ALL EMERGING MARKETS ARE NOT CREATED EQUAL

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As investors in emerging market fixed income, we believe that a country's economic fundamentals matter. As an actively managed Fund, the WisdomTree Emerging Markets Local Debt Fund (ELD) uses a quantitative and rules-based process[1] to select countries for inclusion and allocate exposures across tiers. The Fund's Strategy Committee incorporates a variety of market-based and economic factors into its structured investment process. This fundamentals-based approach is supported by diligent risk-monitoring that can reduce or eliminate positions, should conditions in a country or their outlook materially change. By biasing the portfolio toward more credit-worthy issuers, the Fund has been able to provide comparable levels of performance with significantly lower levels of volatility.[2] **Hungary Case Study** Hungary serves as a good example of the Fund's investment process at work, given that it is ELD's largest underweight relative to its performance benchmark (4.9% weight in the index vs. a 0% allocation in ELD as of March 31, 2013). Recently, the ratings agency Standard & Poor's announced that it was joining Moody's in lowering the outlook for Hungary's sovereign credit rating.[3] ELD's portfolio management team has excluded Hungary from the portfolio ever since the Fund's inception for many of the same reasons discussed in the S&P report. Principally, we are concerned about the uncertainty of future action by government policy makers. After a breakdown in negotiations with the International Monetary Fund (IMF) disappointed markets last year, we remain skeptical about the path of governmental reform we believe is required to help improve Hungary's economy. Currently, Hungary is rated BB (two notches below investment grade) by S&P, on par with borrowers such as Portugal and Guatemala. S&P notes that the government's predictability and credibility has continued to weaken in the past year. Questions about central bank independence, a large percentage of debt held by foreign investors, and a banking system with large foreign liabilities pose significant risks, in our opinion. **Hungarian Forint: Historically High Volatility** From a risk/reward perspective, Hungary currently trades at modestly higher yields than many other emerging market countries, but when combined with a historically volatile currency like the forint, it can be particularly problematic for fixed income investors.[4] For example, between ELD's inception in August 2010 and March 2013, Hungarian forint-denominated debt has been the most volatile constituent in the index (over 25.5% annualized volatility versus 12.7% for the index).[5] After Hungary's poor performance in 2011, the largely risk-on markets of 2012 resulted in its debt being one of the best-performing bond markets of the year. In the first quarter of 2013, Hungary has been among the worst once again. In our view, this boom-bust cycle of investing appears contrary to prudent risk management. Ultimately, we believe that focusing on economic fundamentals can add value over time. While certain countries may outperform over the short run, we believe that maintaining a bias toward countries living within their means has the potential to lead to superior performance in the long run. [1]The locally denominated debt Funds follow a "structured investment process" whereby the Funds' Strategy Committee examines a variety of economic and fundamental factors when selecting countries for and tiering of the portfolio.

[2]Compared to the Fund's performance benchmark, JPMorgan Government Bond Index – Emerging Markets (GBI-EM) Global Diversified. [3]Standard & Poor's, March 21, 2013. [4]As measured by the standard deviation of the JPMorgan GBI-EM Global Diversified Hungary Index. Sources: Zephyr StyleADVISOR, WisdomTree, 3/31/2013. [5]Proxied by the JPMorgan GBI-EM Global Diversified Hungary sub-Index and the JPMorgan GBI-EM Global Diversified Index. Sources: Zephyr StyleADVISOR, Bloomberg, 2012.

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DEFINITIONS

Actively managed ETFs : Investment strategy where a manager selects securities in an attempt to outperform the performance benchmark.

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.

JP Morgan GBI-EM Global Diversified Hungary Index : The JP Morgan GBI EM Global Diversified Index and its underlying country and regional subindices tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base. The Hungary subindex represents government debt issued in Hungarian forint.