Alternative Credit Overview

In today's financial markets, investors are faced with some potential challenges when trying to determine where it is best to place funds. Certainly, one of the most noteworthy challenges is the level of global interest rates. Whether the investment focus is here in the U.S., or on a global scale, investors are still confronted with historically low rates, and in some cases, the readings are either at zero or in negative territory. In addition, corporate bond spreads have returned to pre-pandemic readings, and do not offer as much in terms of relative value, not to mention equity markets being near all-time highs, as well.

So, where does an investor turn to find income in this yield-challenged environment? One potential answer is Alternative Credit.

What is Alternative Credit?

Alternative Credit consists of debt and debt-based securities that have a higher risk-return profile than traditional high yield bonds. Historically, this investment space has been primarily limited to institutional or ultra-high net worth investors through private fund instruments, but publicly traded alternative credit vehicles (PACs) offer another way of access for a wide range of alternative credit sectors on an intra-day basis.

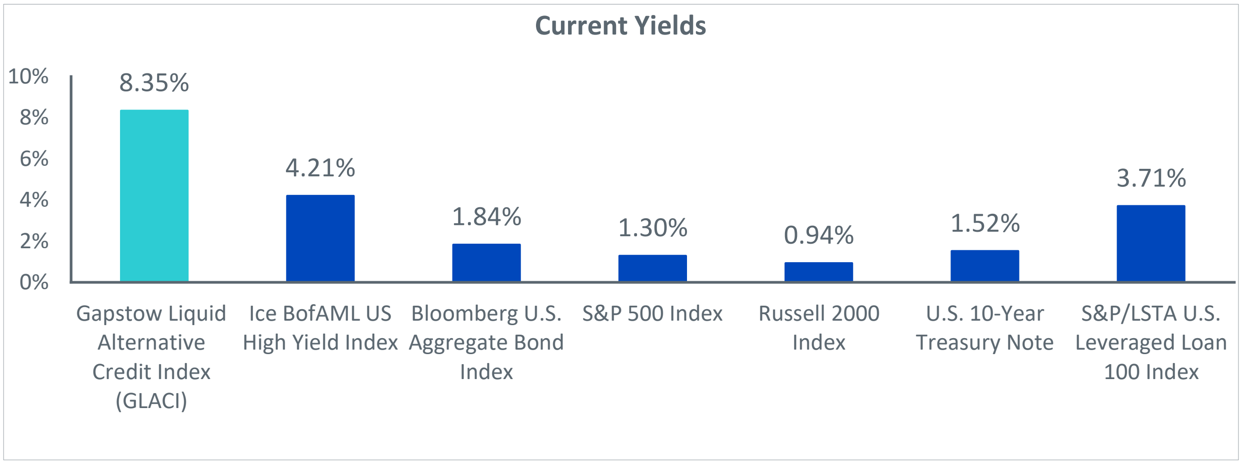
PACs are a subset of Business Development Companies (BDCs), Real Estate Investment Trusts (REITs) and Closed-End Funds (CEFs). Here are some examples of what each sub-sector consists of:

PACs	Alternative Credit Sector	Primary Holdings of PACs
BDCs	• Private Corporate Lending	• Middle Market Corporate Loans • Venture Debt
REITs	• Commercial Real Estate Lending • Agency Real Estate Debt • Non-Agency Real Estate Debt • Multi-Sector Alternative Credit	• Agency Mortgage-Backed Securities • Non-Agency --Mortgage-Backed Securities --Whole Loans
CEFs	• Public Corporate Debt • Multi-Sector Alternative Credit	• Asset-Backed Securitizations • Mortgage-Backed Securitizations • Collateralized Loan Obligations • High-Yield Bonds • Leveraged Loans

Source: WisdomTree, Gapstow

Where Does Alternative Credit Fit in a Portfolio?

Against the backdrop of low yields in areas such as U.S. Treasuries, corporate bonds and equities, investors could consider utilizing the WisdomTree Alternative Income Fund (HYIN), which seeks to track the price and yield performance before fees and expenses, of the Gapstow Liquid Alternative Credit Index (GLACI). The Fund can be used as a complement to fixed income holdings. This strategy may offer considerable yield advantages versus a variety of both equity and fixed income classes and seeks to provide a moderate to low correlation to equity and fixed income markets.



Source: WisdomTree, Gapstow, Bloomberg, as of 9/30/21. Past performance is not indicative of future results.

WisdomTree views alternative credit as a longer-term, strategic investment within a portfolio. With the goal of providing higher yields without taking on disproportionately higher risk, the WisdomTree Alternative Income Fund (HYIN) offers a potential solution for income-focused investors.

For more information on HYIN or our other ETFs, please visit WisdomTree.com

Investors should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus containing this and other important information, please call 866.909.9473 or visit WisdomTree.com to view or download a prospectus. Investors should read the prospectus carefully before investing.

Gapstow Liquid Alternative Credit Index (GLACI): an equal-weighted index that tracks the performance of 35 "Publicly Traded Alternative Credit Vehicles" (PACs) using an objective, rules-based methodology. ICE BofAML US Corporate Index(C0A0): The ICE BofAML US Corporate Index tracks the performance of the universe of US dollar denominated investment grade corporate debt publicly issued in the U.S. market. Bloomberg US Agg: 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. 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. 10-year U.S Treasury: a debt obligation of the U.S. government with an original maturity of ten years. S&P/LSTA U.S. Leveraged Loan 100 Index: designed to reflect the performance of the largest loan facilities in the leveraged loan market. Spreads: Typically refers to a difference between a measure of yield for one asset class and a measure of yield for either a different subset of that asset class or a different asset class entirely. 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.

You cannot invest directly in an index.

There are risks associated with investing, including the possible loss of principal. The Fund invests in alternative credit sectors through investments in underlying closed-end investment companies ("CEFs"), including those that have elected to be regulated as business development companies ("BDCs"), and real estate investment trusts ("REITs"). The value of a CEF can decrease due to movements in the overall financial markets. BDCs generally invest in less mature private companies, which involve greater risk than well-established, publicly traded companies and are subject to high failure rates among the companies in which they invest. By investing in REITs, the Fund is exposed to the risks of owning real estate, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions. 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.

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