



WisdomTree Recycling UCITS ETF



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The WisdomTree Recycling UCITS ETF provides investors with a distinct strategy focused on companies primarily involved in waste-to-energy and recycling related businesses contributing to the global decarbonisation megatrend.

As of 2022, the world has put an intense focus on reducing carbon emissions. In more ‘macro’ cases, the mechanism is based on policies for a nation to become ‘carbon neutral’ by a specific point in time—2050 is often cited here. On the ‘micro’ side, the focus is on what individual companies are doing to reduce and report their carbon impact. Whether one thinks of the ‘macro’ or the ‘micro’, it’s clear that there is a global decarbonisation megatrend. At WisdomTree, we believe waste-to-energy and recycling plays an important role into the global decarbonisation megatrend as the world strives to achieve climate goals:



Waste-to-Energy: ‘Waste-to-Energy’ is the process of generating energy from waste such as garbage, animal manure, agriculture products and/or animal fats. This theme includes companies engaged in the production of renewable natural gas and renewable diesel as well as ethanol and other biomass like wood waste.



Recycling: These companies are engaged in recycling business activities including traditional recycling activities such as plastic recycling, recycling plastics into original materials such as polypropylene for re-use and lithium- ion battery recycling, as well as companies engaged in carbon capture and sequestration.

Introducing TortoiseEcofin

To capture the investment opportunity within the global decarbonisation megatrend, WisdomTree has partnered with TortoiseEcofin. TortoiseEcofin, founded in 2002, focuses on essential assets—those assets and services that are indispensable to the economy and society. The firm has expertise in sectors including Energy & Power Infrastructure, Climate Action, Water & Environment, and Social Impact. As of 28 February 2022, TortoiseEcofin reported \$9.5 billion in assets under management.

Tortoise Recycling Decarbonization UCITS Index

The combined effort of WisdomTree and TortoiseEcofin led to the creation of a specific Index—the Tortoise Recycling Decarbonization UCITS Index.

Initial Universe

TortoiseEcofin maintains a proprietary database of more than 450 global energy companies and assesses their exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities, based on the attributes such as revenue, operating profit, own assets and capital expenditures. The same set of attributes and figures are looked at to identify Waste-to-Energy and Recycling-related businesses within the following GICS Sub-Industries:

- + Environmental & Facilities Services
- + Renewable Electricity
- + Commodity Chemicals
- + Specialty Chemicals
- + Agricultural Products
- + Industrial Machinery
- + Construction & Engineering
- + Packaged Foods & Meats
- + Oil & Gas Refining & Marketing

Tiered selection and weighting approach

TortoiseEcofin classifies potential constituents based on their exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities as well as company-reported emissions data.

- + **Exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities** is evaluated by TortoiseEcofin and based on a company’s most recent annual report or quarterly report and/or sustainability report to the extent that one is available. Exposure is measured in terms of revenues, operating profits, own assets, or capital expenditures.
- + **Company emissions data** is also reviewed relative to Scope 1 and Scope 2 standards as disclosed in the company’s annual sustainability report.

Based on the exposure assessment and reported carbon emissions data, TortoiseEcoFin selects and classifies constituents into four tiers. Each selected company must have greater than 20% exposure to ‘Waste-to-Energy’ or ‘Recycling’ activities:

Companies generating negative carbon emissions

- + **Tier 1 (Deep Green):** companies with greater than 50% of exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities
- + **Tier 2 (Green):** companies with 20% - 50% of exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities

Companies generating positive or not reporting carbon emissions

- + **Tier 3 (Light Green):** companies with greater than 50% of exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities
- + **Tier 4 (Orange):** companies with 20% - 50% of exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities

Negative carbon emissions refer to carbon avoided based on the company’s renewable products and recycling services which exceed the company’s own emissions. The Index is weighted based on companies’ exposure and carbon emission reporting status, such that companies have higher exposure to ‘Waste-to-Energy’ and ‘Recycling’ activities and reporting negative carbon emissions will be over-weighted, as indicated in the chart below.

Tier 1 (Deep green) 2 x Equal weight	Tier 2 (Green) 1.5 x Equal weight	Tier 3 (Light green) 1 x Equal weight	Tier 4 (Orange) 0.75 x Equal weight
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The index is rebalanced and reviewed on a semi-annual basis, in March and September.

ESG Considerations

WisdomTree understands the importance of Environmental, Social and Governance (ESG) considerations within investment strategies and worked with TortoiseEcofin to incorporate ESG screens based on the assessment from Sustainalytics, a leading independent ESG and corporate governance research, ratings and analytics firm. For information on the WisdomTree approach to ESG, visit our [Responsible Investing page](#).

Fund Information: WisdomTree Recycling UCITS ETF

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base Currency	TER %
WRCY	LSE	IE000LG4J7E7	WCAR LN	USD	USD	0.45
RECY	LSE	IE000LG4J7E7	CARS LN	GBx	USD	0.45
WRCY	Borsa Italiana	IE000LG4J7E7	WCAR IM	EUR	USD	0.45
WTRD	XETRA	IE000LG4J7E7	WTGA GY	EUR	USD	0.45
WRCY	SIX	IE000LG4J7E7	WCAR SW	USD	USD	0.45

TER: Total expense ratio

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