INTRODUCING THE WISDOMTREE UNITED KINGDOM HEDGED EQUITY INDEX

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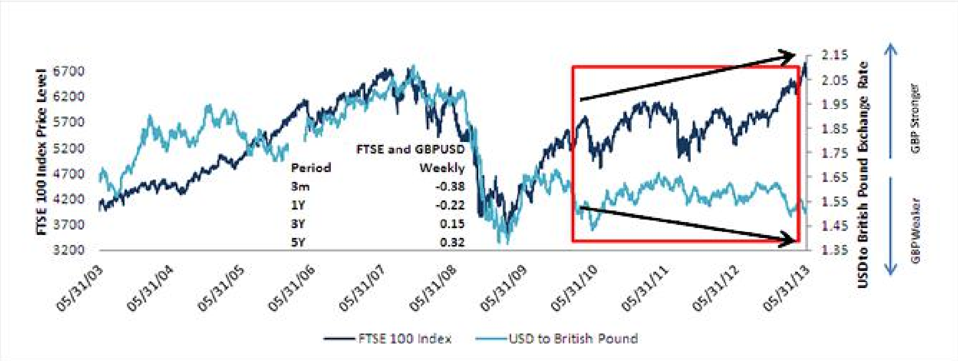
06/25/2013

Growing Appeal of Currency Hedging Back in 2009, WisdomTree developed its first Index that was designed to hedge the performance of developed market currencies in a developed world, MSCI EAFE-like universe[1] . While the concept of currency hedging was not novel or unique to WisdomTree, there was a dearth of investment strategies offering such exposure to U.S. investors, and WisdomTree was a pioneer in launching such strategies in the ETF structure. Over the last four years WisdomTree has expanded its footprint in the currency hedged-equity indexing space, notably adding options for Japan (hedging the yen) and Europe (hedging the euro). **Rounding Out the Major Developed World Currency Exposures** With the introduction of "Abenomics" to Japan—and its impact on yen weakness and equity market strength[2] —the benefits to currency hedging were on prime display. A side effect of this Japan story has been a greater interest in applying the same type of currency hedged strategy to Europe. However, we do not believe investor interest in currency hedging stops there. The MSCI EAFE Index has exposure to 12 currencies in total, but three make up the vast majority (approximately 70%) of the index's weight: the yen, the euro and the pound. The euro is the greatest exposure of the three (nearly 30%), and the yen and pound represent approximately 20% each.[3] Therefore, as WisdomTree was looking to expand its currency-hedged Index strategies, the UK's prominence in international markets made the British pound (GBP) the next logical currency to hedge after the euro and the yen. The United Kingdom is a significant market in its own right—as of WisdomTree's May 31, 2013, annual Index screening, the United Kingdom was the second-largest dividend-paying country in the world and the only country beside the United States to have a trailing 12-month *Dividend Stream*® of over $100 billion. It is also the third-largest market, after the U.S. and Japan, in the MSCI AC World Index as of the same date. Clearly, the United Kingdom market is sizable, but why consider exposure to the local equity markets without the risk of the pound? **Emergence of Pound Weakness and UK Equity Highs (Similar to the Japanese Yen Effect)** The FTSE 100 Index, which is measured in pounds, has flirted with new all-time highs. However, the pound has been depreciating against the U.S. dollar, meaning unhedged equity exposure to the United Kingdom was running into the wind over this period.

UK Stock Index vs. British Pound Implies Negative Correlations in Recent Past



Sources: Bloomberg, WisdomTree; period: 5/31/2003 to 5/31/2013.

- From May 31, 2003, to approximately May 31, 2009, the movement of the pound vs. the U.S. dollar measured relative to the price level of the FTSE 100 Index implied significantly positive correlation . In essence, we see this through the dark blue line and the light blue line moving in a very similar manner over this period.
- May 31, 2009, marks somewhat of an inflection point, in that the FTSE 100 Index begins a significant upward trend whereas the exchange rate of the pound against the dollar begins to move in the negative direction. The tendency for these two lines to now move in opposite directions implies the emergence of a negative correlation between the currency and equity markets—very much like what is happening in Japan, albeit to a less pronounced degree.
- Measuring the actual correlation statistics between the FTSE 100 Index and the dollar-to-pound exchange rate, one can see a negative correlation of approximately -.3 over the three months ending May 31, 2013, and -.1 over the 12 months preceding the same date. Over the last three and five years, correlation has been positive, indicating to us that the emergence of negative correlation has been fairly recent.

Introducing the WisdomTree United Kingdom Hedged Equity Index The WisdomTree United Kingdom Hedged Equity Index uses a rules-based process for selecting and weighting securities while managing the British pound risk.

- The universe comprises the largest dividend-paying companies from the WisdomTree DEFA Index (broad developed world ex-U.S.) that are traded in British pounds, with a minimum market capitalization of $1 billion
- A maximum of 80% of revenues can be derived from the United Kingdom
- A 5% cap to any individual security at the time of the annual Index rebalance
- A cap of 25% to any individual sector at the time of the annual Index rebalance
- Between annual rebalances, individual security and sector weights may fluctuate above 5% and 25%, respectively

The stocks trading in the United Kingdom very typically have a global revenue base and also generally are dividend payers—as a result, the exposure in the WisdomTree United Kingdom Hedged Equity Index looks very similar to general market cap-weighted indexes. As of May 31, 2013, when we look at the FTSE 100 Index, 97.8% of its weight is in dividend-paying stocks, and over 83% is represented in the WisdomTree United Kingdom Hedged Equity Index. One reason the companies are so global in nature is that London is considered one of the financial capitals of the world and many global companies list their shares there. We believe the WisdomTree United Kingdom Hedged Equity Index thus is very representative of the performance of UK-listed stocks while hedging the performance of the pound from impacting returns. The currency-hedging component is done through the use of non-deliverable forward contracts that are rebalanced monthly. Each month, the notional principal of the forward contracts is matched to the assets in the fund. **Conclusion** At WisdomTree, we are excited to have developed our third hedged equity Index focused on a single currency: the WisdomTree United Kingdom Hedged Equity Index. Combining the WisdomTree Japan Hedged Equity Index, the WisdomTree Europe Hedged Equity Index and the WisdomTree United Kingdom Hedged Equity Index, one can essentially focus on hedging three currencies that, as of May 31, 2013, comprise approximately 70% of the weight of the MSCI EAFE Index. We believe this is a strong step forward in our currency hedged equity capabilities. [1] Refers to the WisdomTree DEFA Hedged Equity Index, which consisted of exposures to developed world equities and currencies such as the euro, Japanese yen, British pound, Danish krone, Norwegian krone, Swedish krona and others. [2] Since Japanese prime minister Shinzo Abe's election 12/16/2012, the Nikkei 225 Index is up over 40% through 5/31/2013 and the yen is down almost 20% (against the U.S. dollar) over the same period. [3]Source: Bloomberg, as of 5/31/2013.

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DEFINITIONS

Hedge : Making an investment to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security, such as a futures contract.

MSCI EAFE Index : is a market cap-weighted index composed of companies representative of the developed market structure of developed countries in Europe, Australasia and Japan.

Dividend Stream : Refers to the regular dividends per share multiplied by the number of shares outstanding.

MSCI AC World ex-US Index : Measures the performance of companies incorporated in both emerging markets and developed markets, excluding the United States. Index weighting is by market cap.

FTSE 100 Index : A market capitalization-weighted index measuring the performance of the 100 largest companies listed on the London Stock Exchange.

Correlation : Statistical measure of how two sets of returns move in relation to each other. Correlation coefficients range from -1 to 1. A correlation of 1 means the two subjects of analysis move in lockstep with each other. A correlation of -1 means the two subjects of analysis have moved in exactly the opposite direction.

WisdomTree United Kingdom Hedged Equity Index : Designed to provide exposure to United Kingdom equities while at the same time neutralizing exposure to fluctuations between the British pound and the U.S. dollar. The Index is based on dividend-paying companies in the WisdomTree DEFA Index that are domiciled in the UK and are traded in British pounds, have at least $1 billion market capitalization and derive at least 80% of their revenue in the latest fiscal year from countries outside the UK. The component securities are weighted in the Index based on annual cash dividends paid with the following caps: maximum individual position capped at 5%, maximum sector weight capped at 25.

WisdomTree Japan Hedged Equity Index : Index designed to provide exposure to Japanese equity markets while at the same time neutralizing exposure to fluctuations of the Japanese yen movements against the U.S. dollar. Constituents are dividend-paying companies incorporated in Japan that derive less than 80% of their revenue from sources in Japan. Weighting is by cash dividends paid.

WisdomTree Europe Hedged Equity Index : Index designed to provide exposure to European equities while at the same time neutralizing exposure to fluctuations between the Euro and the U.S. dollar. Constituents are European dividend-paying firms with a least 50% of their revenues from outside of Europe. Weighting is by cash dividends paid.