INVESTING “FOR THE LONG RUN” WITH THE SIEGEL-WISDOMTREE MODEL PORTFOLIOS

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This article is relevant to financial professionals who are considering offering model portfolios to their clients. If you are an individual investor interested in WisdomTree ETF Model Portfolios, please inquire with your financial professional. Not all financial professionals have access to these Model Portfolios.

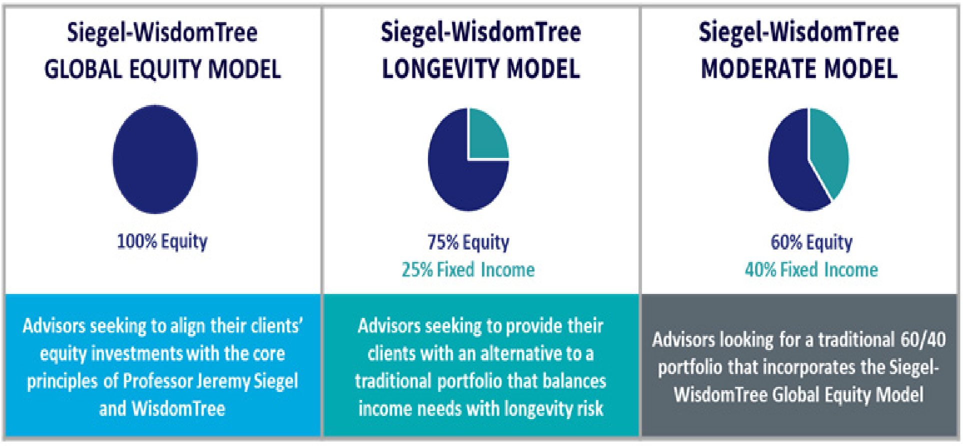
As the adoption of model portfolios continues to expand, we are seeing a growing number of advisors leveraging third-party portfolios backed by the capabilities of professional asset managers.

At WisdomTree, we believe our Model Portfolio collaboration with industry legend Professor Jeremy Siegel is truly the first of its kind.

Launched in 2019, this suite of open-architecture ETF Model Portfolios provides an innovative solution to advisors seeking to balance their clients’ current income needs while managing longevity risk.

Introducing the Siegel-WisdomTree Model Portfolios

The Siegel-WisdomTree Model Portfolios offer three risk profiles tailored to meet the needs of medium- and long-term investors:



All three Model Portfolios were designed to offer an efficient, low-cost way to apply the core investment principles from Professor Jeremy Siegel’s research, including:

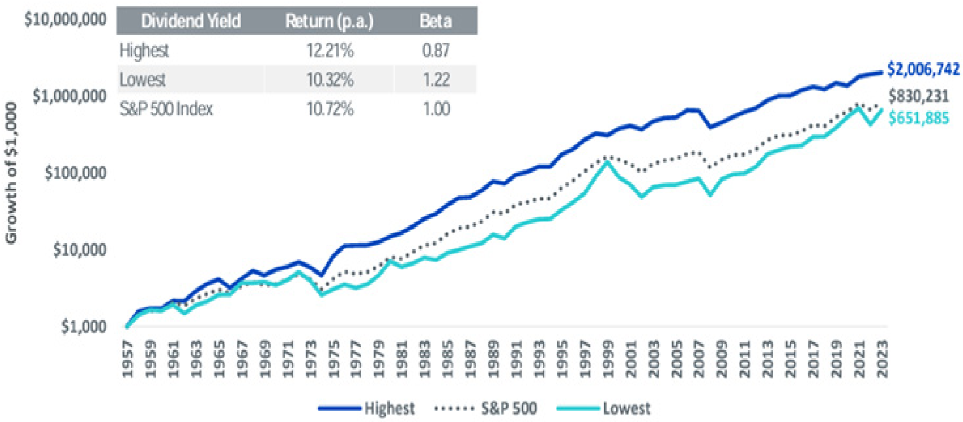
Longer life expectancy requires individuals to rethink their retirement planning and asset allocation.

While the short-term **standard deviation** of equities is higher than that of bonds, this may not be the most appropriate definition of risk for most investors. Rather, we believe the risk that investors do not reach their retirement goals—shortfall risk—should be weighed more heavily in investors’ minds than the day-to-day fluctuations of the stock market.

With longer life expectancies extending individual investor's investment horizons, we believe a greater equity bias (structurally allocating more to equities than to fixed income) is warranted in many client portfolios.

Additionally, when viewed through the lens of maintaining purchasing power, equities can help reduce risk, as stocks have historically been an excellent long-term hedge against inflation.

As Professor Siegel's research below highlights, value and dividend-paying stocks have historically enhanced portfolio returns while experiencing less volatility than growth stocks.



Source: Professor Jeremy Siegel, The Future for Investors (2005), source updated for 2022 data. Uses the S&P 500 universe as of 12/31/23. Average annual total returns, 1957–2022. Each stock in the S&P 500 is ranked from highest to lowest by dividend yield on December 31 of every year and placed into "quintiles," baskets of stocks, with 100 stocks in each basket. The stocks in the quintiles are weighted by their market capitalization. Top and bottom quintiles are shown for simplicity. The dividend yield is defined as each stock's annual dividends per share divided by its stock price as of December 31 of that year. p.a.=per annum. **Past performance is not indicative of future results.** You cannot invest directly in an index.

Therefore, the equity allocations of the Model Portfolios tilt toward factors such as **dividend yield** and low **price-to-earnings (P/E) ratios** to seek higher income generation and outperformance potential.

A fully diversified, global equity portfolio offers potential for long-term return and risk diversification benefits.[1]

The models provide diversified exposure to U.S. and international stocks. Although U.S. stocks have outperformed over the past decade[2], this has not always been the case. Moreover, we believe lower equity valuations found outside of the U.S. could potentially result in attractive returns over the long-term.

Leveraging Professor Siegel's Insights and WisdomTree's Professional Investment Platform for Your Clients

In today's rapidly changing market environment, we see a growing number of advisors leaning into model portfolios and leveraging the professional investment capabilities of WisdomTree and our Senior Economist, Professor Jeremy Siegel.

The Siegel-WisdomTree Model Portfolios, available for advisors across several third-party model platforms, are built to deliver for your clients over the long term so that you can focus on building and managing your relationships.

Beyond model portfolio management, advisors also gain access to Professor Siegel's market views and positioning via weekly market commentary, webcasts and other materials designed to help you effectively communicate with your clients.

[1] Diversification does not guarantee a profit or eliminate the risk of a loss.

[2] In the ten-year period ending March 31, 2024, the S&P 500 Index delivered an annualized total return of 12.96% compared to a 4.24% annualized total return on the MSCI ACWI Ex-US Index. Source: Bloomberg; As of March 31, 2024. Past performance is not indicative of future returns. You cannot invest directly in an index.

Important Risks Related to this Article

Model rebalancing and trading will be provided by Adhesion Wealth, a provider of outsourced investment management solutions, giving their advisor clients direct access to a platform that will deliver a more customizable approach with advisor input. WisdomTree's Portfolio and Growth Solutions enable advisors to prioritize customizable brand practices and fact sheets, investment design of models, and efficiencies across implementation, trading and tax transitions, which can serve as a springboard toward their growth.

For financial advisors: WisdomTree Model Portfolio information is designed to be used by financial advisors solely as an educational resource, along with other potential resources advisors may consider, in providing services to their end clients. WisdomTree's Model Portfolios and related content are for information only and are not intended to provide, and should not be relied on for, tax, legal, accounting, investment or financial planning advice by WisdomTree, nor should any WisdomTree Model Portfolio information be considered or relied upon as investment advice or as a recommendation from WisdomTree, including regarding the use or suitability of any WisdomTree Model Portfolio, any particular security or any particular strategy.

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For standardized performance and the most recent month-end performance click here NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

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U.S. investors only: Click here to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

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You cannot invest directly in an index.

DEFINITIONS

Standard deviation : measure of how widely an investment or investment strategy's returns move relative to its average returns for an observed period. A higher value implies more "risk", in that there is more of a chance the actual return observed is farther away from the average return.

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 tim.

Dividend yield : A financial ratio that shows how much a company pays out in dividends each year relative to its share price.

Price-to-earnings (P/E) ratio : Share price divided by earnings per share. Lower numbers indicate an ability to access greater amounts of earnings per dollar invested.