WisdomTree ETFs

WISDOMTREE EMERGING MARKETS QUALITY DIVIDEND GROWTH FUND

DGRE

When performance lags in any asset class, the natural emotional response is to consider changing or cutting allocations. Until recently, emerging markets have been underperforming for the past few years, therefore it is understandable that investors may consider changing allocations. But if we follow traditional investment wisdom, the time to buy is when prices are down. In fact, we believe it might be better to diversify existing holdings within the emerging markets. WisdomTree has created yet another way to do this. Of course, diversification does not eliminate the risk of experiencing investment losses.

Now, WisdomTree brings you a forward-looking dividend growth exchange-traded Fund (ETF). DGRE, the WisdomTree Emerging Markets Quality Dividend Growth Fund, seeks to help you capture the equity performance and dividend growth potential of the emerging markets.

CAPTURING EMERGING MARKET DIVIDEND GROWTH

Dividend-paying equities have increasingly become an attractive option for investors looking to generate income, pursue higher total return potential and more. Consider the following:

+ Although emerging markets are associated with a high degree of volatility, their strong economic growth characteristics nevertheless make them attractive[1]
+ We believe that dividends are an important indicator of value for emerging markets, and utilizing them through different selection and weighting methodologies can help more finely align exposures with economic outlooks
+ Using a forward-looking process and fundamental weighting may help create a portfolio of quality emerging market companies with higher growth expectations, lower leverage[2] and other positive characteristics
+ Dividend indexes with backward-looking growth screens may fail to capture present growth opportunities
+ Dividend indexes that screen for the fundamental metrics we believe to be associated with greater potential for future dividend growth may help investors capitalize on dividend growth trends as they occur

[1] Source: International Monetary Fund (IMF) World Economic Outlook, January 2015, and Zephyr StyleADVISOR, with the MSCI Emerging Markets Index defined as the universe for volatility as of 9/30/2016.

[2] Leverage: Total assets divided by equity. Higher numbers indicate greater borrowing to finance asset purchases; leverage can tend to make positive performance more positive and negative performance more negative.

BEING STUCK IN THE PAST MAY COST YOU

When trying to capture dividend growth themes, most of the more popular indexes employ backward-looking dividend growth screens that require a company to have raised dividends for 10 or even 20 consecutive years before becoming eligible for inclusion. This may seem like a smart idea, but it keeps many investors from capitalizing on the shifting trends in the dividend landscape in general—and specifically may not work in emerging markets. Remember that:

+ Emerging markets may have newer dividend payers and more volatile dividend streams[3]
+ Emerging market companies generally raise and lower their dividends with their profits—a significant contrast to the behavior typically displayed by U.S. companies, which tend to manage their cash flows with consistent dividend payments[4]
+ Indexes utilizing backward-looking growth screens may tend to miss the best opportunities for future dividend growth when it comes to the emerging markets.

DGRE LOOKS TO THE FUTURE

Selection criteria and rationale	The universe of eligible companies begins with the WisdomTree Emerging Markets Quality Dividend Growth Index of 1363 investable dividend payers as of September 30, 2016, the date of the initial Index screening. Then we add the following screening criteria: + Must have dividend coverage ratio[1] greater than 1.0x, as companies that do not have enough earnings to support their dividends are less likely, we believe, to be dividend growth leaders. The Index is comprised of the top 300 companies with the best combined rank of Growth and Quality factors from this universe: + Growth Ranking 50%: Derived from forward-looking, long-term earnings growth expectations[2] + Quality Ranking 50%: Split evenly between three-year average return on assets (ROA)[3] and three-year average return on equity (ROE)[4].
Weighting	The Index is *Dividend Stream*®[5] (dividend per share times shares outstanding) weighted to reflect the proportionate share of the aggregate cash dividends of each constituent. This gives bigger weight to companies growing their dividends.
Single holding and sector caps	At the annual rebalance, the following caps apply: + No single stock can represent more than 5% of the Index + No sector can represent more than 20% of the Index + No country can represent more than 20% of the Index + Between annual rebalances, single stock weights and sectors weights may fluctuate above the 5% and 20% marks, respectively, due to market movement

Source: WisdomTree

[1] Dividend coverage ratio: Earnings per share divided by dividends per share. Higher numbers indicate a greater level of earnings per share relative to its dividend payments.

[2] Long-term earnings growth expectations: Compilation of analyst estimates of the growth in operating earnings expected to occur over the next full business cycle, typically three to five years.

[3] Return on assets (ROA): Firm profits (after accounting for all expenses) divided by the firm's total assets. Higher numbers indicate greater profits relative to the level of assets utilized to generate them.

[4] Return on equity (ROE): Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

[5] *Dividend Stream*®: refers to the regular dividends per share multiplied by the number of shares outstanding.

[3] Sources: WisdomTree, Standard & Poor's, Annual Index Reconstitution Data 2008-2016.

[4] Sources: WisdomTree, Bloomberg, Annual Index Reconstitution Data 2007-2016.

WHY DGRE FOCUSES ON THESE FACTORS

The Index that DGRE is designed to track applies its selection criteria in an attempt to raise the probability of generating exposure to future dividend growers. While no index methodology would ever be able to look into the future with certainty, we believe there is both logical and economic backing to the set of factors we have selected:

+ **Long-Term Earnings Growth Expectations—We believe this metric to be pretty simple:** Firms expected to grow their earnings faster, all other things being equal, should have greater potential to increase their future dividends faster. We understand that these are only estimates, but we believe the general direction of the forecasts (i.e., growth or contraction) tends to be accurate. Additionally, while there may be a lot of noise around any single company's precise earnings growth, in aggregate the companies with higher growth expectations—we believe—tend to grow their earnings faster than those with lower expectations.
+ **Quality Factor Rankings:** Our quality factor ranking is based on three-year historical averages for return on equity (ROE) and return on assets (ROA). What these figures really do is relate a firm's earnings to a particular input (equity or assets) used to generate those earnings, with higher numbers implying more efficient profitability. However, as is the case with many elements of accounting, there are always ways to overemphasize one figure at the potential expense of another. If a firm exhibits very strong ROE but much lower ROA, this indicates to us that ROE is being enhanced through the use of borrowed money, or leverage. Therefore, by using both ROE and ROA, we tilt the portfolio more toward firms with strong measures of each and away from firms that may be utilizing leverage to generate strong ROE.

DGRE IN A PORTFOLIO

As a forward-looking, emerging market-focused ETF, the WisdomTree Emerging Markets Quality Dividend Growth Fund can assume many important functions in a portfolio, including:

+ Complement to other emerging market ETFs—DGRE has different country and sector weights and can help provide more complete diversification
+ Replacement for emerging market mutual funds or ETFs not focused on growth—As a forward-looking ETF, DGRE may help investors better capitalize on dividend growth trends in emerging markets
+ More complete emerging market asset allocation—DGRE enables investors to focus on dividend growth in the emerging market portion of their portfolios

Ticker: DGRE
Exchange: NASDAQ
Expense Ratio: 0.63%
Structure: Open-end ETF registered under the Investment Company Act of 1940
Exposure: Emerging markets, dividend-paying stocks
Rebalancing: The portfolio is rebalanced on an annual basis

At WisdomTree, we do things differently. We build our ETFs with proprietary methodologies, smart structures and/or uncommon access to provide investors with the potential for income, performance, diversification and more.

For more information or to invest in DGRE, contact your WisdomTree representative or call 866.909.WISE (9473).

Unless otherwise stated, data source is WisdomTree.

Dividends are not guaranteed, and a company's future ability to pay dividends may be limited. A company paying dividends may cease paying dividends at any time.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. To obtain a prospectus containing this and other important information, call 866.909.WISE (9473) or visit wisdomtree.com. Read the prospectus carefully before you invest.

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. Funds focusing their investments on a single sector increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. 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. Due to the investment strategy of certain Funds, they may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

MSCI Emerging Markets Index: A broad market cap-weighted index showing performance of equities across 21 emerging market countries defined as "emerging markets" by MSCI. S&P 500 Index: A 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. WisdomTree Emerging Markets Quality Dividend Growth Index: A fundamentally weighted index designed to track the performance of dividend-paying emerging market companies that WisdomTree believes have the potential to increase their dividends due to certain factors, which include estimated earnings growth, return on equity and return on assets. Weighting is by trailing 12-month cash dividends. MSCI EAFE Index: A market cap-weighted index composed of companies representative of the developed market structure of 22 developed countries in Europe, Australasia and Japan. WisdomTree Emerging Markets Dividend Index: A cash dividend-weighted index measuring the performance of dividend-paying equities incorporated in emerging markets. WisdomTree Emerging Markets Equity Income Index: A subset of the WisdomTree Emerging Markets Dividend Index measuring the performance of the top 30% of stocks with the highest trailing 12-month dividend yields, weighted by cash dividends. MSCI Emerging Markets Value Index: A market capitalization-weighted subset of stocks in the MSCI Emerging Markets Index that have lower share prices relative to their earnings or dividends per share. MSCI Emerging Markets Growth Index: A market capitalization-weighted subset of stocks in the MSCI Emerging Markets Index that have higher share prices relative to their earnings or dividends per share. FTSE Emerging All Cap ex Taiwan Diversified Capped Dividend Growth 50 Index: A capped free float market cap-weighted index that measures the stock performance of 50 emerging market companies with a high compounded annual dividend growth rate. Dow Jones Emerging Markets Select Dividend Index: A modified market capitalization approach that weights by dividend yield. Stocks are selected for fundamental strength compared to their peers, subject to various screens such as dividend quality and liquidity. S&P Emerging Markets Dividend Opportunities Index: A yield-focused approach that optimizes a list of constituents based on dividend yield, subject to constraints. There are also dividend and earnings requirements to determine constituent eligibility.

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