Refers to the weight going into the 9/25/25 rebalance in GEOA, as the post-rebalance weight would be 0.00%.

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Important Risks Related to this Article

For current holdings of GEOA, please click here. Holdings are subject to risk and change.

There are risks associated with investing, including the possible loss of principal. Some countries and regions in which the Fund invests may have and may continue to experience security concerns, war, aggression and/or conflict, economic uncertainty, sanctions or the threat of sanctions, natural and environmental disasters, and widespread disease or other public health issues. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in non-U.S. securities involve political, regulatory and economic risks that may not be present in investments in U.S. securities. To the extent the Fund invests a significant portion of its assets in a single country or region, it is more likely to be impacted by events affecting that country or region. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.