

WisdomTree Artificial Intelligence and Innovation Fund

WTAI

Artificial intelligence is no longer a future technology; it is becoming foundational infrastructure for the global economy. The early phase of AI investing focused on whether the technology would work, whether enterprises would adopt it, and whether large language models could continue improving. In our view, those questions have largely been answered.

Today, the challenge is no longer AI capability, it is AI capacity. The deployment of artificial intelligence at scale requires enormous amounts of computing power, memory, networking infrastructure, advanced manufacturing, and electricity. As demand for AI accelerates, these physical constraints are becoming the defining bottlenecks of the industry.

The **WisdomTree Artificial Intelligence and Innovation Fund (WTAI)** is designed to track an index that provides targeted exposure to the companies building, enabling, and operating the infrastructure that makes AI possible. Rather than focusing on companies benefiting from AI enthusiasm alone, the index seeks to identify businesses positioned to benefit from the massive capital investment required to deploy AI at scale.

AI Has Moved from Software Story to Infrastructure Story

Artificial intelligence is increasingly becoming a physical infrastructure buildout. Leading technology companies are committing hundreds of billions of dollars annually toward AI-related capital expenditures, including data centers, semiconductors, networking equipment, memory systems, and power infrastructure.

This investment cycle is being driven by four fundamental realities:

- **Compute-Hungry**
Modern AI models require vast amounts of computational power to train and operate. Graphics processing units (GPUs), custom accelerators, and advanced processors have become critical inputs for AI development.
- **Memory-Intensive**
As AI applications expand and context windows grow, memory systems are becoming increasingly important. Demand now extends beyond high-bandwidth memory (HBM) used in training to include broader memory and storage technologies supporting inference workloads.

- **Bandwidth-Constrained**

Large-scale AI systems require rapid communication between thousands of processors. Optical networking technologies are increasingly necessary to overcome the limitations of traditional data transmission methods.

- **Power-Dependent**

AI infrastructure cannot operate without reliable power generation, transmission, cooling, and electrical management systems. As data center demand accelerates, power infrastructure has become a critical component of the AI ecosystem.

These constraints are not temporary obstacles, they represent multi-year investment cycles that may create opportunities throughout the AI value chain.

Following the Bottlenecks

WTAI is built around a simple philosophy: Follow the capital.

As AI evolves, the areas attracting the greatest investment often correspond to the industry's most important bottlenecks.

Historically, AI investment was concentrated in training infrastructure and GPU deployment. Today, the opportunity set has broadened to include memory systems, optical networking, advanced semiconductor manufacturing, power infrastructure, cybersecurity, and data management.

The WisdomTree Artificial Intelligence & Innovation Index aims to identify these evolving bottlenecks and position the portfolio accordingly.

This approach focuses on companies with measurable exposure to AI deployment rather than those whose valuations may be driven primarily by AI-related sentiment.

The Four Pillars of the AI Ecosystem

The index organizes the AI opportunity set into four distinct categories, each representing a different component of the AI value chain.

- **Innovation:** This category includes companies making substantial investments in artificial intelligence and operating platforms that drive AI adoption.

Examples include:

- Cloud infrastructure providers
- Hyperscalers
- Frontier model developers
- AI platform operators

These businesses often provide the demand signal that drives investment throughout the broader AI ecosystem.

- **Semiconductors:** This category represent the technological foundation of artificial intelligence and is the largest allocation within the index, while not being treated as a monolith. The committee tracks three distinct subcategories with meaningfully different investment theses.
 - AI Compute
 - AI Memory & Storage
 - Manufacturing & Equipment

As AI workloads expand, demand increasingly extends beyond compute into memory, storage, testing, packaging, and manufacturing technologies.

- **Other Hardware:** This category holds companies focused on the physical infrastructure of AI that are not primarily semiconductor businesses. This has evolved significantly across recent rebalances, moving away from lower-conviction server and autonomy exposure toward the specific layers where physics-driven demand is clearest.

This category includes companies involved in:

- Optical networking
- Photonic technologies
- Data center infrastructure
- Electrical systems
- Cooling technologies
- Power generation and transmission

These businesses help solve the real-world physical constraints that can limit AI deployment.

- **Software:** While software remains an essential part of the AI ecosystem, WTAI focuses on software categories with direct connections to AI deployment.

Areas of emphasis include:

- Cybersecurity
- Data infrastructure
- Enterprise AI systems
- AI-enabled workflow automation

The strategy prioritizes software businesses where AI adoption is already translating into measurable revenue opportunities.

A Dynamic, Research-Driven Approach

Artificial intelligence is evolving rapidly. As a result, the index employs a quarterly review process designed to evaluate where capital is flowing throughout the AI ecosystem and where new bottlenecks may be emerging.

The WisdomTree Artificial Intelligence & Innovation Index uses a mixed quantitative and qualitative process.

- Quantitative signals, such as revenue exposure, growth rates, and liquidity, convey important information and establish the eligible universe.
- Qualitative judgment, exercised by an index committee with research depth in AI themes, determines which subthemes within the eligible universe represent genuine bottlenecks versus which represent sentiment exposure.

The two inputs combine to produce a portfolio that is more precise than a broad screen and more disciplined than a momentum-driven selection of obvious winners.

WTAI seeks to track the price and yield performance, before fees and expenses, of the WisdomTree Artificial Intelligence & Innovation Index. It is designed to provide precise, research-driven access to the companies building, enabling, and operating the infrastructure on which AI depends.

Why WTAI?

- **Targeted AI Exposure:** Provides focused access to companies directly involved in enabling AI deployment and innovation.
- **Beyond the Obvious Beneficiaries:** Looks beyond broad technology benchmarks to identify companies benefiting from AI infrastructure investment across multiple layers of the ecosystem.
- **Exposure to Structural Growth Drivers:** Captures opportunities across computing, memory, networking, manufacturing, power, and software.
- **Dynamic and Adaptive:** Quarterly reviews allow the index to evolve as AI technologies and investment priorities change.
- **Research-Driven Methodology:** Combines quantitative screens with thematic research to identify companies positioned to benefit from long-term AI adoption trends.

Conclusion

Artificial intelligence is transforming from a technological breakthrough into a global infrastructure buildout.

As organizations deploy AI at scale, demand is expanding across semiconductors, memory systems, networking technologies, power infrastructure, cybersecurity, and data management.

The WisdomTree Artificial Intelligence and Innovation Fund seeks to capture this evolution by focusing on the companies building and enabling the infrastructure behind AI.

By following the bottlenecks that shape AI deployment, WTAI offers investors targeted exposure to one of the most significant technological and capital investment cycles of the modern era.

Quick Facts	
Ticker	WTAI
Exchange	Cboe
Expense Ratio	0.45%
Fund Objective	Seeks to track the price and yield performance, before fees and expenses, of the WisdomTree Artificial Intelligence & Innovation Index
Benchmark	WisdomTree Artificial Intelligence & Innovation Index
Inception Date	12/9/2021

For more information on WTAI, contact your WisdomTree representative or visit [WisdomTree.com/investments](https://www.wisdomtree.com/investments).

Please see the [WisdomTree Glossary](#) for definition of terms and indexes.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. For a prospectus or, if available, the summary prospectus containing this and other important information about the fund, call 866.909.9473 or visit WisdomTree.com/investments. Read the prospectus or, if available, the summary prospectus carefully before investing.

There are risks associated with investing, including possible loss of principal.

The Fund invests in companies primarily involved in the investment theme of Artificial Intelligence (AI) and Innovation. Companies engaged in AI typically face intense competition and potentially rapid product obsolescence. These companies are also heavily dependent on intellectual property rights and may be adversely affected by loss or impairment of those rights. Additionally, AI companies typically invest significant amounts of spending on research and development, and there is no guarantee that the products or services produced by these companies will be successful. Companies that are capitalizing on Innovation and developing technologies to displace older technologies or create new markets may not be successful. 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.

You cannot invest directly in an index.

Additional information is available at WisdomTree.com/investments.

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