How WisdomTree Investments, Inc. and Nasdaq Global Indexes Partnered to bring a Cloud Computing Business ETF to Market
The Challenge

As an ETF sponsor and index manufacturer, WisdomTree Investments, Inc. has strong index construction capabilities. So why would they outsource their index construction? According to Ben Wallach, Director of Product Development, WisdomTree Asset Management, Inc., the established asset management firm was open to working with a third party index provider if they could offer unique and/or specialized exposure that fit into WisdomTree’s portfolio.

WisdomTree’s product line-up is primarily focused on value-oriented strategies in core asset categories. In the U.S., WisdomTree’s primary target audience focuses on financial intermediaries whereas in Europe the market is heavily represented by institutional investors.

So when WisdomTree set out to create a new product to fit their investment thesis, they were looking for one with diversification as a growth-oriented thematic strategy. Since the global cloud computing market has grown exponentially and is projected to total nearly $697 billion by 2025, the company knew they wanted to capitalize on this thematic, but only if they could differentiate themselves from the pack.

The Solution

While there were several existing cloud computing ETFs at the time of launch, the BVP Nasdaq Emerging Cloud Index (EMCLOUD) fit perfectly into WisdomTree’s strategic line-up. EMCLOUD provided the differentiation of the pure-play exposure, emerging growth/smaller cap tilt, strong index track record, and subject matter expertise that both Nasdaq and Bessemer Venture Partners (BVP) provided, which attracted WisdomTree to the partnership.

The Nasdaq EMCLOUD Index was live with an existing track record when it was licensed by WisdomTree for ETF productization. Nasdaq’s technology service and teams were eager to work with the WisdomTree team and respond to their delivery requests.

The result? The WisdomTree Cloud Computing Fund (WCLD), a compelling alternative to broader-based, technology-focused investment strategies.
The Outcome

WCLD provides unique exposure to rapidly growing cloud computing companies, which leverage a distributed network of servers over the internet.

Since this was the first product that WisdomTree and Nasdaq collaborated on in the U.S., there was a certain extra attention on it from the executive and senior management teams to monitor its success.

“We have been very pleased with the customer service and attention we have received from Nasdaq’s team. We look forward to continuing to collaborate on opportunities to expand the footprint of the WisdomTree/Nasdaq Cloud Funds. We remain very excited to work together and hope to expand the relationship as there are many natural synergies between our firms.”

Ben Wallach
Director of Product Development at WisdomTree Asset Management

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