

TRANSPARENCY AND ACCESS (TO VALUABLE INFORMATION)

Zach Hascoe – Capital Markets
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The biggest winner coming out of the financial crisis was “[transparency](#)”. After all the scandals and devastating losses that occurred during that time, investors became disenchanted with the lack of transparency in their investments. In some investment structures (that still exist today), investors may not know how their money is being allocated for months, sometimes even quarters. And even then, investors sometimes don’t know exactly what they are invested in. Transparency as it relates to exchange-traded funds (ETFs) does not only mean transparency of portfolio holdings. It also applies to transparency of information. Now that December is upon us, many investors are starting to take a serious look at 2014. With the [S&P 500 Index](#) up nearly 30% year-to-date¹, investors are stepping back, putting 2013 in perspective and thinking about the year ahead. Do I [rebalance](#) back to my target weights? Do I change my asset allocation model? As investors spend the month of December deciding how to approach 2014, it is important to remember all the benefits that ETFs offer beyond [liquidity](#), transparency, tax efficiency, lower fees² that will help guide investors to better decisions. Investors of all sizes have access to the same valuable information to help them with the due diligence and decision-making process. Here are a few to think about: **Volume Statistics:** It is always helpful to see volume numbers in ETFs. They allow investors to more accurately monitor ETFs and see potential trends emerging. Investors can see if large block trades were executed and if shares outstanding increase or decrease in subsequent days. This valuable information helps investors of all sizes in the due diligence process. **Fund Flow Information:** Fund flow information is made available to the public on a daily basis. WisdomTree posts fund flow information on our website for anyone to see. Also, large data companies such as Bloomberg publish fund flows as well as shares outstanding information—all of which can be incredibly helpful as it can be used to identify trends in specific markets. Monitoring funds, trends and shares outstanding information can be valuable information when making investment decisions. Oftentimes investors make decisions in a vacuum without utilizing all the valuable information that the ETF market provides. **Portfolio Holdings:** Daily portfolio holdings can be extremely valuable for investors preparing to make portfolio decisions for the following year. It is important to recognize when funds are rebalancing; WisdomTree equity ETFs will attempt to rebalance back to some form of [relative value](#). Monitoring the portfolio holdings is crucial to understanding the exposures an ETF provides to investors. This is fully public information and should be used by all ETF investors to help them understand the exposures across their portfolios. All the information mentioned above is public information available to all investors. The old model of finance was that access to specific information was given only to large institutional investors. ETFs have leveled the playing field. It would be wise to make the most of all the valuable information that is made public every day in the ETF marketplace. ¹Source: Bloomberg, total return number, as of 11/29/13. ²Ordinary brokerage commissions apply.

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physically deliver to an investor must print the monthly performance report to accompany this blog.

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DEFINITIONS

Transparency: The extent to which investors have ready access to any required financial information about a company, such as price levels, market depth and audited financial reports.

S&P 500 Index: Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

Rebalance: An index is created by applying a certain set of selection and weighting rules at a certain frequency. WisdomTree rebalances, or re-applies its rules based selection and weighting process on an annual basis.

Liquidity: The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity. Assets that can be easily bought or sold are known as liquid asset.

Relative value: The relationship between a particular attribute, e.g., a dividend, and the firm's share price compared to that of another firm.