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WisdomTree Europe

Investment Trends In 2024

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As with all investments, your capital is at risk



Investment Trends for 2024

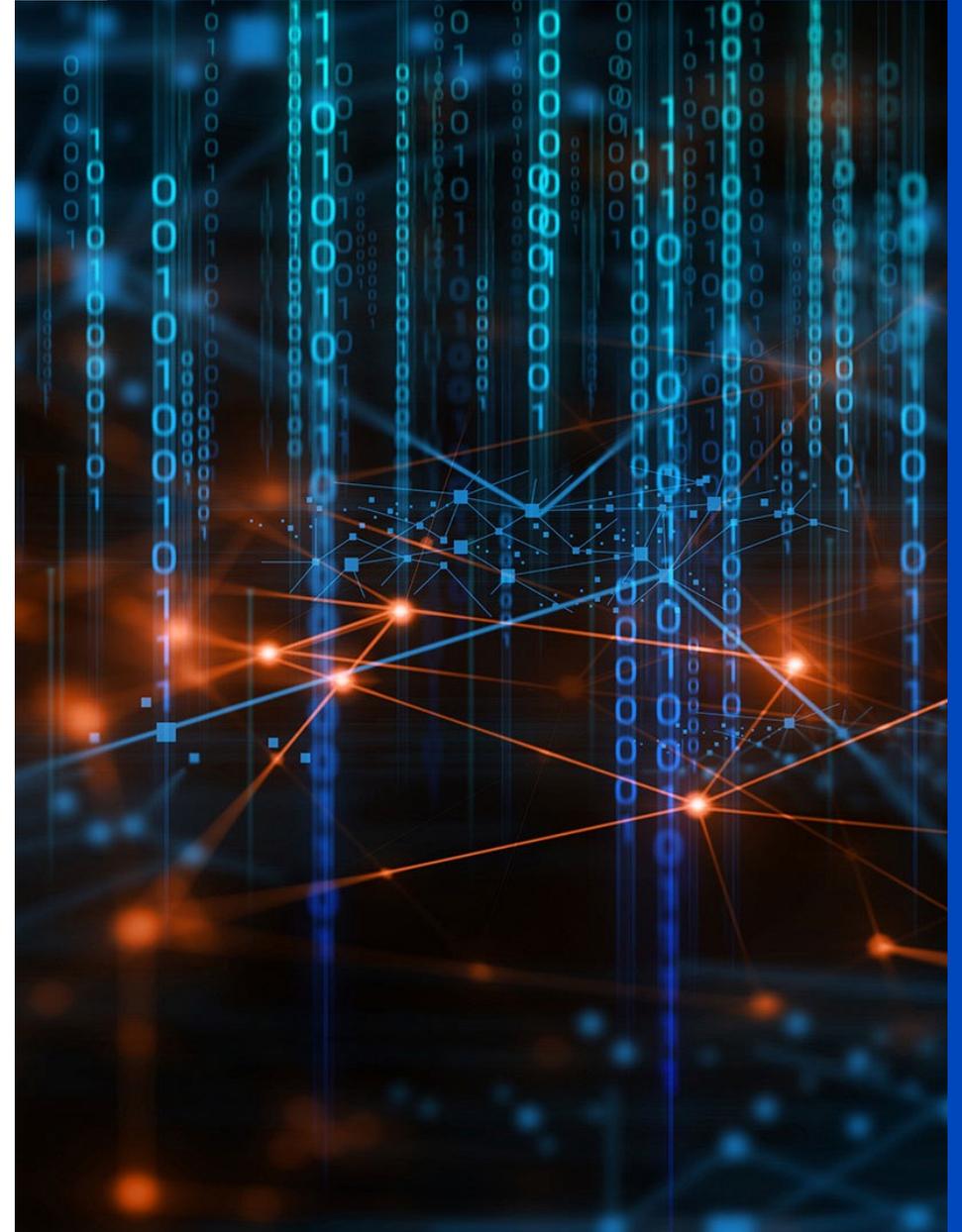




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1.

Japan continues to reform



Japan's savings to investment drive

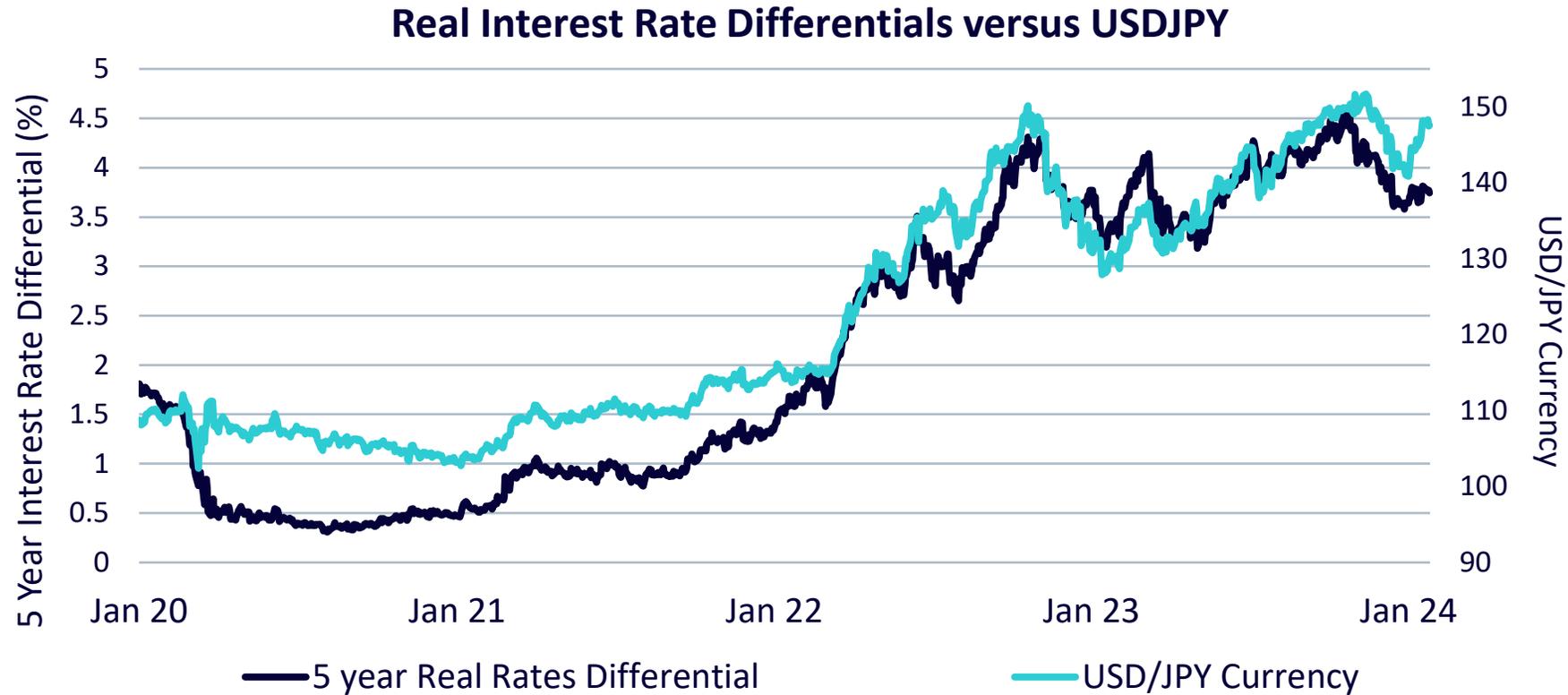


New NISA system (from 2024)	Tsumitate Long-term Investment	
Tax exemption period	Unlimited (new)	
Annual Limit	¥1.2mn (tripled)	¥2.4mn (doubled)
Total Investment Limit	¥18mn (new)	
Eligible Investments	Mutual Funds suitable for long-term investments	Stocks and mutual funds
Eligibility	Individuals 18 or older (junior NISA abolished)	
Launch	Jan '24	

Current NISA system	Tsumitate	Long-term Investment
Tax exemption period	20yrs	5yrs
Annual Limit	¥0.4mn	¥1.2mn
Total Investment Limit	¥8mn	¥6mn
Eligible Investments	Mutual Funds suitable for long-term investments	Stocks and mutual funds
Eligibility	Adults + Junior NISA for under 20yrs	

Source: Japan Financial Services Agency (FSA), WisdomTree as of 31 December 2023. The Tsumitate NISA is a tax-efficient investment account designed for monthly investments into Japanese-domiciled mutual funds.

Monetary policy likely to stay on hold until H2 2024



Source: Bloomberg, WisdomTree as of 29 December 2023. Historical performance is not an indication of future performance and any investments may go down in value.



2.

Emerging markets have reached peak pessimism



Beneficiaries from near-shoring

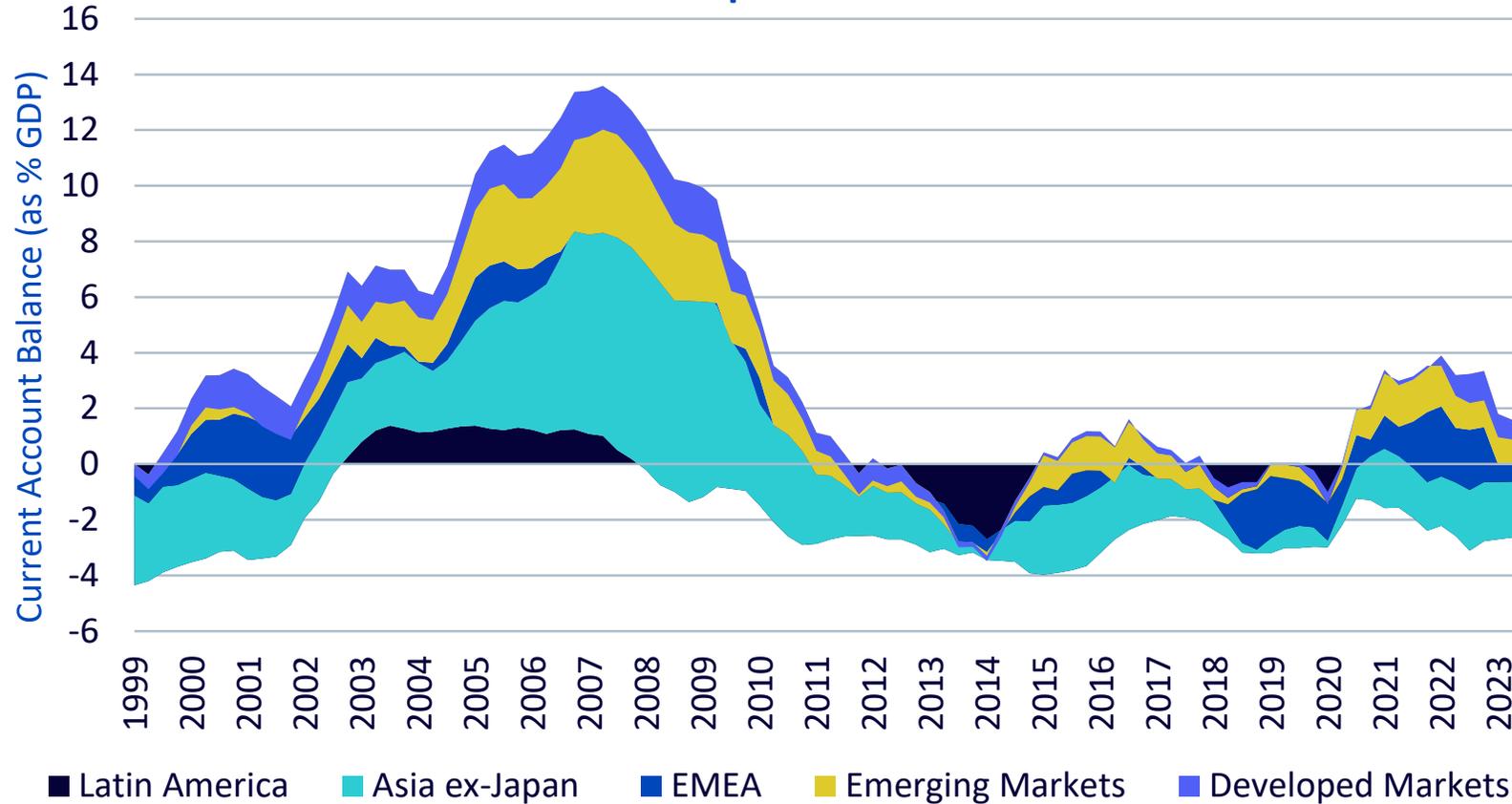


Source: WisdomTree as of 21 January 2024

Strong fiscal position and inflation control



Balance of Payments for Emerging Markets remain above Developed Markets



Source: Bloomberg, WisdomTree as of 29 December 2023. EMEA = Europe, Middle East and Africa. Emerging markets is Bloomberg's Emerging Economies Current Account Balance Index. Developed Markets is Bloomberg's Developed Economies (OECD) Current Account Balance Index. Historical performance is not an indication of future performance and any investments may go down in value.

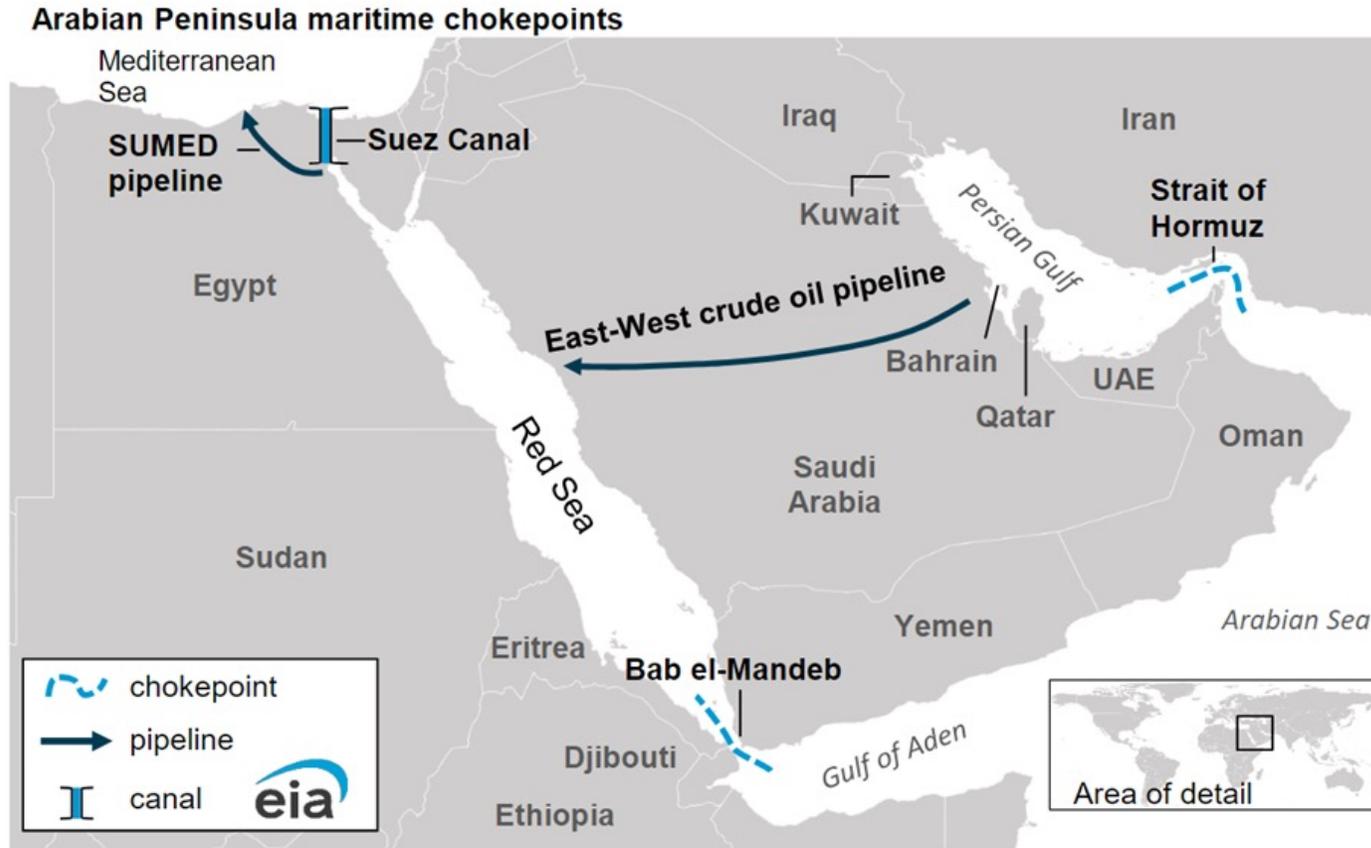


3.

Geopolitical risks



An estimated 12% of global trade passes through the Red Sea every year



Data source: U.S. Energy Information Administration

Source: US Energy Information Administration

Oil and LNG flows thorough chokepoints

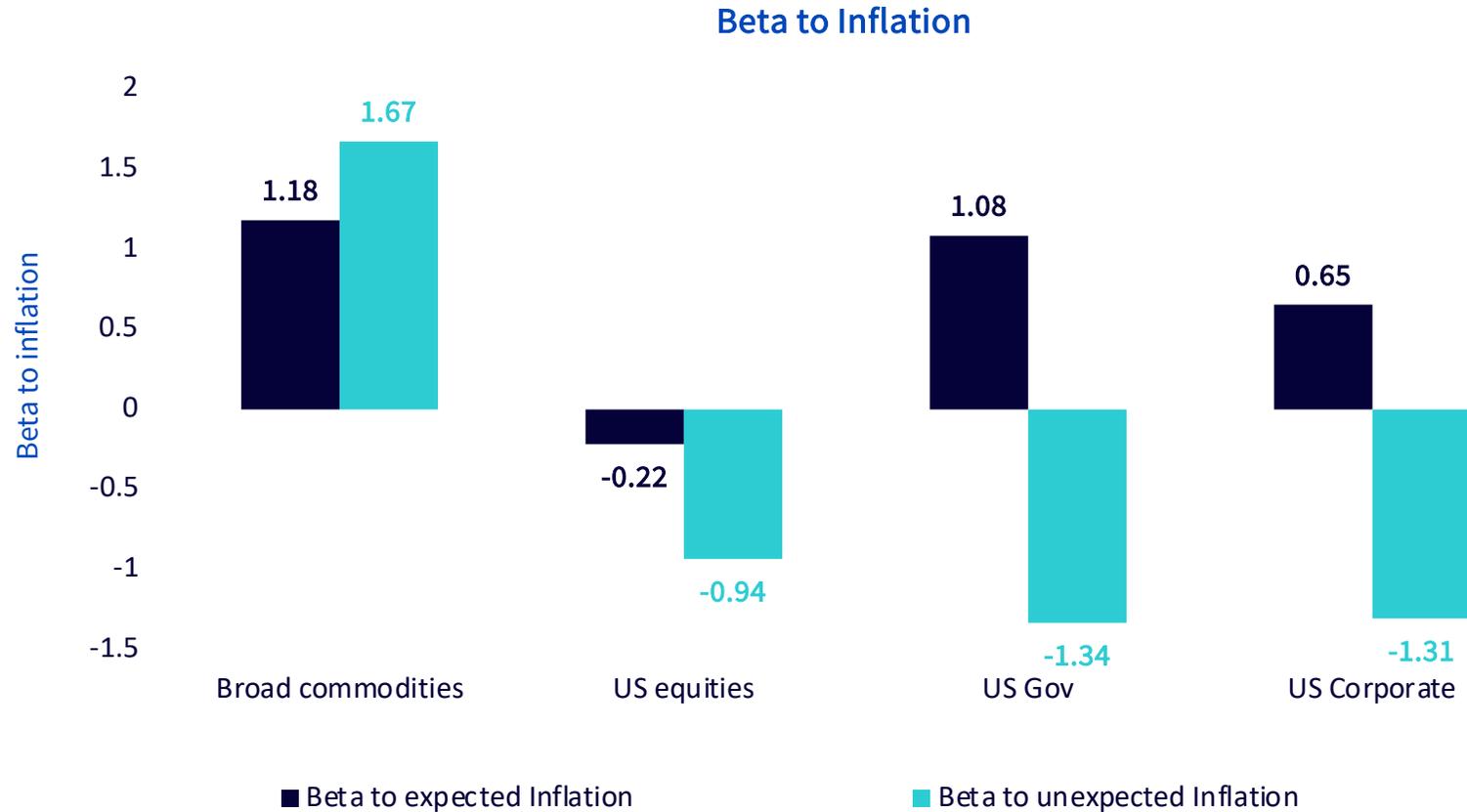


	2018	2019	2020	2021	2022	H1 2023
Oil flow through Strait of Hormuz	21.3	19.9	18.3	18.8	20.8	20.5
Oil flows through Suez Canal and SUMED pipeline	6.4	6.2	5.3	5.1	7.2	9.2
Oil flows through Bab el-Mandeb Strait	6.1	5.9	5	4.9	7.1	8.8
World maritime oil trade	77.4	77.1	71.9	73.2	75.2	76.3
LNG flow through Strait of Hormuz	10.3	10.6	10.4	10.6	10.9	10.8
LNG flow through Suez Canal	3.3	4.1	3.7	4.5	4.5	4.1
LNG flow through Bab el-Mandeb Strait	3.1	3.9	3.7	4.5	4.5	4.1

Source: EIA analysis based on Vortexa tanker tracking, December 2023. LNG=liquefied natural gas. Oil flows measured in millions of barrels per day and LNG measured in billion cubic feet per day. World maritime oil trade excludes intra-country volumes except those volumes that transit the Strait of Hormuz.

Historical performance is not an indication of future performance and any investments may go down in value.

How to hedge against unexpected inflation?



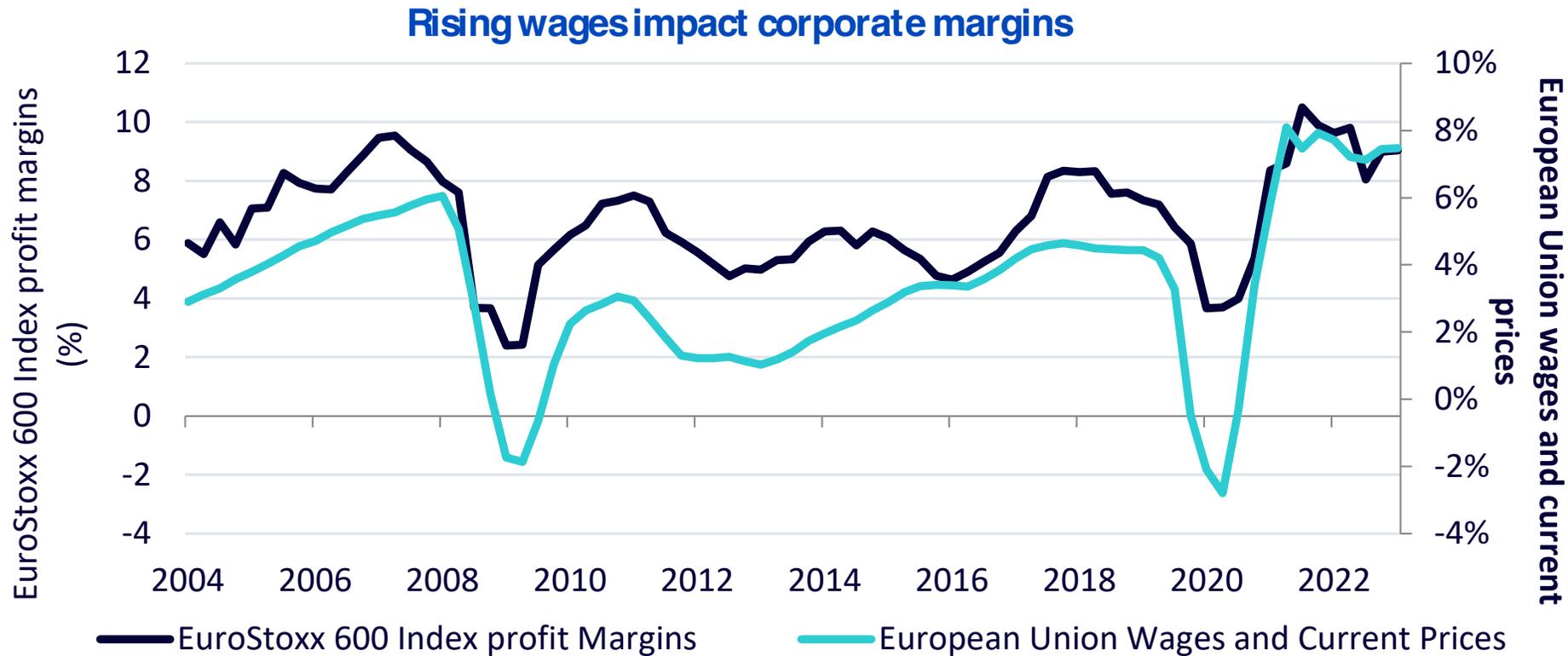
Source: WisdomTree, Bloomberg, S&P. From January 1960 to June 2023 (Broad commodities and US equities), Jan 1973 to June 2023 (US Gov and US Corporate). Calculations are based on monthly returns in USD. We define expected inflation as the T-Bill rate (which should be equal to inflation over the long-term) and unexpected inflation as the actual inflation rate less the T-Bill rate. **Historical performance is not an indication of future performance and any investments may go down in value.**



4. Quality growth for Europe



Favour Quality Growth bias towards Eurozone equities



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Source: Bloomberg, WisdomTree as of 30 September 2023. Historical performance is not an indication of future performance and any investments may go down in value.



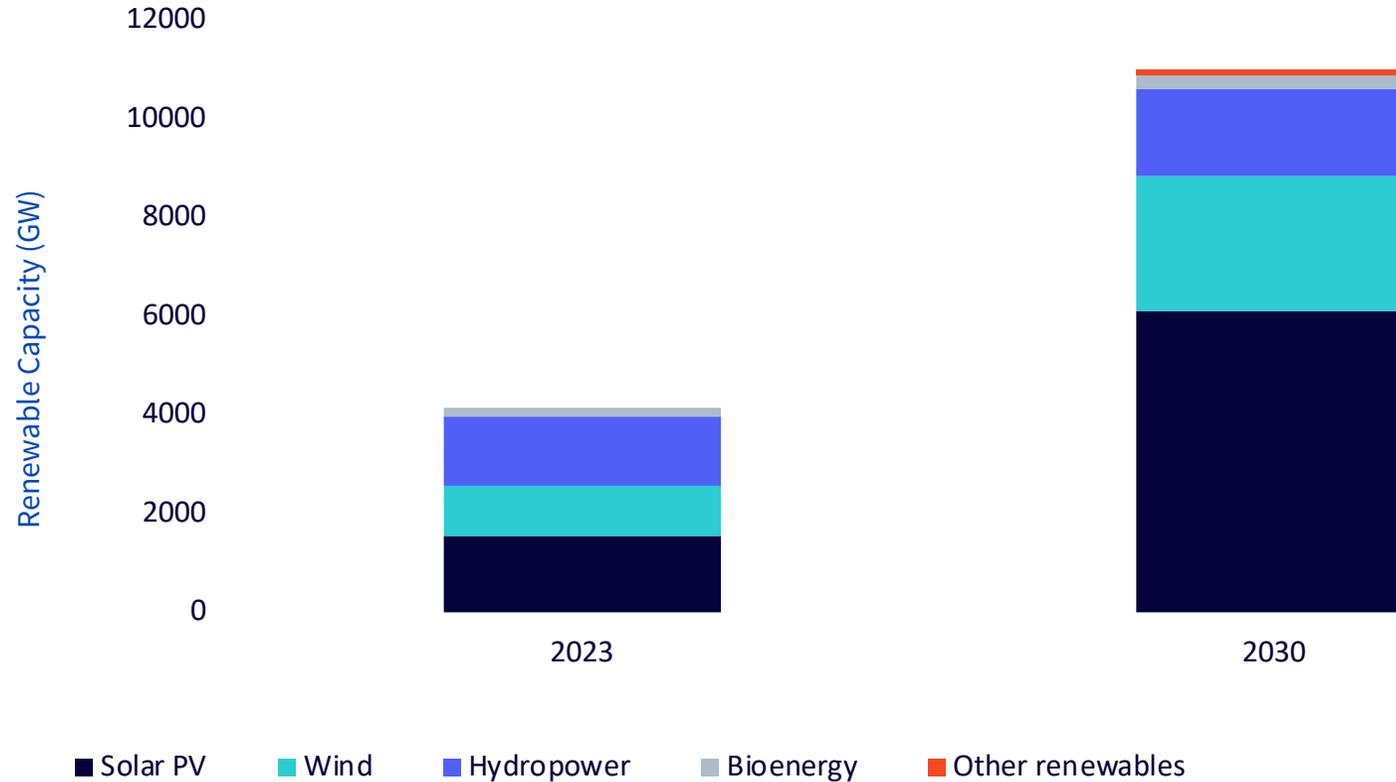
5. Energy transition



Policy support has provided additional firepower to the energy transition

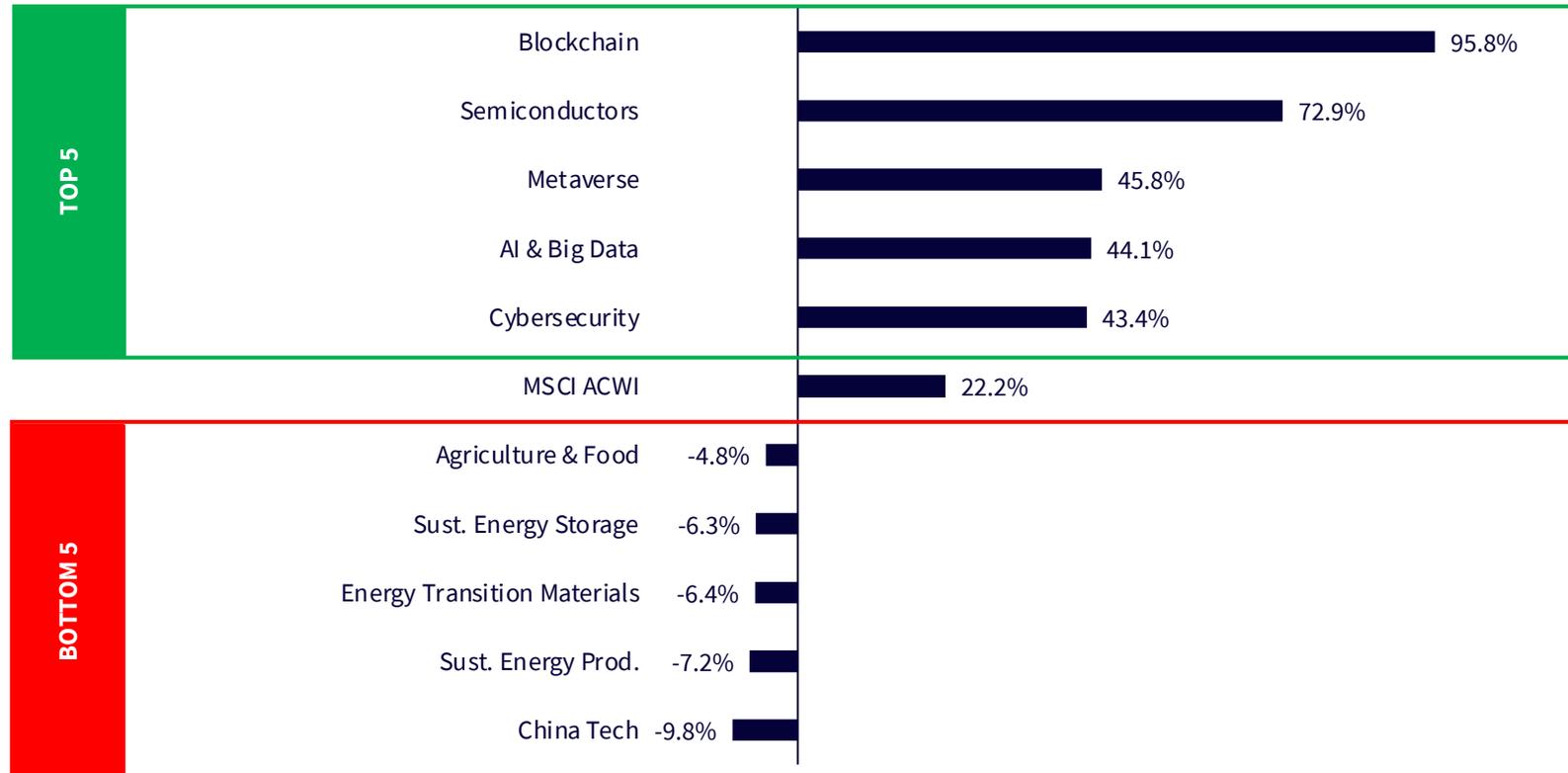


A tripling of capacity will put the world on track for a net zero scenario



Source: WisdomTree, International Energy Agency Renewables 2023, January 2024. 2030 forecasts refer to a Net Zero Scenario, which are higher than its base case forecasts. Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.

Top 5 and bottom 5 themes by performance in 2023

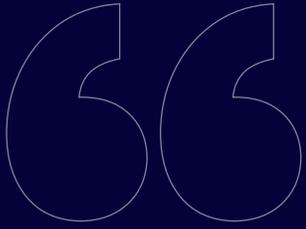


Source: WisdomTree, Morningstar, Bloomberg. All data as of 31/12/2023 and based on WisdomTree's internal classification of thematic funds. Performance is based on monthly returns from Bloomberg and Morningstar. More information on the WisdomTree Thematic classification can be found in the Appendix. Historical performance is not an indication of future performance, and any investments may go down in value.



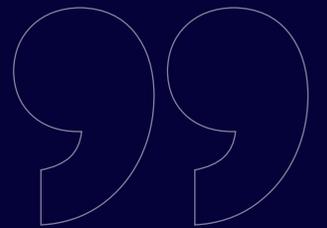
6.

Artificial Intelligence will fuel other megatrends

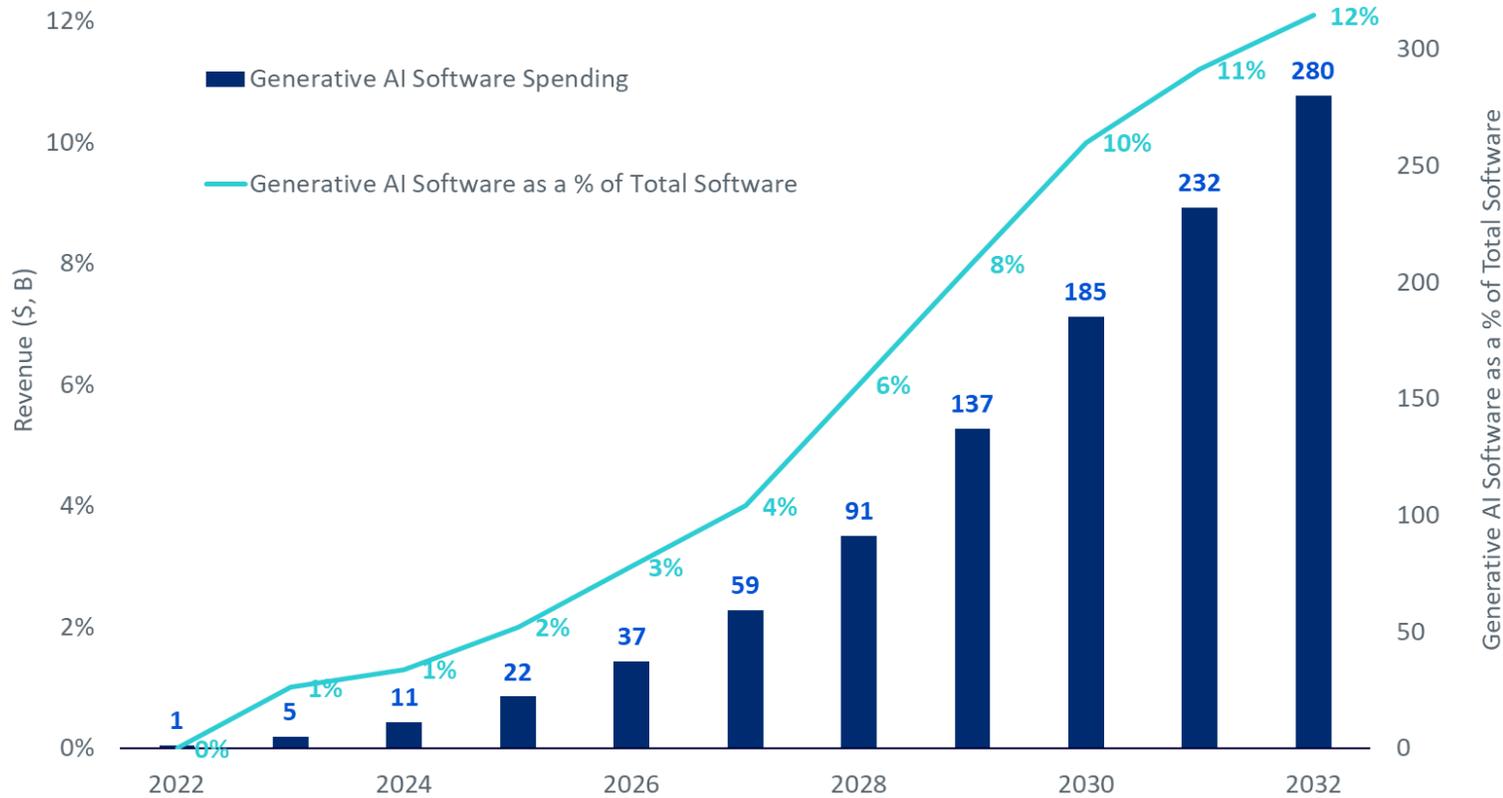


If I had asked people what they wanted, they would have said faster horses.

“ **Henry Ford**



Generative AI alongside the ongoing transition to cloud can fuel years of growth for software companies



Rising demand for generative AI products could add about \$280 billion of new software revenue by 2032

“ Bloomberg Intelligence
June 2023

Source: Bloomberg Intelligence, IDC. Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.

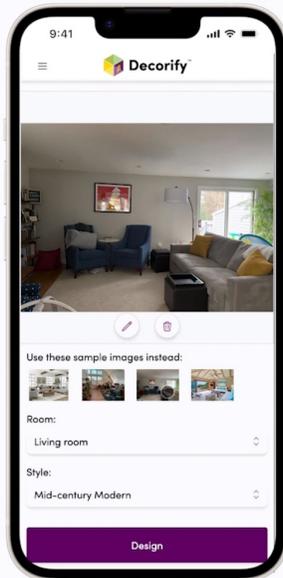
Wayfair's 'Decorify' Application of Generative AI



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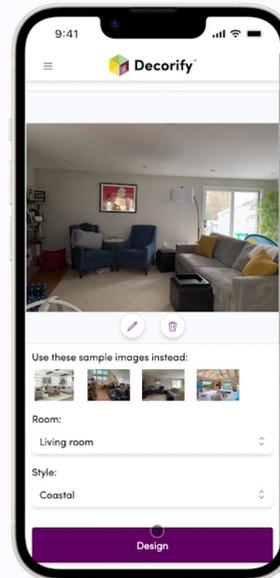
Create new shoppable looks in seconds.

Re-imagine your space and make your dream room a reality. →



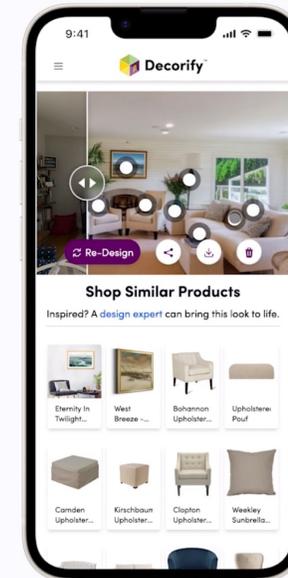
1. Upload a photo

Capture a photo of your space or upload one if you already have it.



2. Choose a style

Pick from a variety of different styles to transform your room.



3. Shop re-designs of your space.

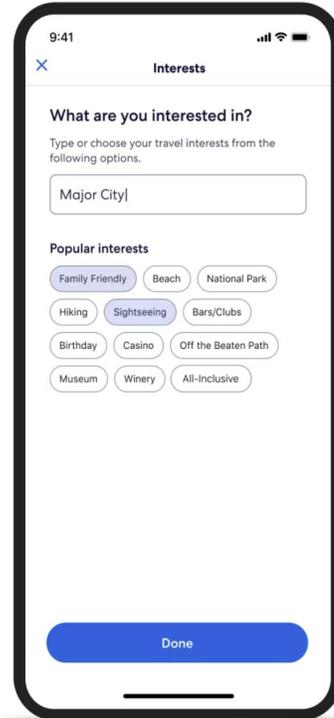
Generate unlimited iterations of your space, each re-styled and shoppable.

Source: <https://www.wayfairnext.com/decorify>

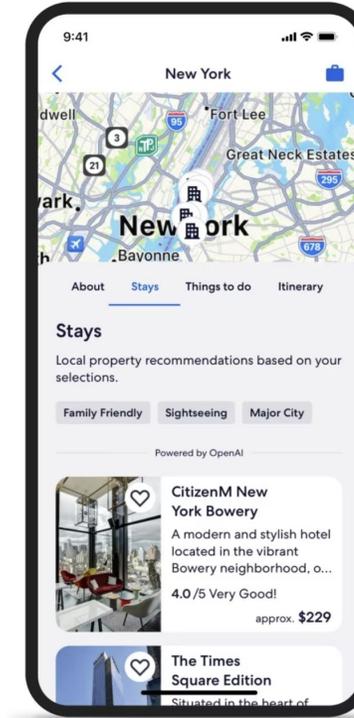
Expedia is trying to predict where you will want to go...or what you may want to do



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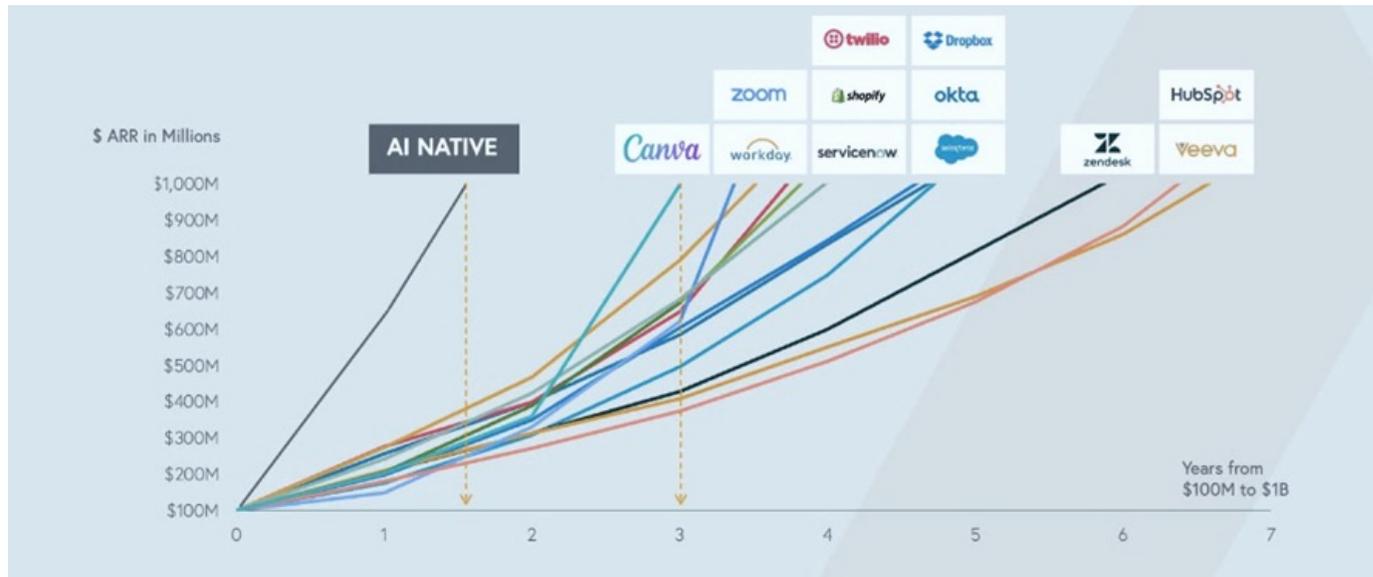
By tapping or entering the relevant keywords, our system can communicate with ChatGPT who will curate everything you need to know for each destination.



Each request will be compared against our internal data and match recommendations to Expedia-based properties and activities.

Source: <https://www.expedia.com/eglabs/project-explorer>

AI Native companies will accelerate path to \$1 billion by 50%



AI-NATIVE COMPANIES

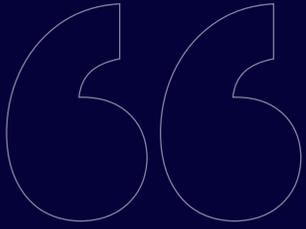


EMBEDDED AI



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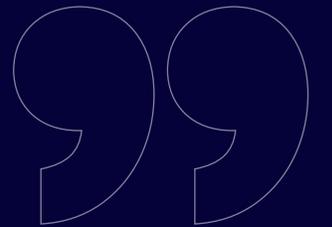
Source: Bessemer Venture Partners, “State of the Cloud 2023” published 10th April 2023. Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.



By 2030, we expect \$74.5 billion (€68.5 billion) will have been invested in AI by automotive companies, the question now is, what do we do with that money, and how do we commercialise it?



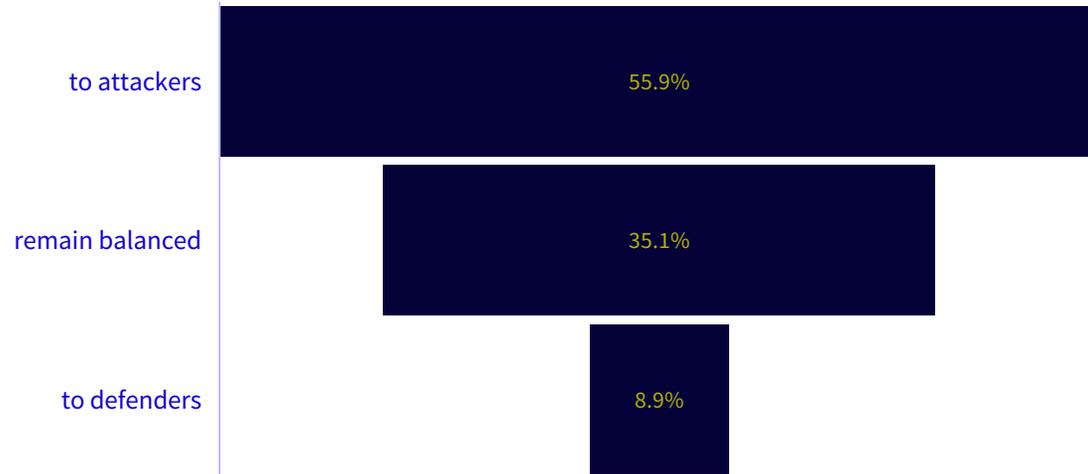
Constantin Gall, managing partner at EY



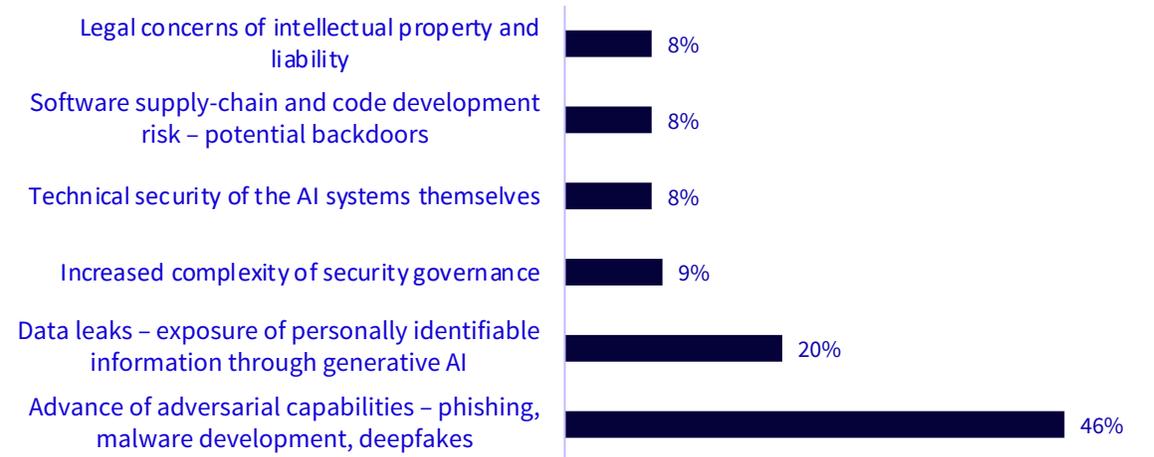
Emerging technologies will exacerbate long-standing challenges related to cyber resilience



In the next two years, will generative AI provide overall cyber advantage to attackers or defenders?



What are you most concerned about in regards to generative AI's impact on cyber?

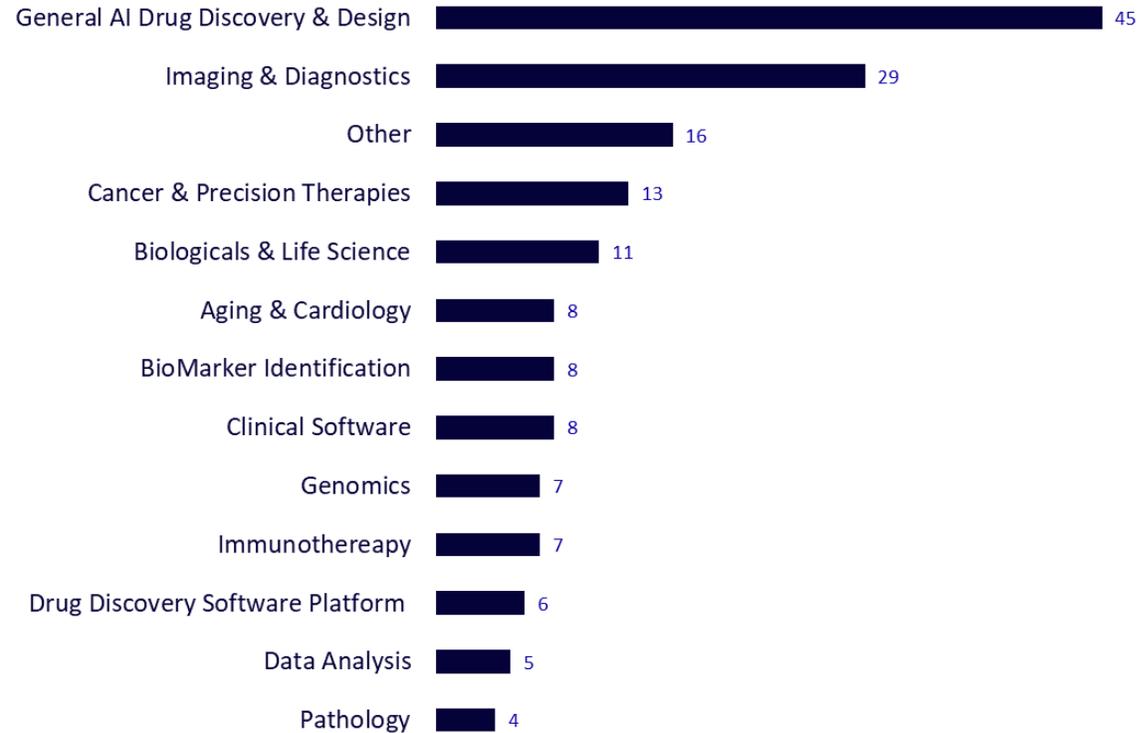


Source: World Economic Forum Global Cybersecurity Outlook 2024. Based on a survey of 120 executives at the World Economic Forum's annual meeting on cybersecurity.

The strong relationship between AI and biotechnology



AI-Focused Biotech Companies by Segment



Source: WisdomTree, BioPharmGuy Company Database as of January 2024, <https://biopharmguy.com/>



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Thank you.



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