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# OUR FIRST INTEGRATED ETF SEEKS TO GENERATE GLOBAL INCOME

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## WisdomTree's First Integrated ETF Solution

The first exchange-traded funds (ETFs) kicked off a revolution in the way investors approached markets. ETFs offered investors a way to access asset classes in a newer, more transparent, more [liquid](#) and more tax-efficient structure. As a result, over the past decade, hundreds of billions of dollars in assets have migrated out of equity mutual funds and into equity ETFs. During this period, WisdomTree has helped pioneer investment strategies seeking to improve upon traditional market [capitalization-weighted](#) strategies by creating [fundamentally weighted](#) equity and fixed income strategies, as well as [currency-hedged](#) equity strategies.

Our latest innovation is designed to give investors an alternative to traditional [actively managed](#) balanced funds, with a particular focus on increasing global income. Just as many active managers fail to outperform individual stock and bond indexes over time, many balanced funds, which include both stocks and bonds, may not attain the return of a simple composite benchmark, which today can be nearly replicated by using just two cap-weighted ETFs.

WisdomTree has created a global multi-asset-class Fund that includes both stocks and bonds and that seeks to generate income for investors greater than what can be achieved through a traditional cap-weighted balanced fund. In December 2017, WisdomTree introduced its [Balanced Income Fund \(WBAL\)](#), which seeks to track the performance of the [WisdomTree Balanced Income Index \(WTBAL\)](#) before fees and expenses. The WisdomTree Balanced Income Index seeks to offer greater income in a globally diversified 60/40 equity/fixed income portfolio, while seeking to maintain total return potential.

## One-Stop Shopping: Marrying WisdomTree's Proven Track Record with Cutting-Edge Innovation

The WisdomTree Balanced Income Fund offers investors access to asset classes across the globe. It uses WisdomTree strategies that have proven themselves in the marketplace over the past decade. It also incorporates the firm's latest and some of its best ideas—and it does so all in one ticker: WBAL.

The Index WBAL is designed to track, WTBAL, comprises both WisdomTree and non-WisdomTree ETFs (typically to gain access to asset classes WisdomTree does not cover). Using actual income distributions over the trailing 12 months of the ETFs in the Index, WTBAL generated 3.0%, roughly 90 [basis points \(bps\)](#) of additional yield compared to the benchmark, which consists of a 60/40 blend of the [MSCI All Country World Index](#) and the [Bloomberg Barclays U.S. Aggregate Index](#).<sup>1</sup>

## A Foundation of Rules-Based, Income-Generating Building Blocks

WisdomTree has championed rules-based investing since the 2006 launch of its first 20 fundamentally weighted ETFs. Many of them have posted attractive [risk-adjusted performance](#) since inception because our original research played out in real time.

Given market realities, some global 60/40 portfolios, yielding around 2%, leave much to be desired. Either they take on concentration risk or hone in on speculative markets—or both. By targeting WisdomTree ETFs that weight their components by the dollar volume of their [dividends](#) instead of by their market capitalization, and doing something similar on the fixed income side (income weighting), our approach may help alleviate some of the sector, country or credit bets commonly associated with strategies that search for yield, but that may disappoint long-term investors also seeking competitive total returns.

### Conclusion

For investors seeking a simple way to access global sources of income inside a single ETF, consider WisdomTree's new ETF of ETFs: the WisdomTree Balanced Income Fund (WBAL).

<sup>1</sup>For information on the equity yield of the underlying Index or on current holdings inside the Fund, please visit the [WBAL page](#).

### Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. The Fund invests in other ETFs, and the investment performance and risks may be directly related to the investment performance and risks of such ETFs. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. 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 increase their vulnerability to any single economic or regulatory development. Fixed income investments are also subject to credit risk, the risk that the issuer of a bond will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. High-yield or "junk" bonds have lower credit ratings and involve a greater risk to principal. Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index or take defensive positions in declining markets. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

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.

For more investing insights, check out our [Economic & Market Outlook](#)

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**IMPORTANT INFORMATION**

**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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## DEFINITIONS

**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.

**Market capitalization-weighting**: Market cap = share prices x number of shares outstanding. Firms with the highest values receive the highest weights in approaches designed to weight firms by market cap.

**Fundamental weighting**: A type of equity index in which components are chosen based on fundamental criteria as opposed to market capitalization. Fundamentally weighted indexes may be based on fundamental metrics such as revenue, dividend rates, earnings or book value.

**Currency hedging**: Strategies designed to mitigate the impact of currency performance on investment returns.

**Active manager**: Portfolio managers who run funds that attempt to outperform the market by selecting those securities they believe to be the best.

**Basis point**: 1/100th of 1 percent.

**MSCI All Country World Index**: a broad global equity benchmark that represents large and mid-cap equity performance across 23 developed and emerging market countries.

**Bloomberg U.S. Aggregate Bond Index**: Represents the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, as well as mortgage and asset backed securities.

**Risk-adjusted basis**: When calculating the return, we refine the return by measuring how much risk is involved in producing that return.

**Dividend**: A portion of corporate profits paid out to shareholders.