

WisdomTree Emerging Markets ex-State-Owned Enterprises Fund

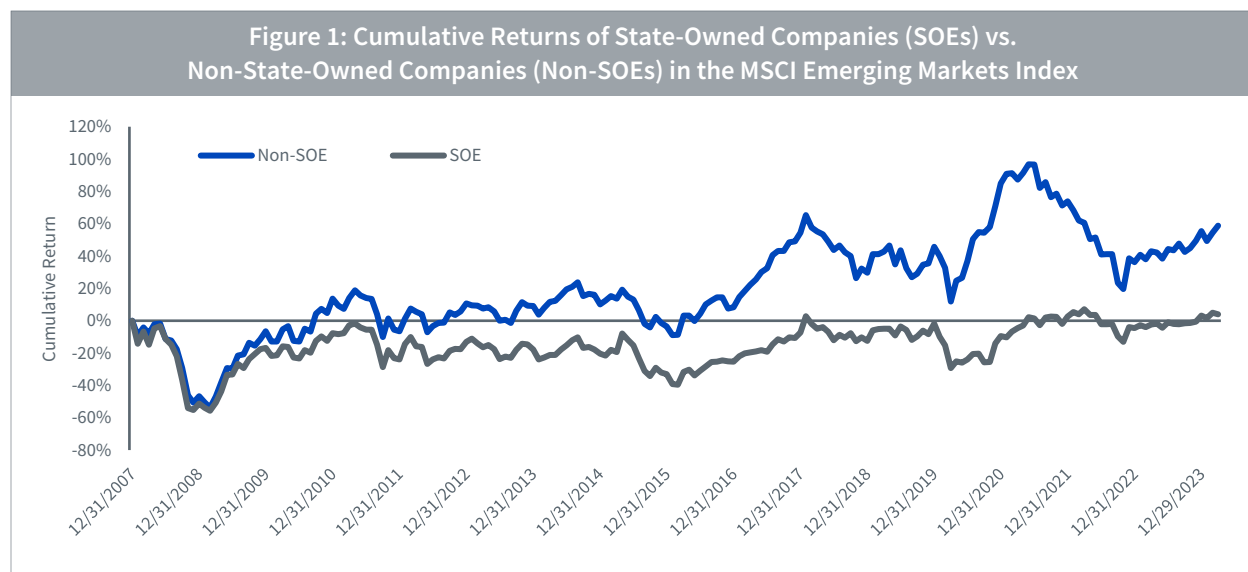
XSOE

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 Emerging Markets 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.

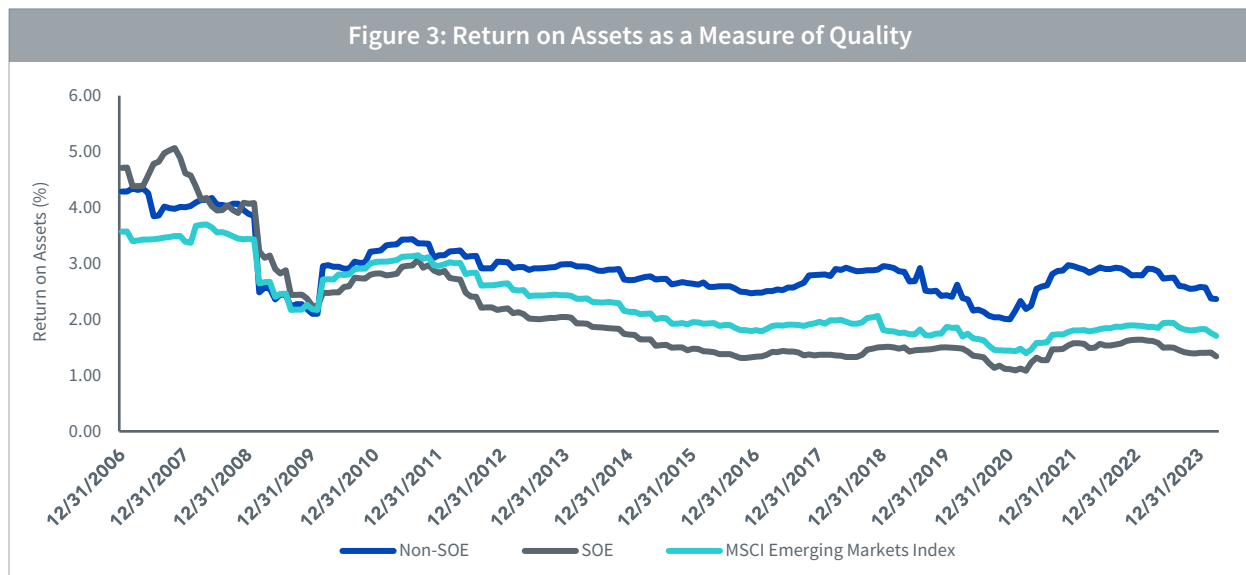
Figure 2: Annualized Returns (as of 03/31/2024)

	1 Year	3 Year	5 Year	10 Year	Since 12/31/2007
Non-SOE	8.38%	-5.91%	3.41%	4.03%	2.89%
SOE	6.54%	2.90%	1.96%	2.82%	0.24%

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 Emerging Markets Index.

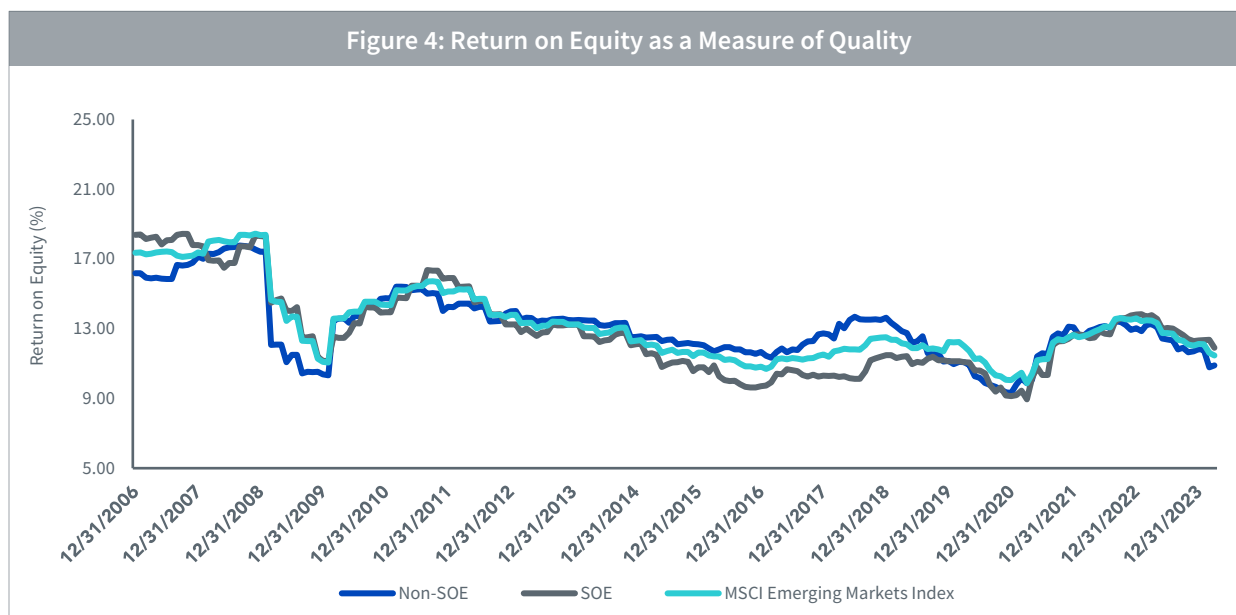
Differentiation in Fundamentals

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 12/31/2006 – 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 12/31/2006 – 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 Emerging Markets 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 Emerging Markets Index		WisdomTree Emerging Markets ex-State-Owned Enterprises Index
	Non-SOE	SOE	
“New Economy”	71.12%	22.91%	70.06%
Communication Services	9.32%	6.08%	9.11%
Consumer Discretionary	15.48%	1.11%	15.07%
Consumer Staples	5.82%	4.99%	6.39%
Health Care	4.05%	1.33%	5.64%
Industrials	6.66%	8.03%	8.22%
Information Technology	29.81%	1.38%	25.63%
“Old Economy”	28.88%	77.09%	29.94%
Energy	2.87%	14.34%	3.04%
Financials	17.65%	39.66%	17.47%
Materials	6.10%	11.26%	6.57%
Real Estate	1.12%	3.01%	1.27%
Utilities	1.15%	8.81%	1.59%

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

The WisdomTree Emerging Markets 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 Emerging Markets ex-State-Owned Enterprises Fund seeks to track the price and yield performance of the WisdomTree Emerging Markets 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 12/10/2014
WisdomTree Emerging Markets ex-State-Owned Enterprises Fund (NAV)	8.03%	-8.26%	2.26%	N/A	3.74%
WisdomTree Emerging Markets ex-State-Owned Enterprises Fund (Price)	7.87%	-8.57%	2.24%	N/A	3.83%
WisdomTree Emerging Markets ex-State-Owned Enterprises Index	9.41%	-7.53%	2.98%	N/A	4.67%
MSCI Emerging Markets Index	8.15%	-5.05%	2.22%	N/A	3.36%

Sources: FactSet, MSCI, WisdomTree, since fund inception 12/10/2014 – 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 ("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 ("Price") returns do not represent the returns you would receive if you traded shares at other times.

Quick Facts	
Ticker	XSOE
Exchange	NYSE Arca
Expense Ratio (Gross)	0.32%
Expense Ratio (Net)	0.32%
Structure	Open-end ETF
Exposure	Emerging markets 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 XSOE, contact your WisdomTree representative or visit Wisdomtree.com/investments.

Definitions and Disclosures

The WisdomTree Emerging Markets ex-State-Owned Enterprises Index measures the performance of emerging markets stocks that are not state-owned enterprises.

The 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.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure emerging markets equity performance.

The S&P 500 Index is a capitalization-weighted index of 500 stocks selected by the Standard & Poor's Index Committee designed to represent the performance of the leading industries in the U.S. economy.

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. Investments 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. Funds focusing their investments on certain sectors and/or regions increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. Investments in currency involve additional special risks, such as credit risk and interest rate fluctuations. 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.

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.

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