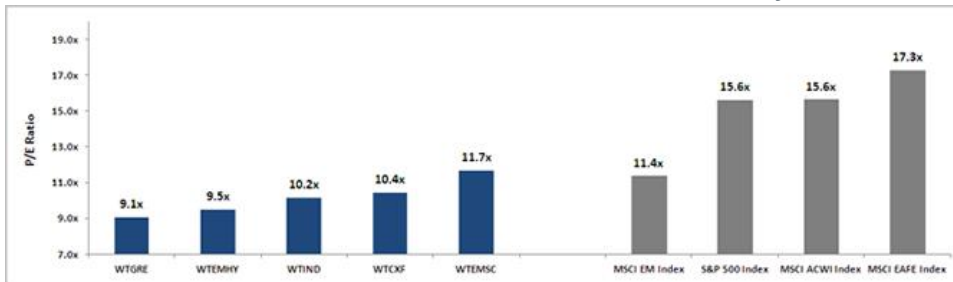


THE LOWEST PRICE TO EARNINGS RATIO MARKETS TODAY

Jeremy Schwartz – Global Chief Investment Officer
08/05/2013

A central story in global equity markets have been U.S. equities (as represented by the [S&P 500 Index](#)) leading other regional equity markets. The difference in performance between U.S. equities vs. emerging market (EM) equities (as represented by the [MSCI Emerging Markets Index](#)) has been among the most staggering, with U.S. equities outperforming EM by over 14% per year for the past three years and by approximately 23% in the first six months of 2013. This discrepancy has created a large divergence in the [valuations](#) of various markets. There are currently 38 WisdomTree equity Indexes tracked by a broad array of exchange-traded funds (ETFs) and covering regions around the world. Using the [price-to-earnings \(P/E\) ratio](#) valuation metric as of July 11, 2013, we show the five “least expensive” markets below. The five lowest P/E ratio markets in the WisdomTree Index family are: • [wisdomTree Global ex-US Real Estate Index \(WTGRE\)](#) • [WisdomTree Emerging Markets Equity Income Index \(WTEMHY\)](#) • [WisdomTree India Earnings Index \(WTIND\)](#) • [WisdomTree China Dividend ex-Financials Index \(WTCXF\)](#) • [wisdomTree Emerging Markets SmallCap Dividend Index \(WTEMSC\)](#)



Sources: WisdomTree, Bloomberg, Standard & Poor's. Past performance is not indicative of future results. You cannot invest directly in an index.

Average Annual
2013

Returns as of June 30,

Index	WT Index Inception Date	YTD	1-Year	3-Year	5-Year	10-Year
WisdomTree Global ex-US Real Estate Index	6/6/2011	-4.58%	14.05%	N/A	N/A	N/A
WisdomTree Emerging Markets Equity Income Index	6/1/2007	-10.04%	0.99%	7.42%	4.68%	N/A
WisdomTree India Earnings Index	12/3/2007	-13.26%	-1.11%	-8.74%	-0.19%	N/A
WisdomTree China Dividend ex-Financials Index	5/1/2012	-14.70%	-1.93%	N/A	N/A	N/A
WisdomTree Emerging Markets SmallCap Dividend Index	8/1/2007	-2.91%	12.25%	8.98%	8.50%	N/A
S&P 500 Index		13.82%	20.60%	18.45%	7.01%	7.30%
MSCI Emerging Markets Index		-9.57%	2.87%	3.38%	-0.43%	13.66%
MSCI EAFE Index		4.10%	18.62%	10.04%	-0.63%	7.67%
MSCI ACWI Index		6.05%	16.57%	12.36%	2.30%	7.59%

Since inception returns for WisdomTree Indexes: WisdomTree Global ex-US Real Estate Index: 3.67%; WisdomTree Emerging Markets Equity Income Index: 6.11%; WisdomTree India Earnings Index: -7.14%; WisdomTree China Dividend ex-Financials Index: -10.60%; WisdomTree Emerging Markets SmallCap Dividend Index: 4.20%.

Sources: WisdomTree, Bloomberg. Past performance is not indicative of future results. You cannot invest directly in an index.

For definitions of

indexes in the chart, please visit our [glossary](#). • **Emerging Markets Theme:** The WisdomTree Indexes shown above all have exposure to emerging markets. While the WisdomTree Global ex-US Real Estate Index had approximately 13% EM exposure as of July

11, 2013, the other four are 100% exposed to emerging markets. The emerging markets are currently one of the most out-of-favor investment areas. We believe this creates great opportunities for those who can take a longer-term view of this region and asset class.

- **Negative Year-to-Date Performance:** Each of the five shown WisdomTree Indexes with lowest P/E ratios has exhibited negative performance for the first half of 2013. The WisdomTree Emerging Markets SmallCap Dividend Index was the best performer, dropping less than 3%. The other 100% emerging market-exposed WisdomTree Indexes are all down more than 10%, and the MSCI Emerging Markets Index is down nearly 10%. China is one of the most out-of-favor markets—its approximately 15 percentage point decline is greater than that of the broader emerging markets. Much of the disappointing emerging market performance stems from concerns about a slowdown in Chinese economic growth rates.

Searching for a Catalyst Historically, we have seen EM equity performance change quickly. Sometimes there is a clear catalyst to spark the inflection point, and at other times there is simply an unannounced shift in sentiment, the reason for which can be difficult to detect. While many investors might feel apprehensive about trying to catch the proverbial “falling knife” when considering emerging market equities today, we’d simply remind them that performance trends have a tendency to change over time and that, historically, considering equities with lower relative valuations has been a compelling theme. In our opinion, the valuation discount in many emerging market countries is unlikely to become a long-term characteristic of these markets.

Important Risks Related to this Article

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 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, intervention and political developments.

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](#)

View the online version of this article [here](#).

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.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.
You cannot invest directly in an index.

DEFINITIONS

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.

MSCI Emerging Markets Index: a broad market cap-weighted Index showing performance of equities across 23 emerging market countries defined as "emerging markets" by MSCI.

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.

WisdomTree Global ex-US Real Estate Index: A fundamentally weighted index that measures the performance of companies from developed and emerging markets outside of the United States that are classified as being part of the "Global Real Estate" sector.

WisdomTree Emerging Markets Equity Income Index: A subset of the WisdomTree Emerging Markets Dividend Index measuring the performance of the higher-yielding stocks as measured by trailing 12-month dividend yields, weighted by cash dividends.

WisdomTree India Earnings Index: A fundamentally weighted Index that measures the performance of companies incorporated and traded in India that are profitable and that are eligible to be purchased by foreign investors. Companies are weighted in the Index based on their earnings in their fiscal year prior to the Index measurement date, adjusted for a factor that takes into account shares available to foreign investors.

WisdomTree China Dividend ex-Financials Index: The Index measures the performance of dividend paying stocks outside financials sector. It is comprised of the 10 largest stocks selected by float adjusted market capitalization in each sector except financials, selected from a universe of Chinese companies with at least \$1 billion of float-adjusted market capitalization.

WisdomTree Emerging Markets SmallCap Dividend Index: A subset of the WisdomTree Emerging Markets Dividend Index measuring the performance of the smallest firms by market capitalization weighted by cash dividends.