

WisdomTree China ex-State-Owned Enterprises Fund

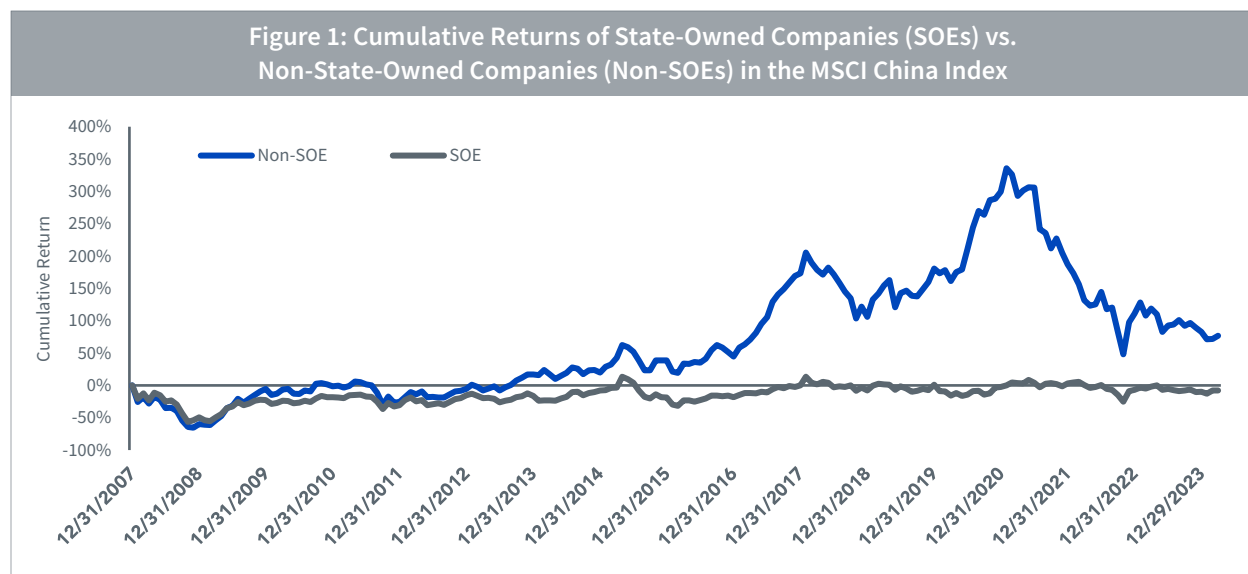
CXSE

State-Owned Enterprises

An interesting dichotomy has developed in emerging markets (EM), between government actors and other investors in publicly traded equities. Some argue that government ownership can negatively impact the operational efficiency of a company. Government-owned and influenced companies typically run their businesses with a broader set of interests, appealing more to government wishes than generating the maximum possible return for shareholders. Over time, these influences can lead to quite large but fairly inefficient businesses, and as such, have the potential of stagnating the long-term growth potential of these companies in their respective emerging markets economies. Often these companies are referred to as “state-owned enterprises” (SOEs).

The Performance Difference

The first and probably most critical question to ask is whether SOEs and non-SOEs have performed differently. We believe that if shareholder returns and fundamentals such as return on equity (ROE)¹ are not the top priority of these SOEs, it would be seen in things like greater risk or lower overall performance. To show this, WisdomTree built broad market capitalization-weighted portfolios of SOEs and non-SOEs in EM. State ownership, as defined by WisdomTree, applies to firms that have more than 20% of their shares owned by government entities. The data below in figures 1 and 2 shows that over this cumulative period, there has been a consistently large performance gap in favor of non-SOEs.



Sources: FactSet, WisdomTree, from 12/31/2007–03/31/2024. SOEs are defined as firms that have more than 20% of their shares owned by government entities. Non-SOEs are defined as firms that have less than 20% of their shares owned by government entities. Universe of securities is the MSCI China Index. Returns are calculated in U.S. dollars. Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns.

¹ Return on equity (ROE): Measures a corporation’s profitability by revealing how much profit a company generates with the money shareholders have invested.

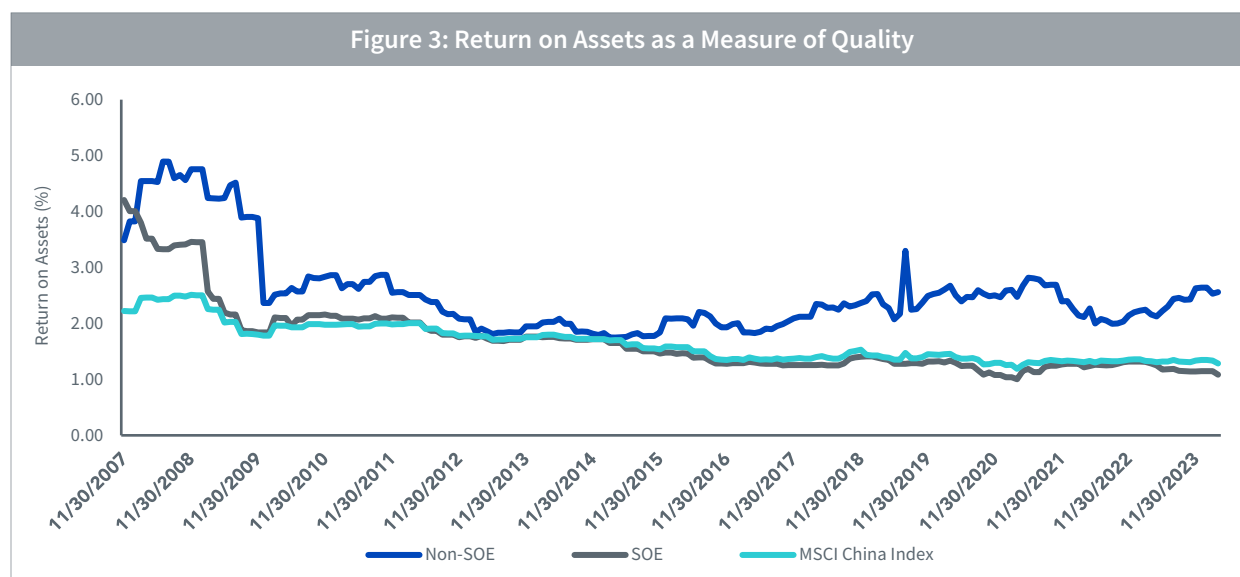
Figure 2: Annualized Returns (as of 03/31/2024)

	1 Year	3 Year	5 Year	10 Year	Since 12/31/2007
NON-SOE	-17.14%	-23.30%	-6.45%	4.35%	3.58%
SOE	-5.73%	-3.13%	-1.55%	2.40%	-0.51%

Source: WisdomTree, as of 03/31/2024. Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns. Universe of securities is the MSCI China Index.

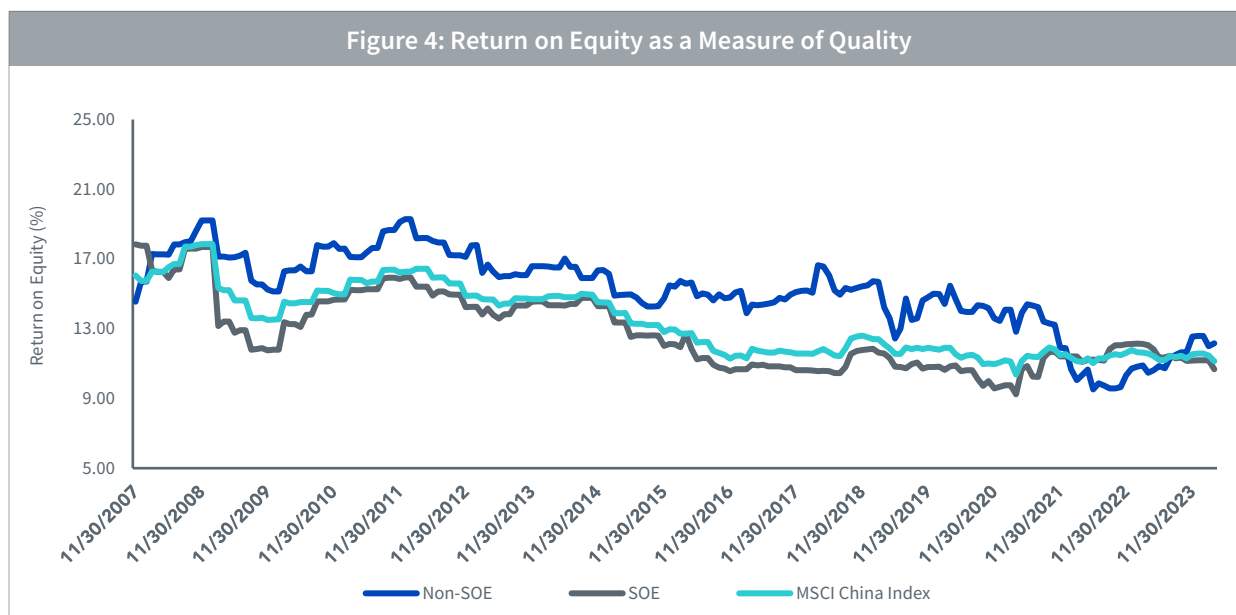
Differentiation in Fundamentals

After performance, the next area of consideration is fundamentals. Again, if SOEs put government priorities ahead of the interests of shareholders, we believe it would most likely show up in some fashion through either “lower quality” or “less efficient” fundamental metrics. One way to highlight this would be to view some of the fundamental metrics across time, such as with return on assets (ROA)² and ROE. As seen in figure 3, the non-SOEs have had a distinct advantage over this period, and the difference to SOEs also appears to be widening during most recent time frames.



Sources: FactSet, MSCI, WisdomTree, as of 11/30/2007 – 03/31/2024. Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns.

² 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.



Sources: FactSet, MSCI, WisdomTree, as of 11/30/2007 – 03/31/2024. Past performance is not indicative of future results. You cannot invest directly in an index.

Benchmark Exposure Analysis

Lastly, it is prudent to consider the exposure of SOEs compared to non-SOEs in the broad MSCI China Index. Since the end of 2007, the benchmark has seen an evolution of exposures. SOEs continue to occupy a large share of the market’s overall exposure. Worth noting is the growth of the Information Technology and Consumer sectors over this period, particularly among non-SOEs. It is no coincidence that these “new economy” sectors have been among the key drivers of broad EM returns and overall growth of the market, as some of the more traditional, “old economy” sectors, such as Energy and Financials, have lost market share and continue to be the largest sectors of SOEs.

Sector Exposures as of 03/31/2024	MSCI China Index		WisdomTree China ex-State-Owned Enterprises Index
	Non-SOE	SOE	
“New Economy”	92.76%	27.41%	87.45%
Communication Services	30.26%	1.28%	20.90%
Consumer Discretionary	43.12%	1.91%	32.85%
Consumer Staples	3.57%	8.63%	5.41%
Health Care	5.22%	2.97%	9.45%
Industrials	3.29%	9.05%	8.89%
Information Technology	7.29%	3.58%	9.95%
“Old Economy”	7.25%	72.60%	12.55%
Energy	0.22%	11.26%	0.16%
Financials	3.59%	43.08%	7.21%
Materials	1.47%	7.60%	3.18%
Real Estate	1.32%	4.07%	1.47%
Utilities	0.65%	6.59%	0.53%

Sources: MSCI, WisdomTree, as of 03/31/2024. Exposures expected to change. Exposures may not sum to 100% due to rounding.

The WisdomTree China ex-State-Owned Enterprises Fund

WisdomTree’s unique product lineup of broad EM and country-specific ex-SOE equity funds offers targeted exposures to EM companies that have less than 20% government ownership.

The WisdomTree China ex-State-Owned Enterprises Fund seeks to track the price and yield performance of the WisdomTree China ex-State-Owned Enterprises Index before fees and expenses.

Standardized Annual Returns (as of 03/31/2024)					
Fund/Index	1 Year	3 Year	5 Year	10 Year	Since 09/19/2012
WisdomTree China ex-State-Owned Enterprises Fund (NAV)	-23.06%	-24.75%	-6.37%	2.00%	1.94%
WisdomTree China ex-State-Owned Enterprises Fund (Price)	-22.93%	-25.16%	-6.48%	1.97%	1.83%
WisdomTree China Dividend ex-Financials/China ex-State-Owned Enterprises Spliced Index	-22.86%	-24.51%	-6.08%	2.35%	2.26%
MSCI China Index	-17.05%	-18.92%	-6.33%	1.24%	1.94%

Sources: FactSet, MSCI, WisdomTree, since fund inception 09/19/2012 – 03/31/2024.

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 wisdomtree.com/investments.

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.

Quick Facts	
Ticker	CXSE
Exchange	NASDAQ
Expense Ratio (Gross)	0.32%
Expense Ratio (Net)	0.32%
Structure	Open-end ETF
Exposure	Chinese stocks that are not state-owned enterprises, which is defined as having more than 20% government ownership.
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 uncommon access to provide investors with the potential for income, performance, diversification and more.

For more information about CXSE, contact your WisdomTree representative or visit WisdomTree.com/investments.

Definitions and Disclosures

The WisdomTree China ex-State-Owned Enterprises Index measures the performance of Chinese stocks that are not state owned enterprises.

The WisdomTree China Dividend ex-Financials Index measures the performance of dividend paying stocks outside the financials sector.

The MSCI China Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in China and captures large and mid-cap representation across China H-shares, B-shares, red chips, P chips and foreign listings (e.g., ADRs). With 150 constituents, the index covers about 85% of this China equity universe.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. For a prospectus or, if available, the summary prospectus containing this and other important information about the fund, call 866.909.9473 or visit WisdomTree.com/investments. Read the prospectus or, if available, the summary prospectus carefully before investing.

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. The Fund focuses its investments in China, including A-shares, which include the risk of the Stock Connect program, thereby increasing the impact of events and developments associated with the region which can adversely affect performance. Investment in emerging or offshore 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 and intervention or political developments. The Fund's exposure to certain sectors may increase its vulnerability to any single economic or regulatory development related to such sector. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

Unless otherwise stated, the data source is WisdomTree. You cannot invest directly in an index. Additional index information is available at www.wisdomtree.com/investments.

MSCI: Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits), even if notified of the possibility of such.

GICS: The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's ("S&P"), a division of The McGraw-Hill Companies, Inc., and is licensed for use by WisdomTree Investments, Inc. Neither MSCI, S&P nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S.

WTGM-2203