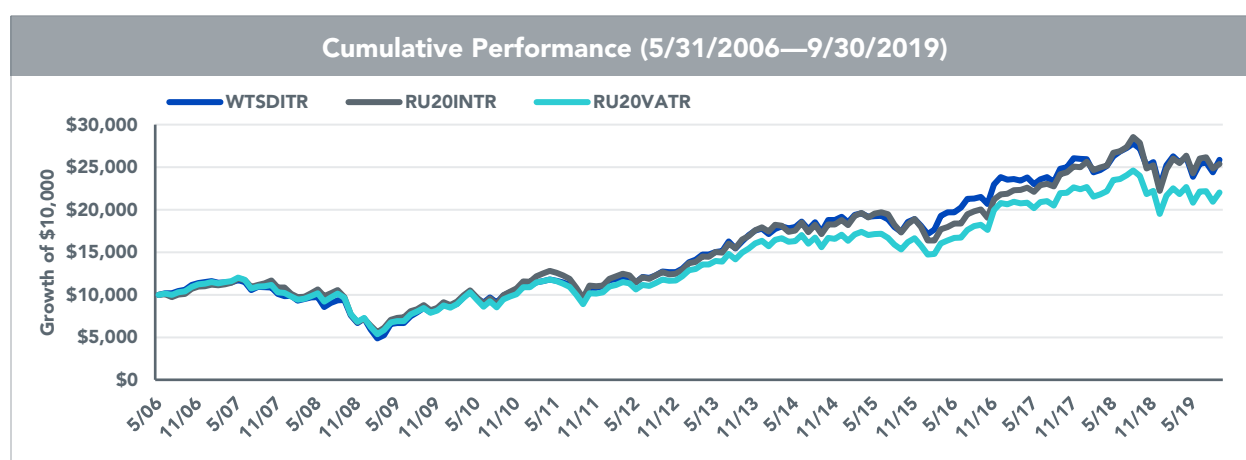


WisdomTree U.S. SmallCap Dividend Fund

DES

In the past few decades, index-based investment strategies have gained traction for obtaining exposure to broad asset classes. Numerous benefits of the passively managed exchange-traded fund (ETF) wrapper—including easy access to diversification, generally low fees in comparison to active strategies, tax efficiency and daily transparency of holdings—have helped these types of strategies gain in popularity. While the first set of indexes were traditional market cap-weighted offerings¹, a growing body of evidence suggests that a rules-based approach to indexing can add significant value.

Take dividends as an example. At WisdomTree, we believe that dividends provide an objective measure of a company's health and profitability—one that cannot be affected by accounting methods or government decisions. We have been weighting by dividends since WisdomTree launched its first ETFs in 2006. This methodology of weighting by their *Dividend Stream*[®] can help magnify the effects dividends have on performance, potentially increasing return or reducing volatility² compared to traditional market cap-weighted strategies. A potential benefit of this approach to investing is evident in the live performance track record of the WisdomTree U.S. SmallCap Dividend Index.



This chart illustrates how a hypothetical investment of \$10,000 might have grown. The calculations assume reinvestment of dividends and do not reflect transaction and other costs. Past performance is not indicative of future results.

Index	Avg. Ann. Return	Ann. Std. Dev.	Sharpe Ratio	vs. Russell 2000 Index		vs. Russell 2000 Value Index	
				Beta	Correlation	Beta	Correlation
WisdomTree U.S. SmallCap Dividend Index (WTSDITR)	7.39%	19.31%	0.32	0.95	0.94	0.98	0.97
Russell 2000 Index (RU20INTR)	7.24%	19.02%	0.32	1.00	1.00		
Russell 2000 Value Index (RU20VATR)	6.10%	19.10%	0.26			1.00	1.00

Sources: WisdomTree, FactSet, 5/31/2006 - 9/30/2019. Start date reflects WisdomTree Index inception. 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 Market capitalization weighting: Market cap = share price x number of shares outstanding. Firms with the highest values receive the highest weights.

² Volatility: A measure of the dispersion of actual returns around a particular average level.

The Difference Dividend Weighting Makes (Hypothetical Illustration)

Hypothetical Universe				Market Cap Weighted			Dividend Stream Weighted		
Company	Market Cap (\$B)	Dividend Stream (\$B)	Dividend Yield	Constituent Weight	Investment	Dividend Income	Constituent Weight	Investment	Dividend Income
A	\$400	\$10.0	2.50%	50%	\$50,000	\$1,250	40%	\$40,000	\$1,000
B	\$200	\$3.0	1.50%	25%	\$25,000	\$375	12%	\$12,000	\$180
C	\$200	\$12.0	6.00%	25%	\$25,000	\$1,500	48%	\$48,000	\$2,880
Totals	\$800	\$25.0	-	-	\$100,000	\$3,125	-	\$100,000	\$4,060
						Portfolio Dividend Yield	3.13%	Portfolio Dividend Yield	4.06%

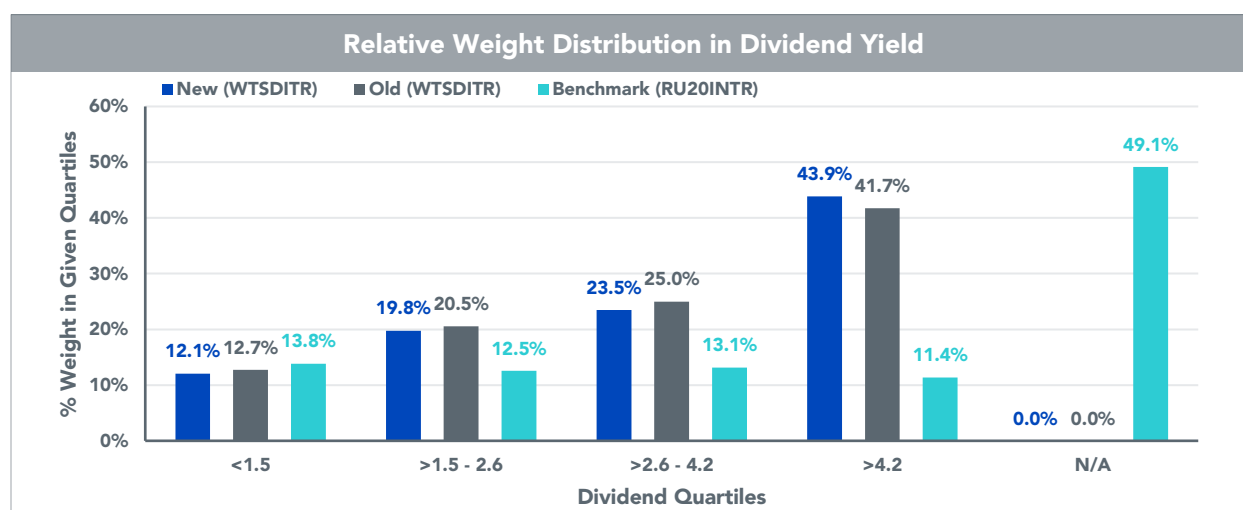
Source: WisdomTree. For illustrative purposes only. Does not reflect an actual investment.

A Methodology That Tilts Total Returns Toward Dividends

Most equity indexes have two components driving total returns—price return and dividend return. The price return reflects changes in the share prices of the underlying constituent, and the dividend return is a result of dividend payments. Dividend-focused methodologies tilt the profile of total returns toward dividends. The potential for risk-adjusted outperformance demonstrated by Wharton Professor Jeremy Siegel's research is the foundation upon which the WisdomTree U.S. SmallCap Dividend Index was built. At its core, the methodology focuses on:

Stock Selection—Our dividend strategies start with a universe of all dividend-paying companies meeting WisdomTree's market capitalization and liquidity³ requirements. From there, we make any appropriate size and yield cuts depending on the focus of the strategy (Large, Mid, Small, High Dividend).

Downside Protection—By dividend weighting our strategy, the portfolio takes on some unique “lower beta” tilts relative to a market cap-weighted approach. The portfolio has tended to be overweight higher-yielding sectors such as utilities, real estate and consumer staples, which are typically more defensive.



Sources: WisdomTree, FactSet, as of 12/24/2018, corresponding with the WisdomTree index annual reconstitution. N/A category includes non-dividend-paying companies and companies for which dividend data was unavailable. Quartiles are defined excluding the N/A category. Benchmark (RU20INTR) refers to the Russell 2000 Index weights as of 12/24/2018. New (WTSDITR) and Old (WTSDITR) refer to the WisdomTree U.S. SmallCap Dividend Index. Note that the “Old” and “New” designations refer to the WisdomTree U.S. SmallCap Dividend Index's constituents on 12/21/2018 and 12/24/2018 respectively. Weights subject to change. You cannot invest directly in an index.

³ Liquidity: The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity. Assets that can be easily bought or sold are known as liquid assets.

The Impact of Dividend Weighting on the Portfolio

We see a profile of the WisdomTree U.S. SmallCap Dividend Index weight broken down by the quartile segment of the Russell 2000 Index 's dividend payers. It is important to note that beyond the quartiles, the Russell 2000 Index had a portion of its weight in non-dividend-paying companies, while the WisdomTree U.S. SmallCap Dividend Index systematically avoids any exposure to non-dividend payers.⁴

The WisdomTree U.S. SmallCap Dividend Fund seeks to track the price and yield performance of the WisdomTree U.S. SmallCap Dividend Index, before fees and expenses.

Quick Facts	
Ticker	DES
Exchange	NYSE Arca
Expense Ratio (Gross)	38bps ⁵
Expense Ratio (Net)	38bps
Structure	Open-end ETF
Exposure	Dividend-paying stocks
Rebalancing	The portfolio is rebalanced on an annual basis.

⁴ The "N/A" category may include some companies for which dividend data is not available from FactSet as of the given date.

⁵ Basis points (bps): 1/100th of 1 percent.

Definitions and Disclosures

Risk adjusted: Returns measured in relation to their own variability. High returns with a high level of risk indicate a lower probability that actual returns were close to average returns. High returns with a low level of risk would be more desirable, as they indicate a higher probability that actual returns were close to average returns. **Passively managed:** Strategies that take a rules-based approach with regular rebalancing schedules that are not changed due to market conditions. **Actively managed:** Strategies that attempt to outperform the market by selecting securities a portfolio manager believes to be best. **Average annual returns:** Mean of annual returns for the historical period. **Standard deviation:** A measure of how widely an investment or investment strategy's returns move relative to its average returns for an observed period. A higher value implies more "risk," in that there is more of a chance the actual return observed is farther away from the average return. **Sharpe ratio:** Measure of risk-adjusted return. Higher values indicate greater return per unit of risk, specifically standard deviation, which is viewed as being desirable. **Beta:** Measure of the volatility of an index or investment relative to a benchmark. A reading of 1.00 indicates that the investment has moved in lockstep with the benchmark; a reading of -1.00 indicates that the investment has moved in the exact opposite direction of the benchmark. **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 opposite directions. **Dividend yield:** A financial ratio that shows how much a company pays out in dividends each year relative to its share price. **Dividend Stream:** Refers to the regular dividends per share multiplied by the number of shares outstanding.

WisdomTree U.S. SmallCap Dividend Index: The WisdomTree U.S. SmallCap Dividend Index is a fundamentally weighted index measuring the performance of the small-capitalization segment of the U.S. dividend-paying market. **Russell 2000 Index:** The Russell 2000 Index is a capitalization weighted index that measures the small cap segment of the U.S. equity universe, selecting stocks ranked 1001-3000 by market capitalization from the Russell 3000 Index. **Russell 2000 Value Index:** The Russell 2000 Value Index is a capitalization weighted index that measures the small-cap value segment of the U.S. equity universe.

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.

There are risks associated with investing, including possible loss of principal. Funds focusing their investments on certain sectors and/or smaller companies increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. Diversification does not ensure a profit or protect against loss.

Unless otherwise stated, the data source is WisdomTree.

You cannot invest directly in an index. Additional index information is available at www.wisdomtree.com

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