

# WisdomTree Global Quality Growth UCITS ETF



WisdomTree.eu  
+44 (0) 207 448 4330

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The WisdomTree Global Quality Growth UCITS ETF (WGRO) seeks long-term capital appreciation by investing primarily in high-growth, high-quality, and high-profitability companies from global developed markets that meet WisdomTree's ESG (environmental, social and governance) criteria. By focusing on quality and growth stocks, the ETF aims to deliver higher upside participation in bull markets and generate positive excess returns over a full market cycle.

WisdomTree's Growth factor aims to capture companies which are experiencing growth in sales, realised earnings, and expected earnings. Growth captures trend in fundamentals, often including disruptive companies and technological giants, allowing for greater upside participation. On the other hand, WisdomTree's Quality factor adds stability to the equation by filtering out most unprofitable, highly speculative, and junky growth names. This growth and quality combination positions WGRO to deliver strong potential for strategic, long-term equity outperformance.

## **WisdomTree Investment Philosophy**

At WisdomTree, we believe that quality stocks are the cornerstone of an equity portfolio. They are key to building resilient portfolios that can help investors build wealth over the long term and navigate the inevitable storms along the way. This philosophy underpins our core equity offerings, including the Quality Dividend Growth and Quality Growth ETF ranges.



### **Quality as a foundation stone**

WisdomTree considers quality as the backbone of portfolio construction. Quality is a time-tested investment philosophy that has demonstrated historical outperformance across regions with reduced volatility and drawdowns.



### **Robust, research-driven, systematic process**

Investors benefit from WisdomTree's transparent and systematic investment process rooted in academically driven research.



### **High active share, style consistent portfolio**

The ETFs deliver consistent high exposure to the profitability factor with high active share.

## **Why invest in Growth stocks?**

### **1. Greater upside participation in bullish and sideways markets**

Growth stocks tend to capture market trends and outperform the market in upward and sideways moving markets.

### **2. A strong companion to Quality**

A combination of quality with growth, adds stability in down markets and protects investments from large drawdowns.

### **3. Access to disruptive and leading tech companies**

Growth tends to capture disruptive and growing companies, translating into higher allocation to technological giants. The strategy avoids saturated and stagnant sections of the market, allowing for higher upside potential.

## **Why invest in Quality stocks?**

### **1. A recognised investment philosophy**

Like Warren Buffet, Benjamin Graham or Robert Novy-Marx, many practitioners have used quality attributes to select stocks in their portfolios.

### **2. Long Term historical outperformance**

Academics have demonstrated that quality stocks have outperformed the market over the long term while exhibiting lower volatility. In 2014, Fama-French extended their three factors model to add quality metrics like operational profitability.

### **3. An all-weather, balanced risk profile**

Quality stocks are attractive on two distinct levels. First, since quality companies generate high revenues, they can grow and compound wealth in the future. Second, thanks to their solid business models and financial strength, they can withstand unexpected events such as an economic downturn or a pandemic.

## Investment process: WisdomTree Global Quality Growth UCITS Index

With the WisdomTree Global Quality Growth UCITS Index, investors benefit from WisdomTree's style-consistent, transparent and systematic investment process, which is rooted in academically driven research.

### 1. Screening for inclusion

- + **Incorporation, listing and size** – Top 500, 300 and 200 companies by market capitalisation, with shares listed on a US stock exchange, developed Europe stock exchanges, and other developed markets stock exchanges respectively, and that conduct primary business activities in these regions.
- + **Liquidity screen** – Median daily volume of USD 1 million to ensure liquidity.
- + **ESG considerations** - Index universe is also screened for the ESG criteria defined within the WisdomTree ESG framework. For information on our approach to ESG, visit our [responsible investing page](#).

### 2. Stock selection

The strategy comprises a diversified basket of global developed markets companies with the best combined score (within their respective regions) using five fundamental metrics<sup>1</sup> that we believe best represent high-quality and high-growth companies:

- + Return on equity (ROE)<sup>2</sup>
- + Return on assets (ROA)<sup>3</sup>
- + Analysts' earnings growth expectations.
- + Trailing 5-year EBIDTA (earnings before interest, taxes, depreciation, and amortization) growth
- + Trailing 5-year sales growth

The top 100 companies from the US, top 60 companies from Europe, and top 40 companies from other developed markets are selected based on their combined score.

### 3. Weighting

- + The companies in the strategy are weighted by free-float market capitalisation
- + The weights allocation of the three regions – US, developed Europe and other developed markets are set equal to their respective weights in the starting universe.
- + Individual Stock caps ensure diversification, with maximum security weight capped at 7.5%
- + The strategy is rebalanced semi-annually

1 All data is sourced from Factset.

2 Historical three-year average is used

3 Historical three-year average is used

## Why the WisdomTree Global Quality Growth UCITS ETF?

- + **Growth focus:** Captures trends in earnings and sales, often including disruptive companies and technological giants, allowing for greater upside participation.
- + **Quality focus:** Introduces stability by eliminating most of the unprofitable and speculative growth companies, ensuring higher return on equity and return on assets.
- + **Strategic blend:** An optimal choice for investors with a higher risk appetite as a strategic, long-term equity investment, to generate high excess returns over full market cycles.

### ETF Information: WisdomTree Global Quality Growth UCITS ETF

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base Currency	TER%
WGRO	LSE	IE000Y83YZ44	WGRO LN	USD	USD	0.35
WGRP	LSE	IE000Y83YZ44	WGRP LN	GBx	USD	0.35
WGRO	Borsa Italiana	IE000Y83YZ44	WGRO IM	EUR	USD	0.35
QGRG	Xetra	IE000Y83YZ44	QGRG GY	EUR	USD	0.35
WGRO	SIX	IE000Y83YZ44	WGRO SW	USD	USD	0.35

TER: Total Expense Ratio

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