

OUR BEST AND WORST PERFORMING EQUITY FUNDS THIS YEAR

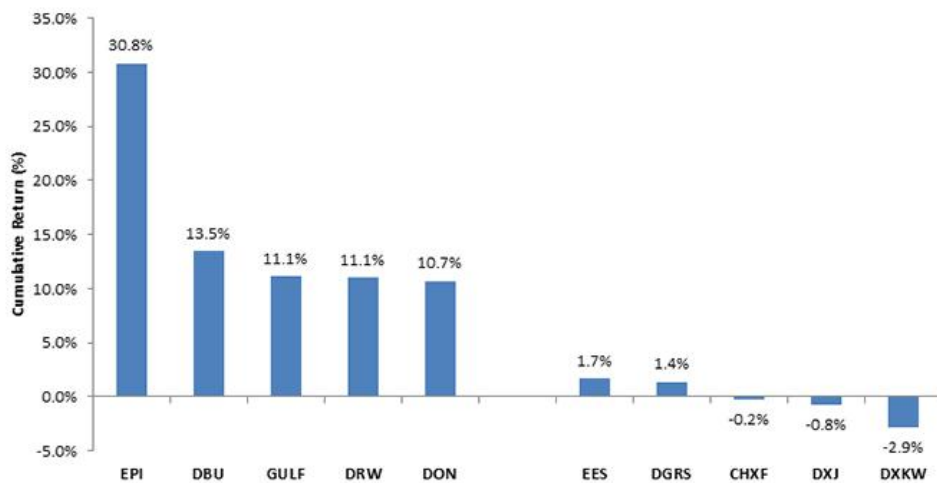
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As of June 30, 2014, WisdomTree had 49 equity exchange-traded funds (ETFs), and 42 of those were incepted prior to December 31, 2013. We thought it worthwhile to showcase, out of these 42 equity ETFs, the top five and bottom five performers of 2014, measured through June 30, 2014, to see what distinct themes about global equity performance would emerge.

Fund Information	Average Annual Performance								Market Price				
	Ticker	Exp. Ratio	Inception Date	YTD	1-Year	3-Year	5-Year	Since Fund Inception	YTD	1-Year	3-Year	5-Year	Since Fund Inception
WisdomTree India Earnings Fund	EPI	0.83%	2/22/2008	30.85%	38.50%	-0.71%	6.24%	-0.83%	29.99%	40.61%	-1.11%	6.24%	-0.97%
WisdomTree Global ex-US Utilities Fund	DBU	0.58%	10/13/2006	13.54%	24.09%	3.22%	4.88%	1.51%	13.55%	24.72%	3.13%	4.67%	1.42%
WisdomTree Middle East Dividend Fund	GULF	0.88%	7/16/2008	11.11%	28.20%	14.87%	13.31%	1.60%	8.67%	26.60%	14.29%	12.73%	1.13%
WisdomTree Global ex-US Real Estate Fund	DRW	0.58%	6/5/2007	11.07%	13.20%	6.99%	13.61%	-1.20%	10.77%	13.31%	6.56%	13.50%	-1.34%
WisdomTree MidCap Dividend Fund	DON	0.38%	6/16/2006	10.73%	27.85%	17.84%	24.29%	9.56%	10.80%	27.71%	17.83%	24.34%	9.63%
WisdomTree SmallCap Earnings Fund	EES	0.38%	2/23/2007	1.68%	24.70%	16.55%	22.49%	8.42%	1.73%	25.26%	16.53%	22.50%	8.39%
WisdomTree U.S. SmallCap Dividend Growth	DGRS	0.38%	7/25/2013	1.37%	N/A	N/A	N/A	16.53%	1.41%	N/A	N/A	N/A	16.34%
WisdomTree China Dividend ex-Financials Fund	CHXF	0.63%	9/19/2012	-0.19%	15.28%	N/A	N/A	4.29%	-1.53%	16.00%	N/A	N/A	3.40%
WisdomTree Japan Hedged Equity Fund	DXJ	0.48%	6/16/2006	-0.77%	11.99%	13.58%	7.22%	1.44%	-1.70%	11.66%	13.21%	7.23%	1.50%
WisdomTree Korea Hedged Equity Fund	DXKW	0.58%	11/7/2013	-2.87%	N/A	N/A	N/A	-5.57%	-5.05%	N/A	N/A	N/A	-5.97%

Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at www.wisdomtree.com. WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

of 2014: Equity Top 5 & Bottom 5 ETFs



Sources: WisdomTree, Zephyr StyleADVISOR, with data measured from 12/31/13 to 6/30/14. Past performance is not indicative of future results.

Top 5 Performers

• **India as the Top Performer:** WisdomTree's India Earnings Fund ([EPI](#)) was far and away the top performer of the group. Initially, this was due to excitement over the prospects for a change in government leadership, leading up to the announcement on May 16, 2014, of the Bharatiya Janata Party (BJP)¹ and Prime Minister Modi's electoral victory. Performance has been positive since then as it is perceived that India's very necessary reform effort is moving in a positive direction. • **Utilities for Yield-Hungry**

Investors: Interest rates in developed markets have been trending downward², but investors have been hungry for income-producing options. Utilities are one such place they have looked. The WisdomTree Global ex-U.S. Utilities Fund ([DBU](#)) tracks, after costs, fees and expenses, the performance of an Index³ that focuses on the Utilities sector outside of the U.S. Performance of greater than 20% over the period was seen in such markets as Poland, Portugal, Spain, Finland and Indonesia.⁴ It's important to note that the [S&P 500 Utilities Index](#) was up 18.7% for the period⁵, so the "ex-US" missed a very strong U.S. Utilities market over the period.

- **The Middle East Upgrades:** In June 2014 MSCI officially upgraded the United Arab Emirates and Qatar to emerging market status.⁶ Since then, however, the situation in the Middle East region has become volatile, so much of the positive performance from the WisdomTree Middle East Dividend Fund ([GULF](#)) occurred closer to the beginning of 2014 than to the midpoint.
- **Real Estate:** While the WisdomTree Global ex-U.S. Real Estate Fund ([DRW](#)) has broken into double digits with its performance, it's important to note that U.S. real estate Indexes have outperformed it over this period⁷. It is another sector that, like utilities, has the potential for helping to solve a need for income. The ultralow interest rates around the world and further support from the European and Japanese central banks are supporting real estate and income investment strategies around the world.
- **U.S. Mid-Caps:** The WisdomTree MidCap Dividend Fund ([DON](#)) rounds out the top five performing ETFs over this period.
- **Bottom 5 Performers**
- **Valuation Concerns in U.S. Small Caps:** Both EES and [DGRS](#) represent U.S. small-cap options, and this market was very strong in 2013. Both of these funds track the performance of Indexes⁸ that are exposed to less-speculative and less-[leveraged](#) parts of the U.S. small-cap market, making them particularly suited for a potential rising-rate environment.
- **Japan Has Been Volatile:** After the breakout performance year of 2013, equities within Japan have been challenged. [Abenomics](#) is now less about making big announcements and more about following through on the proposed incremental reforms. The road to success will not be traveled in the short term, but it's worth noting that since May 21 [DXJ](#) is up more than 8.5%.⁹
- **WisdomTree's Worst-Performing Equity Fund Thus Far in 2014:** At times, investment strategies are created to focus on the worst performers of a particular period, and for those searching for that option at WisdomTree, the answer is [DXKW](#). Korean firms have been hit hard by the depreciating yen, in that many Korean firms produce products that are very similar to their Japanese counterparts, and the Japanese products have become less expensive within their export markets. With the possibility of intervention by the Bank of Korea to try to weaken the won, Korea's currency, we wrote about the potential opportunity that we see in this market in a [prior blog post](#).

Looking Forward to the Second Half As we write this piece on July 18, 2014, we've already seen transpiring major geopolitical events that will have the potential to impact equity markets around the globe in the second half of 2014. For [momentum](#)-oriented investors who look to continue to ride the performance wave, these five top-performing funds are worth watching, while the [contrarian](#) and [value](#)-seeking investors should find value in these bottom-performing segments.

¹Bharatiya Janata Party (BJP): A political party in India. ²Source: Bloomberg. 10-year government bond interest rates in the United States, Japan, the United Kingdom, Germany, Spain and Australia were all lower on 7/15/14 than on 12/31/13. ³Refers to the [WisdomTree Global ex-U.S. Utilities Index](#). ⁴Source: Bloomberg, with performance measured for constituents of the WisdomTree Global ex-US Utilities Index within these markets for the period 12/31/13 to 6/30/14. ⁵Source: Bloomberg, with performance measured from 12/31/13 to 6/30/14. ⁶Source: "MSCI Market Classification & Implementation Q&A," MSCI, December 2013. ⁷Source: Bloomberg. [MSCI US REIT Index](#) & [Dow Jones US Real Estate Index](#) performed 17.7% and 16.4%, respectively, for the 12/31/13 to 6/30/14 period. ⁸EES tracks the WisdomTree SmallCap Earnings Index, and DGRS tracks the WisdomTree U.S. SmallCap Dividend Growth Index. ⁹Refers to performance of DXJ at NAV from 5/21/14 to 6/30/14.

Important Risks Related to this Article

High double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were achieved primarily during favorable market conditions. A Fund's performance, especially for very short periods, should not be the sole factor in making an investment decision. There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Funds focusing their investments in certain countries or regions, such as India, China, the Middle East, Japan and Korea, may be impacted by events and developments associated with the country or region, which can adversely affect performance. Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation and intervention or political developments. Funds focusing their investments on certain sectors and/or smaller companies increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. Investments in currency involve additional special risks, such as credit risk and interest rate fluctuations. In addition, when interest rates fall, income may decline. As these Funds have a high concentration in some sectors, the Funds can be adversely affected by changes in those sectors. Due to the investment strategy of these Funds, they may make higher capital gain distributions than other ETFs. Please read each Fund's prospectus for specific details regarding each Fund's risk profile.

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DEFINITIONS

12-Month Yield: The sum of the per-share dividends over the last 12 months, divided by the fund's current net asset value (NAV.)

S&P 500 Utilities Index: Market capitalization weighted measure of the performance of companies within the S&P 500 Index that are in the Utilities sector.

Leverage: Total assets divided by equity. Higher numbers indicate greater borrowing to finance asset purchases; leverage can tend to make positive performance more positive and negative performance more negative.

Abenomics: Series of policies enacted after the election of Japanese Prime Minister Shinzo Abe on December 16, 2012 aimed at stimulating Japan's economic growth.

Momentum traders: Individuals whose buy and sell decisions are influenced more heavily by recent price performance than any other factors; they typically buy after upward movements and sell after downward moves.

Contrarian: Practice of seeing what the majority of market participants are focused on and attempting to look in the complete opposite direction.

Value: Characterized by lower price levels relative to fundamentals, such as earnings or dividends. Prices are lower because investors are less certain of the performance of these fundamentals in the future. This term is also related to the Value Factor, which associates these stock characteristics with excess returns vs the market over time.

WisdomTree Global ex-U.S. Utilities Index: a fundamentally weighted index that measures the performance of utilities companies from developed and emerging markets outside of the United States classified as being part of the "Global Utilities" sector.

MSCI US REIT Index: a market capitalization index measuring the performance of equity Real Estate Investment Trusts (REITs) with the United States.