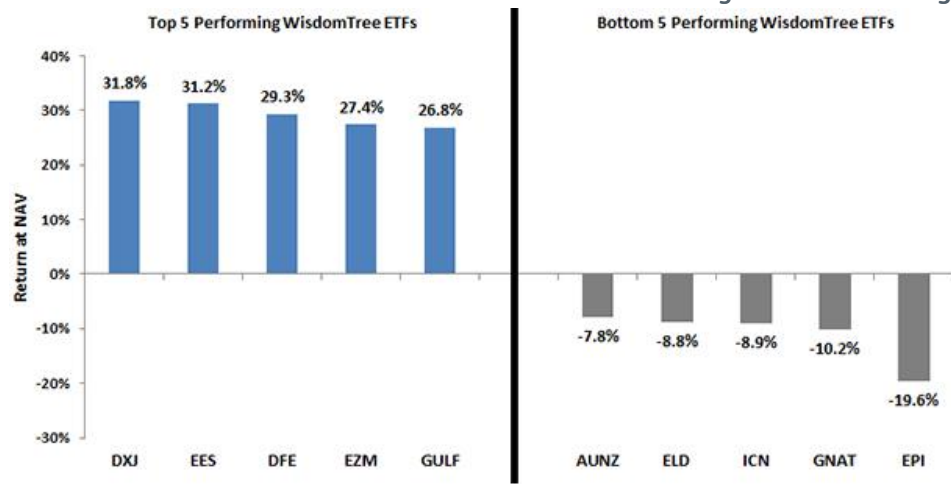


# OUR BEST AND WORST PERFORMING FUNDS THROUGH Q3 2013

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There have been a number of big stories impacting WisdomTree’s global product lineup in 2013 (through September 30):

- Japan: Japanese equities<sup>1</sup> have rallied significantly, largely as a result of an aggressive [monetary policy](#) and a government commitment to stimulating economic growth.
- U.S. equities<sup>2</sup>, in particular in the [mid-](#) and [small-cap](#) segments<sup>3</sup> of the [market capitalization](#) spectrum, have performed well. However, there have also been some other stories about similarly strong equity market performance—they just generated significantly less in the way of attention:
- Middle East: Even in the face of geopolitical risk, equity markets<sup>4</sup> have delivered strong performance.
- Europe: This market has been through great turmoil in recent years, but potential green shoots have begun to emerge. Small-cap stocks<sup>5</sup> have led the European pack. On the other side of the spectrum are markets that have been lagging significantly. A common theme across the worst-performing markets is either a connection to commodity-oriented companies or the emerging markets. **WisdomTree’s Five Best- and Worst-Performing ETFs through**



Sources: Zephyr StyleADVISOR, Morningstar; period: 12/31/2012–9/30/2013. Past performance is not indicative of future results.

September 30, 2013  
Average Annual

Returns as of 9/30/2013

Fund	Ticker	Exp. Ratio	Inception Date	Total Return NAV					Market Price				
				YTD	1-Year	3-Year	5-Year	Since Fund Inception	YTD	1-Year	3-Year	5-Year	Since Fund Inception
WisdomTree Japan Hedged Equity Fund	DXJ	0.48%	6/16/2006	31.83%	51.89%	11.89%	4.78%	0.68%	30.38%	53.46%	11.80%	4.40%	0.82%
WisdomTree SmallCap Earnings Fund	EES	0.38%	2/23/2007	31.19%	34.01%	19.56%	16.05%	7.46%	31.19%	33.99%	19.59%	15.93%	7.44%
WisdomTree Europe SmallCap Dividend Fund	DFE	0.58%	6/16/2006	29.26%	41.80%	13.39%	11.46%	5.33%	26.73%	41.53%	13.83%	11.04%	5.20%
WisdomTree MidCap Earnings Fund	EZM	0.38%	2/23/2007	27.38%	34.37%	19.99%	16.60%	8.61%	27.32%	34.45%	19.95%	16.66%	8.63%
WisdomTree Middle East Dividend Fund	GULF	0.88%	7/16/2008	26.75%	28.04%	9.56%	2.18%	-1.70%	24.29%	27.45%	8.73%	1.78%	-2.27%
WisdomTree Australia & New Zealand Debt Fund	AUNZ	0.45%	6/25/2008	-7.83%	-7.86%	3.82%	5.40%	3.11%	-8.52%	-7.66%	3.79%	4.42%	2.93%
WisdomTree Emerging Markets Local Debt Fund	ELD	0.55%	8/9/2010	-8.76%	-5.77%	0.74%	N/A	2.14%	-9.63%	-6.14%	0.48%	N/A	1.82%
WisdomTree Indian Rupee Fund	ICN	0.45%	5/14/2008	-8.93%	-11.45%	-5.17%	-0.15%	-1.55%	-8.81%	-10.97%	-5.18%	-0.07%	-1.68%
WisdomTree Global Natural Resources Fund	GNAT	0.58%	10/13/2006	-10.16%	-7.06%	-0.58%	0.38%	1.04%	-11.20%	-6.68%	-0.69%	-0.21%	0.90%
WisdomTree India Earnings Fund	EPI	0.83%	2/22/2008	-19.60%	-18.90%	-15.86%	0.18%	-7.69%	-20.41%	-18.51%	-15.94%	-0.06%	-7.81%

Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at [www.wisdomtree.com](http://www.wisdomtree.com).

WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

### The "Bottom 5"

WisdomTree's five worst-performing ETFs on a year-to-date basis may represent some pockets of underlying [relative value](#)—the types of areas where a [contrarian](#) investor may want to focus.

- GNAT: This fund focuses on equities within natural resource sectors, and it is the second worst-performing of all WisdomTree's equity Funds year-to-date. However, if we compare the [price-to-earnings \(P/E\) ratio](#) to the S&P 500 Index, a commonly used benchmark for the performance of U.S. equities, it is nearly 30% lower. Generally speaking, natural resources are necessary inputs to help fuel overall global growth, so this recent negative performance could be an opportunity.
- Emerging Markets: ELD, ICN and EPI all fit a common theme of different ways in which to generate exposure to emerging markets, and in the case of ICN and EPI, to India. Each has a negative return year-to-date. In the case of India, there has been great [volatility](#). A change of leadership at the Reserve Bank of India (RBI) in the beginning of September has been viewed positively, but India's difficulties are far from solved. ELD, to us, could be the more interesting opportunity, in that its performance year-to-date is down more than other broad-based WisdomTree equity Funds focused on the emerging markets. While certainly not without risk, [locally denominated debt](#) in emerging markets has been hard hit during 2013 thus far—and may represent a possible [valuation](#) opportunity.
- AUNZ: The Australian and New Zealand economies are strongly connected to commodities—a factor that could have influenced some of the negative performance in 2013 year-to-date. However, the more important factor to note is that the Australian dollar has lost 10.4% against the U.S. dollar over this period, and the Fund's negative performance can largely be explained by this currency move.

**Conclusion** while there is truly no way to predict future inflection points for different funds, we believe it is always interesting to consider both sides of the performance spectrum. Top-performing funds are typically well-noted, garnering significant attention. Much less noted are the bottom performers—and at times these could have the potential to be the top performers of tomorrow. Data source is Bloomberg unless otherwise noted. <sup>1</sup>As represented by the [MSCI Japan Local Currency Index](#). <sup>2</sup>As represented by the [S&P 500 Index](#). <sup>3</sup>Mid- and small-cap segments are represented by the [S&P MidCap 400](#) and [Russell 2000](#) indexes, respectively. <sup>4</sup>As represented by the [WisdomTree Middle East Dividend Index](#). <sup>5</sup>As represented by the [WisdomTree Europe SmallCap Dividend Index](#).

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There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in real estate involve additional special risks, such as credit risk, interest rate fluctuations and the effect of varied economic conditions. Funds that focus their investments in one country or region may be significantly impacted by events and developments associated with the region, which can adversely affect performance. Funds focusing on a single sector and/or smaller companies

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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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## DEFINITIONS

**Monetary easing policies**: Actions undertaken by a central bank with the ultimate desired effect of lowering interest rates and stimulating the economy.

**Mid-Cap**: Characterized by exposure to the next 20% of market capitalization (after the top 70% have been removed) within the Value, Blend or Growth style zones with the majority of the fund's weight.

**Small caps**: new or relatively young companies that typically have a market capitalization between \$200 million to \$2 billion.

**Market Capitalization**: 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.

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

**Contrarian**: Practice of seeing what the majority of market participants are focused on and attempting to look in the complete opposite direction.

**Volatility**: A measure of the dispersion of actual returns around a particular average level.

**Locally denominated debt**: Debt denominated in local currencies issued by an emerging market government.

**Valuation**: Refers to metrics that relate financial statistics for equities to their price levels to determine if certain attributes, such as earnings or dividends, are cheap or expensive.

**MSCI Japan Local Currency Index**: A market cap-weighted index that measures the performance of the Japanese equity market in the local currency (yen).

**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.

**Russell 2000 Index**: Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

**WisdomTree Middle East Dividend Index**: A fundamentally weighted index that measures the performance of companies in the Middle East that pay regular cash dividends on shares of common stock and meet specified requirements as of the Index measurement date. The Index is dividend weighted and updated to reflect market prices and exchange rates.

**WisdomTree Europe SmallCap Dividend Index**: A fundamentally weighted index meant to measure the performance of small-cap European dividend-paying equities weighted by cash dividends paid.