WHERE IN THE WORLD DOES YOUR U.S. BOND ETF INVEST?

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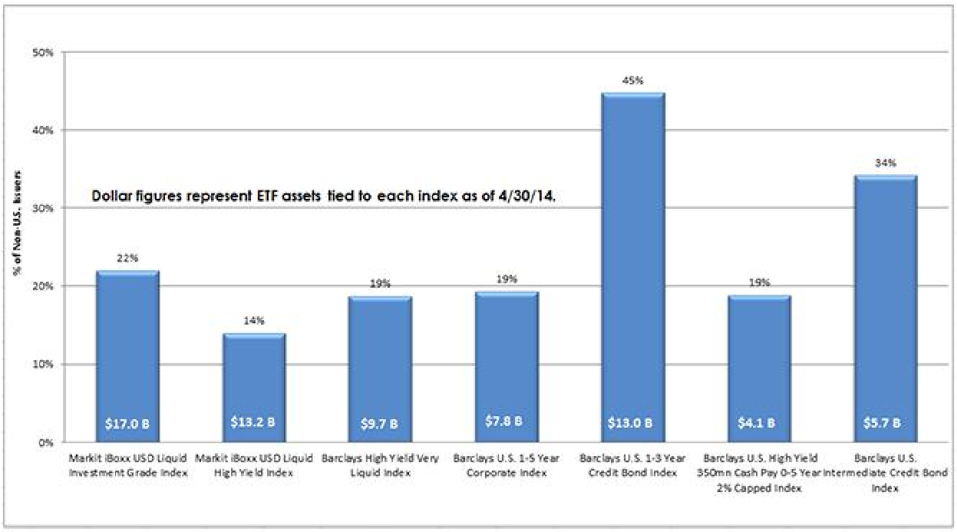
For most fixed income investors today, corporate bonds may represent a significant portion of their core bond portfolios. As exchange-traded funds (ETFs) have grown in popularity over the last decade, index-based corporate bond ETFs have become a popular means of obtaining exposure to the asset class. However, we think many investors would be surprised to realize just how much exposure their "plain vanilla" bond portfolio has to non-U.S. issuers. In the table below, we show that a sizable portion of the assets within the largest U.S. fixed income strategies are invested in companies outside the U.S. While we certainly subscribe to a global approach to investing, our point is not that these positions are risky, but rather it seems inconsistent with how investors tend to allocate the exposures in their equity portfolios.[1] Investors would never think of allocations to a European or Japanese equity (let alone one in the emerging markets) the same way they think of a U.S. company. Yet the same fundamentals that drive equity valuations can also be critical for prudent bond investing. Why should investors be agnostic to geography when making decisions in their fixed income portfolios? **Non-U.S. Exposure in the Most Popular Corporate Bond Indexes**



Sources: Markit, Barclays, as of 4/30/14. You cannot invest directly in an index. Subject to change.

For definitions of terms and Indexes in the chart, please visit our glossary. In our view, they shouldn't. Through a potentially troublesome combination of low interest rates, narrowing credit spreads and industrial releveraging, blindly lending companies around the world money could be a less-than-prudent approach. Of the nearly $71 billion in assets currently benchmarked against the Indexes above, 25%, or $17.5 billion, is invested in companies and governments outside of the United States.[2] With a wide array of potential opportunities (and pitfalls) cropping up in economies around the world, we believe investors should be conscious of the risks they are taking and start to think strategically about their corporate bond allocations. Taking this a step further, an active approach to fixed income can potentially benefit investors by drawing on the expertise of a portfolio management team whose sole focus is to identify which risks are worth taking. At the same time, it may be possible that a passive approach can outperform in certain market scenarios. Although there are no guarantees in investing, actively managed ETFs publish holdings daily so you always know what you hold. One way we believe that the WisdomTree Strategic Corporate Bond Fund* (CRDT) can potentially add value to investors' portfolios is by striking a balance based on fundamentals, not only between credit quality and corporate sectors, but also across geographic exposures. In much the same way that investors seek to take advantage of comparatively attractive opportunities in foreign equities, CRDT has a broad mandate to invest in the U.S. as well as around the world. *Formerly WisdomTree Global Corporate Bond Fund (GLCB).

[1]Source: Kenneth R. French and James M. Poterba, "Investor Diversification and International Equity Markets," National Bureau of Economic Research, 1991. [2]Sources: WisdomTree, Markit, Barclays, as of 4/30/14.

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You cannot invest directly in an index.

DEFINITIONS

Corporate Bonds : a debt security issued by a corporation.

Fundamentals : Attributes related to a company’s actual operations and production as opposed to changes in share price.

Credit spread : The portion of a bond’s yield that compensates investors for taking credit risk.

Active : Funds that attempt to outperform the market by selecting securities a portfolio manager believe to be the best.