

# **WISDOMTREE RULES-BASED METHODOLOGY**

**Last Updated December 2020**

The 2020 Developed International and Global Index reconstitution schedule will be revised as noted below

- The screening date for the Global (including Emerging Markets) and Developed International Equity Indexes will be September 30, 2020
- The final list of stocks to be included in the 2020 Global annual reconstitution is expected to be published after the close of trading October 15, 2020 which will also be the weighting date. The new component weights will take effect after the close of trading on October 22, 2020.
- The final list of stocks to be included in the 2020 Developed International annual reconstitution is expected to be published after the close of trading October 29, 2020 which will also be the weighting date. The new component weights will take effect after the close of trading on November 5, 2020.

**U.S. DIVIDEND INDEXES..... 4-14**

- WisdomTree U.S. Dividend Index
- WisdomTree U.S. LargeCap Dividend Index
- WisdomTree U.S. MidCap Dividend Index
- WisdomTree U.S. SmallCap Dividend Index
- WisdomTree U.S. High Dividend Index
- WisdomTree U.S. Dividend ex-Financials Index
- WisdomTree U.S. Quality Dividend Growth Index
- WisdomTree U.S. SmallCap Quality Dividend Growth Index

**CORE EQUITY INDEXES..... 15-21**

- WisdomTree U.S. Total Market Index
- WisdomTree U.S. LargeCap Index
- WisdomTree U.S. MidCap Index
- WisdomTree U.S. SmallCap Index

**U.S. MULTIFACTOR INDEX..... 22-27**

- WisdomTree U.S. Multifactor Index

**INTERNATIONAL DIVIDEND INDEXES..... 28-50**

- WisdomTree International Equity Index
- WisdomTree Dynamic Currency Hedged International Equity Index
- WisdomTree International High Dividend Index
- WisdomTree International Hedged High Dividend Index
- WisdomTree International LargeCap Dividend Index
- WisdomTree International MidCap Dividend Index
- WisdomTree International SmallCap Dividend Index
- WisdomTree Dynamic Currency Hedged International SmallCap Equity Index
- WisdomTree International Dividend ex-Financials Index
- WisdomTree International Quality Dividend Growth Index
- WisdomTree International Hedged Quality Dividend Growth Index
- WisdomTree Dynamic Currency Hedged International Quality Dividend Growth Index
- WisdomTree Europe Equity Index
- WisdomTree Europe Hedged Equity Index
- WisdomTree Europe SmallCap Equity Index
- WisdomTree Europe Hedged SmallCap Equity Index
- WisdomTree Europe SmallCap Dividend Index
- WisdomTree Europe Quality Dividend Growth Index
- WisdomTree Germany Equity Index
- WisdomTree Germany Hedged Equity Index
- WisdomTree Japan Dividend Index
- WisdomTree Japan Hedged Equity Index
- WisdomTree Japan SmallCap Dividend Index
- WisdomTree Japan SmallCap Equity Index
- WisdomTree Japan Hedged SmallCap Equity Index

**EMERGING MARKETS DIVIDEND INDEXES..... 51-60**

WisdomTree Emerging Markets Dividend Index  
WisdomTree Emerging Markets High Dividend Index  
WisdomTree Emerging Markets SmallCap Dividend Index

**EX-STATE-OWNED ENTERPRISES INDEXES..... 61-70**

WisdomTree Emerging Markets ex-State-Owned Enterprises Index  
WisdomTree China ex-State-Owned Enterprises Index  
WisdomTree India ex-State-Owned Enterprises Index

**INDIA INDEX..... 71-76**

WisdomTree India Earnings Index

**GLOBAL DIVIDEND INDEX..... 77-88**

WisdomTree Global Dividend Index  
WisdomTree Global High Dividend Index  
WisdomTree Global Hedged High Dividend Index  
WisdomTree Global ex-US Real Estate Index

**GLOBAL EX-US QUALITY INDEX..... 89-95**

Global ex-US Quality Dividend Growth index

**GLOBAL EX-MEXICO INDEX..... 96-103**

WisdomTree Global ex-Mexico Equity Index

**GROWTH LEADERS INDEX..... 104-110**

WisdomTree Growth Leaders Index

## METHODOLOGY GUIDE FOR U.S. DIVIDEND INDEXES

### 1. Overview and Description

WisdomTree U.S. Dividend Index (“DI”), WisdomTree U.S. SmallCap Dividend Index (“SmallCap Dividend Index”), WisdomTree U.S. MidCap Dividend Index (“MidCap Dividend Index”), WisdomTree U.S. LargeCap Dividend Index (“LargeCap Dividend Index”), WisdomTree U.S. Dividend ex-Financials Index (“Dividend ex-Financials Index”), WisdomTree U.S. High Dividend Index (“High Dividend Index”), WisdomTree U.S. Quality Dividend Growth Index (“Quality Dividend Growth Index”) and WisdomTree U.S. SmallCap Quality Dividend Growth Index (“SmallCap Quality Dividend Growth Index”) (together, the “Domestic Dividend Indexes”) were developed by WisdomTree Investments, Inc. (“WTI”) to define the dividend-paying segments of the U.S. stock market and to serve as performance benchmarks for equity income investors.

- The DI measures the performance of investable U.S.-based companies that pay regular cash dividends on shares of common stock. All of the other Domestic Dividend Indexes, defined below, are derived from the DI.
- The LargeCap Dividend Index is comprised of dividend-paying companies from the large-capitalization segment of the DI.
- The MidCap Dividend Index is comprised of dividend-paying companies from the mid-capitalization segment of the DI.
- The SmallCap Dividend Index is comprised of dividend-paying companies from the small-capitalization segment of the DI.
- The High Dividend Index is comprised of the high-yielding companies within the DI.
- The Dividend ex-Financials Index is comprised of the 10 highest dividend-yielding companies in each sector, selected from three hundred largest companies by market value in the WisdomTree U.S. Dividend Index outside financials.
- The Quality Dividend Growth Index is comprised of dividend-paying stocks with growth characteristics.
- The SmallCap Quality Dividend Growth Index is comprised of dividend-paying companies from the small-capitalization segment of the DI with growth characteristics.

Each Index is reconstituted annually, at which time each component’s weight is adjusted to reflect its dividend-weighting in the Index. Dividend weighting is defined as each component’s projected cash dividends to be paid over the coming year divided by the sum of the projected cash dividends to be paid by all the components in the Index over the same period. This quotient is the percentage weight assigned to each component in

the Index at the annual reconstitution. (The one exception to this weighting methodology is the Dividend ex-Financials Index, which is weighted by indicated dividend yield). Projected cash dividends to be paid is calculated by multiplying a company's indicated annual dividend per share by common shares outstanding. Each of the Indexes is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Indexes are calculated using primary market prices.

## 2. Key Features

### 2.1. Membership Criteria

To be eligible for inclusion in the Domestic Dividend Indexes, a company must list its shares on a U.S. stock exchange, be incorporated and headquartered in the United States and pay regular cash dividends on shares of its common stock in the 12 months preceding the annual reconstitution, which takes place in December. Companies need to have a market capitalization of at least \$100 million by the "Screening Date" (after the close of trading on the last trading day in November) and shares of such companies need to have had an average daily dollar volume of at least \$100,000 for three months preceding the Screening Date.

Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, as are limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs), and companies that are not incorporated and headquartered in the United States ("United States" is defined herein as the 50 U.S. states plus the Commonwealth of Puerto Rico). Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.<sup>1</sup> The publicly traded security for WisdomTree Investments, Inc., ticker WETF, is not eligible for inclusion in any of WisdomTree's equity indexes.

Companies that fall within the bottom decile of a composite risk factor score, which is composed of an equally weighted score of the below two factors, are not eligible for inclusion.

- 1) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 2) Momentum Factor – determined by stocks' risk adjusted total returns over historical periods (6 and 12 months)

---

<sup>1</sup> Beginning with the December 2006 reconstitution, Mortgage REITs will no longer be eligible for inclusion in the WisdomTree Domestic and International Dividend Indexes.

Companies that fall within the top 5% ranked by dividend yield and also the bottom ½ of the composite risk factor score are not eligible for inclusion.

The score for each factor is used to calculate an overall factor score, i.e. composite risk score, that is used to eliminate potentially higher risk companies that would have otherwise been eligible for inclusion.

## 2.2. Base Date and Base Value

Indexes covering entire regions were established with a base value of 300 on May 31, 2006. Market-cap segment and high dividend indexes were established with a base value of 200 on May 31, 2006. The WisdomTree U.S. Dividend ex-Financials Index was established with a base value of 200 on April 30, 2009.

The WisdomTree U.S. Quality Dividend Growth Index and WisdomTree U.S. SmallCap Quality Dividend Growth Index were established with a base value of 200 on April 11, 2013.

## 2.3. Calculation and Dissemination

The following formula is used to calculate the index levels for the Domestic Dividend Indexes:

$$\frac{\sum i \{S_i P_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$D$  = Divisor

The Domestic Dividend Indexes are calculated whenever the US exchanges are open for trading.

If trading is suspended while one of the exchanges is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars. The price Index is updated on a real time basis, while the total return Index is calculated and disseminated on an end-of-day basis. Price index values are calculated and disseminated every 15 seconds to the Securities Industry

Automation Corporation (SIAC) so that such Index Values can print to the Consolidated Tape.

## 2.4 Weighting

The Domestic Dividend Indexes are modified capitalization-weighted Indexes that employ a transparent weighting formula to magnify the effect that dividends play in the total return of the Indexes. The initial weight of a component in the Index at the annual reconstitution is equal to the dollar value of the company's cash dividends to be paid in the coming year based on the company's indicated annual dividend per share. To calculate the weighting factor – Cash Dividends to be paid – indicated annual dividend per share is multiplied by common shares outstanding.<sup>2</sup> Thus, each component's weight in the Index at the "Weighting Date" (defined below) reflects its share of the total Dividend Stream projected to be paid in the coming year by all of the component companies in the Index. The dividend stream will be adjusted for constituents with dividend yields greater than 12% at the screening date. The dividend stream of these capped securities will be their market cap multiplied by 12%.

For the size segment dividend indexes (total, large, mid and small caps) and high dividend cuts of the market, companies that fall within the top two deciles of the composite risk factor will have their dividend stream multiplied by 1.5 while all other dividends will remain unadjusted. Companies will be weighted in the index based on this adjusted dividend stream.

The Weighting Date is when component weights are set, and it occurs immediately after the close of trading on the second Friday of December. New components and component weights take effect before the opening of trading on the first Monday following the third Friday of December the "Reconstitution Date."

In the case of the Dividend ex-Financials Index, components are selected based upon indicated dividend yield at the time of the Screening Date. Components in the Dividend ex-Financials Index are weighted by indicated annual dividend yield at the time of the Weighting Date (i.e., a component company's weight in the Index is equal to its indicated annual dividend yield divided by the sum of all the indicated annual dividend yields for all the component companies in the Index). In the event a company initially chosen for the Dividend ex-Financials Index *reduces* its dividend in the interval between the Screening Date and the Weighting Date so that such company's dividend yield no longer ranks it in the top 10 yielding stocks for each sector, then the next highest yielding company in the sector is used in its place. If this occurs with more than one

---

<sup>2</sup> Special Dividends are not included in the computation of Index weights.

company (i.e. a lowering of the dividend yield resulting *only from a reduction in the declared dividend*), this process is reiterated until a final set of 10 companies per sector are selected. Companies that raise their dividends in the above mentioned interval but that did not make the initial selection screen on the Screening Date are not eligible for the Dividend ex-Financials, even if they would have qualified had the selection screen been run on the Weighting Date.

Should any company achieve a weighting equal to or greater than 24.0% of the Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weights of all other components in the Index will be rebalanced proportionally. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 10%.

In the case of the WisdomTree U.S. Dividend Index the following caps apply:

- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 5%.

In the case of the WisdomTree U.S. High Dividend Index the following caps apply in this order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should any sector achieve a weight equal to or greater than 25% of the Index, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 5%.



In the case of the WisdomTree U.S. Quality Dividend Growth Index, the following capping rules are applied in this order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should the technology sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Real Estate sector will be capped at 10%.
- All other sectors will be capped at 20%.

In the case of the WisdomTree U.S. SmallCap Quality Dividend Growth Index the following caps apply in this order:

- The maximum weight of any individual security is capped at 2% on the annual rebalance prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should any sector achieve a weight equal to or greater than 25% of the Index, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 10%.

The weights may fluctuate above the specified caps during the year but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after top holding, country and sector caps have been applied:

A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security's volume factor falls below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.

In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after

volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the holding, sector and country weights above the specified caps.

## 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. Special dividends are reinvested and accounted for in the total return Index.

## 2.6 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, each class of share will be included in any broad-based Index, provided that dividends are paid on that share of stock. In the event such a component company qualified for inclusion in the “High Dividend” or Dividend ex-Financials select cuts from these broad-based Indexes, only the share class of that company with the highest dividend yield would be selected for inclusion. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index. For all Mid and Small cap cuts, if a security has multiple listed share classes and the total market capitalization of the listed share classes is greater than largest market capitalization cutoff of that index, the security would not be eligible for that index. At least one share class will be eligible for inclusion in either large, mid or small size cut based on total market value of the company.

## 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spin-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Domestic Dividend Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Domestic Dividend Indexes. Other corporate actions, such as special dividends, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate action. Whenever possible, changes to the Index’s components, such as deletions as a result of

corporate actions, will be announced at least two business days prior to their implementation date.

### 3.1. Component Changes

#### Additions

Additions to the Domestic Dividend Indexes are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the close of trading on the third Friday in December. No additions are made to any of the Domestic Dividend Indexes between annual reconstitutions.

#### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.<sup>3</sup> A component company that re-incorporates or relocates its headquarters outside of the U.S. is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification. Component companies that reclassify outside of the financial sector are deleted from the Dividend ex-Financials Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index.

---

<sup>3</sup> Companies being acquired will be deleted from the WisdomTree Indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into Domestic Dividend Indexes until the next annual reconstitution, provided it meets all other Index inclusion requirements. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay a regular cash dividend and that meet all other inclusion requirements must wait until the next annual reconstitution to be included in the Domestic Dividend Indexes.

### 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate or relocate headquarters outside of a defined domicile or that cancel their dividends in the intervening weeks between the Screening Date and the reconstitution date are not included in the Domestic Dividend Indexes, and the weights of the remaining components are adjusted accordingly.

### 5. Selection Parameters for the Domestic Dividend Indexes

- 5.1. Selection parameters for the **WisdomTree U.S. Dividend Index** are defined in 2.1. Companies that pass this selection criteria as of the Screening Date are included in the DI. The component companies are assigned weights in the Index as defined in section 2.4. and annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.2. The **WisdomTree U.S. LargeCap Dividend Index** is created by selecting the 300 largest component companies of the DI by market capitalization. The component companies are assigned weights in the Index as defined in

section 2.4, and annual reconstitution of the Index takes effect as defined in section 3.1.

- 5.3. The **WisdomTree U.S. MidCap Dividend Index** is created based on a defined percentage of the remaining market capitalization of the DI, once the 300 largest companies by market capitalization have been removed. The companies that comprise the top 75% of the remaining market capitalization are selected for inclusion in the MidCap Dividend Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.4. The **WisdomTree U.S. SmallCap Dividend Index** is created based on a defined percentage of the remaining market capitalization of the DI, once the 300 largest companies by market capitalization have been removed. The companies that comprise the bottom 25% of the remaining market capitalization are selected for inclusion in the SmallCap Dividend Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.5. The **WisdomTree U.S. High Dividend Index** is comprised of the highest-yielding companies within the DI. On the Screening Date, companies within the DI with market capitalizations of at least \$200 million and average daily dollar volumes of at least \$200,000 for the prior three months are eligible for inclusion. Component companies are then ranked by indicated annual dividend yield. Companies that rank in the top 30% by indicated annual dividend yield are selected for inclusion. To be deleted from the Index, companies must rank outside of the top 35% by dividend yield. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.6. The **WisdomTree U.S. Dividend ex-Financials Index** is comprised of the 10 highest dividend-yielding companies in each sector, selected from three hundred largest companies by market value in the WisdomTree U.S. Dividend Index outside financials. The Dividend ex-Financials Index is the only one of the Domestic Dividend Indexes that is not weighted by the dollar value of cash dividends to be paid. A component company's weight in the Dividend ex-Financials Index is determined by dividing its indicated annual dividend yield by the sum of all the indicated annual dividend yields for all the component companies in the Index. Annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.7. The **WisdomTree U.S. Quality Dividend Growth Index** is created as a subset of the DI. On the Screening Date, companies within the DI with market capitalizations of at least \$2 billion and an earnings yield greater

than the dividend yield are eligible for inclusion. Eligible companies are ranked using a weighted combination of three factors: 50% weighted to the rank of long-term estimated earnings growth, 25% weighted to the rank of the historical three-year average return on equity, and 25% weighted to the rank of the historical three-year average return on assets. Companies that rank in the top 300 companies by this combined ranking will be selected for inclusion. Companies that lack long-term earnings growth estimates will be eligible for the Index but their composite rank for ultimate selection in the index will be the average ranks of their Return on Equity (ROE) and Return on Assets (ROA). Eligible companies for the WisdomTree U.S. Quality Dividend Growth Index must not be a member of the WisdomTree U.S. SmallCap Dividend Index.

- 5.8. The **WisdomTree U.S. SmallCap Quality Dividend Growth Index** is created as a subset of the WisdomTree U.S. SmallCap Dividend Index (WTSDI). On the Screening Date, companies with earnings yield greater than the dividend yield are eligible for inclusion. These companies are ranked using a weighted combination of three ranking factors: 50% weighted to the rank of long-term estimated earnings growth, 25% weighted to the rank of the historical three-year average return on equity, and 25% weighted to rank of the historical three-year average return on assets. Companies that rank in the top 50% by this combined ranking will be selected for inclusion. Companies that lack long-term earnings growth estimates will be eligible for the Index but their composite rank for ultimate selection in the index will be the average ranks of their Return on Equity (ROE) and Return on Assets (ROA).

## METHODOLOGY GUIDE FOR CORE EQUITY METHODOLOGY

### 1. Overview and Description

WisdomTree U.S. Total Market Index (“TI”), WisdomTree U.S. LargeCap Index (“LargeCap Index”), WisdomTree U.S. MidCap Index (“MidCap Index”) and WisdomTree U.S. SmallCap Index (“SmallCap Index”), were developed by WisdomTree Investments, Inc. (“WTI”) to define the universe of profitable companies in the U.S. stock market.

- The TI measures the performance of investable U.S.-based companies that have generated positive cumulative earnings in the prior four fiscal quarters to the Index measurement date.
- The LargeCap Index is comprised of companies with positive earnings from the large-capitalization segment of the TI.
- The MidCap Index is comprised of companies with positive earnings from the mid-capitalization segment of the TI.
- The SmallCap Index is comprised of companies with positive earnings from the small-capitalization segment of the TI.

Each Index is reconstituted annually, at which time each component’s weight is adjusted to reflect its share of the Earnings Stream during the prior four fiscal quarters. The Earnings Stream is defined as cumulative earnings over the prior four fiscal quarters for each component in the Index. The percentage weight assigned to each component in the Index at the annual reconstitution is calculated by dividing the cumulative earnings each component company has generated in its last four reported fiscal quarters by the sum of all the earnings generated by all the component companies in the Index over the same period. Each of the Indexes is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Indexes are calculated using primary market prices.

### 2. Key Features

#### 2.1. Membership Criteria

To be eligible for inclusion in the Domestic Earnings Indexes, a company must be under coverage by the market management team of the third party independent index calculation agent, must list its shares on a U.S. stock exchange, be incorporated and headquartered in the United States and have positive cumulative earnings over the four fiscal quarters preceding the annual reconstitution, which takes place in December. Companies need to have a market capitalization of at least \$100 million by the “Screening Date” (after the close of trading on the last trading day in November); shares of such companies need to have had an average daily dollar volume of at least \$200,000 for each of the six months preceding

the Screening Date; and component companies need to have had a P/E ratio of at least 2 as of the Screening Date.

Common stocks, REITs, tracking stocks and holding companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, as are limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs), mortgage REITs and companies that are not incorporated and headquartered in the United States (“United States” is defined herein as the 50 U.S. states plus the Commonwealth of Puerto Rico). Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The publicly traded security for WisdomTree Investments, Inc., ticker WETF, is not eligible for inclusion in any of WisdomTree’s equity indexes.

Companies that fall within the bottom decile of a composite risk factor score, which is composed of an equally weighted score of the below two factors, are not eligible for inclusion.

- 1) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 2) Momentum Factor – determined by stocks’ risk adjusted total returns over historical periods (6 and 12 months)

The score for each factor is used to calculate an overall factor score, i.e. composite risk score, that is used to eliminate potentially higher risk companies that would have otherwise been eligible for inclusion.

## 2.2 Base Date and Base Value

The WisdomTree U.S. Total Market Index, the WisdomTree U.S. LargeCap Index, the WisdomTree U.S. MidCap Index and the WisdomTree U.S. SmallCap Index were established with a base value of 200 on January 31, 2007.

## 2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the Domestic Earnings Indexes:

$$\frac{\sum i \{S_i P_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .  
 $P_i$  = Price of security  $i$



D = Divisor

The Domestic Earnings Indexes are calculated every weekday.

If trading is suspended while one of the exchanges is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars. The price Index is updated on a real time basis, while the total return Index is calculated and disseminated on an end-of-day basis. Price index values are calculated and disseminated every 15 seconds.

## 2.4 Weighting

The Domestic Earnings Indexes are modified capitalization-weighted Indexes that employ a transparent weighting formula to magnify the effect that earnings play in the total return of the Indexes. The initial weight of a component in the Index at the annual reconstitution is based on the companies' earnings stream during the last four fiscal quarters. To calculate the weighting factor – Earnings Stream – WisdomTree uses cumulative earnings generated over the prior four reported quarters, as of November 30<sup>th</sup> of each year. Thus, each component's weight in the Index at the "Weighting Date" (defined below) reflects its share of the total Earnings Stream recorded over the prior four quarters by all of the component companies in the Index. The Weighting Date is when component weights are set, and it occurs immediately after the close of trading on the second Friday of December. New components and component weights take effect before the opening of trading on the first Monday following the third Friday of December the "Reconstitution Date."

Should any company achieve a weighting equal to or greater than 24.0% of the Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weights of all other components in the Index will be rebalanced proportionally. Moreover, should the "collective weight" of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before

the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- Should any sector achieve a weight that is more than 5% above or below the weight of the sector in a market capitalization weighted version of the index, the weight of the companies will be proportionally reduced or increased to meet the +/-5% threshold, respectively.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

Should the ratio of a security's initial weight relative to its weight in a market capitalization weighted version of the index reach above 3x or fall below 0.33x, the weight of the company will be reduced or increased to meet the 3x or 0.33x thresholds, respectively. The weights may fluctuate above the specified caps during the year but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after top holdings and sector caps have been applied.

- A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) is greater than \$200 million to be eligible for each index. If a security's volume factor falls below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.
- In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the sector weights above the specified caps.

## 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends require index divisor adjustments to prevent the distribution from distorting the price Index.

## 2.7 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, the most liquid share class, based on the average daily trading volume as described in section 2.1, will be included in the index. Conversion of a share class in the Index into another share class not in the Index results in the conversion of the share class being phased out into the surviving share class. For all Mid and Small cap cuts, if a security has multiple listed share classes and the total market capitalization of the listed share classes is greater than largest market capitalization cutoff of that index, the security would not be eligible for that index. At least one share class will be eligible for inclusion in either large, mid or small size cut based on total market value of the company.

## 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Domestic Earnings Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in earnings between reconstitutions, restatements of earnings between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Domestic Earnings Indexes. Other corporate actions, such as special dividends, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate action, or when the Index Calculation Agent typically applies such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

### 3.1. Component Changes

#### Additions

Additions to the Domestic Earnings Indexes are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday

following the close of trading on the third Friday in December. No additions are made to any of the Domestic Earnings Indexes between annual reconstitutions, except in the cases of certain spin-off companies, defined below.

#### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date. A component company that re-incorporates or relocates its headquarters outside of the U.S. is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

#### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company, it is allowed to stay in the Domestic Earnings Index that its parent company is in until the next annual reconstitution. Companies that go public in an Initial Public Offering (IPO) and have positive cumulative earnings after four fiscal quarters of operations and that meet all other inclusion requirements are eligible for inclusion in the Domestic Earnings Indexes at the next annual reconstitution.

#### 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types

of corporate events and other exceptional cases, WisdomTree Investments reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate or relocate headquarters outside of a defined domicile in the intervening weeks between the Screening Date and the reconstitution date are not included in the Domestic Earnings Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters for the Domestic Earnings Indexes

- 5.1. Selection parameters for the **WisdomTree U.S. Total Market Index** are defined in 2.1. Companies that pass this selection criteria as of the Screening Date are included in the TI. The component companies are assigned weights in the Index as defined in section 2.4 and the annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.2. The **WisdomTree U.S. LargeCap Index** is created by selecting the 500 largest component companies of the TI by market capitalization. The component companies are assigned weights in the Index as defined in section 2.4, and the annual reconstitution of the Index takes effect as defined in section 3.1
- 5.3. The **WisdomTree U.S. MidCap Index** is created based on a defined percentage of the remaining market capitalization of the TI, once the 500 largest companies by market capitalization have been removed. The companies that comprise the top 75% of the remaining market capitalization are selected for inclusion in the MidCap Index. The component companies are assigned weights in the Index as defined in section 2.4., and the annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.4. The **WisdomTree U.S. SmallCap Index** is created based on a defined percentage of the remaining market capitalization of the TI, once the 500 largest companies by market capitalization have been removed. The companies that comprise the bottom 25% of the remaining market capitalization are selected for inclusion in the SmallCap Index. The component companies are assigned weights in the Index as defined in section 2.4., and the annual reconstitution of the Index takes effect as defined in section 3.1.



## METHODOLOGY GUIDE FOR U.S. MULTIFACTOR INDEX

### 1. Index Overview and Description

The WisdomTree U.S. Multifactor Index [referred to as “the Index”] was developed by WisdomTree Investments (WTI). WisdomTree U.S. Multifactor Index is comprised of 200 U.S. companies with the highest composite scores based on two fundamental factors, value and quality measures, and two technical factors, momentum and correlation.

The Index is reconstituted on a quarterly basis (following the close of trading on the second Friday in March, June, September and December).

The Index is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The Index is calculated using primary market prices and calculated in U.S. dollars.

### 2. Key Features

#### 2.1. Membership Criteria

To be eligible for inclusion in the Index, component companies must be under coverage by the market management team of the third party independent index calculation agent, must list shares on a U.S. stock exchange, be incorporated and headquartered in the United States. Companies need to have had an average daily dollar volume of at least \$1,000,000 for each of the three months preceding the Screening Date (after the close of trading on the last trading day in February, May, August, November). Common stocks, REITs, tracking stocks and holding companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, as are limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs), mortgage REITs and companies that are not incorporated and headquartered in the United States (“United States” is defined herein as the 50 U.S. states plus the Commonwealth of Puerto Rico). Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. Companies that have pending acquisitions or mergers are excluded from the initial universe. The publicly traded security for WisdomTree Investments, Inc., ticker WETF, is not eligible for inclusion in any of WisdomTree’s equity indexes.

Top 800 companies by market capitalization that meet the selection criteria are assigned a score for each of the following factors. Factors are equal-weighted at 25%.

- 3) Value Factor – determined by fundamental valuation ratios, i.e. sales to price, book to price, earnings to price, estimated earnings to price,

EBITDA to enterprise value, operating cash flow to price. Scores are calculated within industry groups.

- 4) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 5) Momentum Factor – determined by stocks’ risk adjusted total returns over historical periods (6 and 12 months)
- 6) Low Correlation Factor – incorporates diversification potential of stocks that are less correlated to the market over historical periods (6 and 12 months).

The score for each factor is used to calculate an overall factor score that is used to rank and select the top 25% for inclusion into the Index. The highest ranking multifactor scoring companies will be selected, subject to maximum and minimum constraints on number of components within a sector in seeking sector diversification.

## 2.2 Base Date and Base Value

The WisdomTree U.S. Multifactor Index was established with a base value of 200 on June 9, 2017.

## 2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the U.S. Multifactor Index:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

The Index is calculated whenever the U.S. stock exchanges are open. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock’s adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars. The price Index is calculated and disseminated on an



intra-day basis. The total return Indexes are calculated and disseminated on an end-of-day basis.

## 2.4 Weighting

The WisdomTree U.S. Multifactor Index is weighted by a combination of the company overall factor score and inverse volatility over the prior 12 months.

The Weighting Date is when component weights are set and it occurs on Monday following the first Friday of the rebalance month. The changes will go into effect after the close of trading on the second Friday of the rebalance month.

The Index will be modified should the following occur. Should any company achieve a weighting equal to or greater than 24.0% of its Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and other components in the Index will be rebalanced. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- The maximum weight of any individual security is capped at 4% on the quarterly rebalance prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Sectors are weighted to be sector neutral relative to the sector weights in the starting universe

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after top holding and sector caps have been applied:

A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security’s volume factor falls below

\$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.

In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the holding, sector and country weights above the specified caps.

## 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends that are not reinvested in the total return index require index divisor adjustments to prevent the distribution from distorting the price index.

## 2.6 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, the share class with the highest average daily volume will be included. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index.

## 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Index. Other corporate actions, such as special dividends and entitlements, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

### 3.1. Component Changes

#### Additions

Additions to the Indexes are made at the reconstitution according to the inclusion criteria defined above. Changes are implemented following the close of trading on the second Friday in March, June, September and December. No additions are made to the Index between reconstitutions, except in the cases of certain spin-off companies defined below.

#### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Indexes are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.<sup>4</sup> Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company, it is allowed to stay in the Index that its parent company is in until the next reconstitution. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that meet all other Index inclusion requirements must wait until the next reconstitution to be included in the Index.

## 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to

---

<sup>4</sup> Companies being acquired will be deleted from the WisdomTree indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information

maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate outside of a defined domicile in the intervening weeks between the Screening Date and the Reconstitution Date are not included in the Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters

Selection parameters for the WisdomTree U.S. Multifactor Index are defined in section 2.1. Companies that pass these selection criteria as of the Screening Date are included in the Index. The component companies are assigned weights in the Index as defined in section 2.4., and reconstitution of the Index takes effect as defined in section 3.1.

## METHODOLOGY GUIDE FOR INTERNATIONAL DIVIDEND INDEXES

### 1. Index Overview and Description

WTI has created a family of international indexes that track the performance of dividend-paying companies in developed markets.

The International developed market indexes are sometimes referred to as the “International Dividend Indexes.”

- WisdomTree International Equity Index measures the stock performance of investable companies that pay regular cash dividends on shares of common stock and that are incorporated in Japan, the 15 European countries, Australia, Israel, Hong Kong and Singapore.
- The WisdomTree Dynamic Currency Hedged International Equity Index is designed to remove from index performance the impact of changes to the value of foreign currencies relative to U.S. dollar with a hedge ratio ranging from 0 to 100% on a monthly basis.
- The WisdomTree International High Dividend Index comprises high dividend yielding stocks from the WisdomTree International Equity Index.
- The WisdomTree International Hedged High Dividend Index is designed to remove from index performance the impact of changes to the value of foreign currencies relative to U.S. dollar.
- The WisdomTree International LargeCap Dividend Index is comprised of the dividend-paying companies from the large-capitalization segment of the WisdomTree International Equity Index.
- The WisdomTree International MidCap Dividend Index is comprised of the dividend-paying companies from the mid-capitalization segment of the WisdomTree International Equity Index.
- The WisdomTree International SmallCap Dividend Index is comprised of the dividend-paying companies from the small-capitalization segment of the WisdomTree International Equity Index.
- The WisdomTree Dynamic Currency Hedged International SmallCap Equity Index is designed to remove from index performance the impact of changes to the value of foreign currencies relative to U.S. dollar with a hedge ratio ranging from 0 to 100% on a monthly basis.
- The WisdomTree International Dividend ex-Financials Index is comprised of the 10 highest dividend-yielding companies in each sector, selected from three hundred largest companies by market value in the WisdomTree International

Equity Index outside financials.

- The WisdomTree International Quality Dividend Growth Index comprises dividend-paying developed market companies with growth characteristics.
- The WisdomTree International Hedged Quality Dividend Growth Index is designed to remove from index performance the impact of changes to the value of foreign currencies relative to U.S. dollar.
- The WisdomTree Dynamic Currency Hedged International Quality Dividend Growth Index is designed to remove from index performance the impact of changes to the value of foreign currencies relative to U.S. dollar with a hedge ratio ranging from 0 to 100% on a monthly basis.
- The WisdomTree Europe Equity Index comprises of dividend-paying companies included in the WisdomTree International Equity Index that are domiciled in Europe, traded in Euros and derive at least 50% of their revenue from countries outside of Europe. To be deleted from the Index, companies must derive less than 47% of their revenue from countries outside of Europe.
- The WisdomTree Europe Hedged Equity Index is designed to remove from index performance the impact of changes to the value of Euro relative to U.S. dollar.
- WisdomTree Europe SmallCap Equity Index comprises of dividend-paying companies included in the WisdomTree International Equity Index that are domiciled in Europe and traded in Euros
- The WisdomTree Europe Hedged SmallCap Equity Index is designed to remove from index performance the impact of changes to the value of Euro relative to U.S. dollar.
- The WisdomTree Europe SmallCap Dividend Index (“ESC”) is comprised of the dividend-paying companies from the small-capitalization segment of the European companies in the WisdomTree International Equity Index.
- The WisdomTree Europe Quality Dividend Growth Index is derived from the WisdomTree International Equity Index and is comprised of dividend paying European companies with growth characteristics.
- The WisdomTree Germany Equity Index comprises of dividend-paying companies included in the WisdomTree International Equity Index that are listed and incorporated in Germany, traded in Euros and derive less than 80% of their revenue from Germany. To be deleted from the Index, companies must derive more than 82% of their revenue from Germany.
- The WisdomTree Germany Hedged Equity Index is designed to remove from

index performance the impact of changes to the value of Euro relative to U.S. dollar.

- The WisdomTree Japan Dividend Index (“JDI”) measures the performance of investable Japanese companies that pay regular cash dividends on shares of common stock and have less than 80% of revenue come from Japan.
- The WisdomTree Japan Hedged Equity Index is designed to remove from index performance the impact of changes to the value of Japanese Yen relative to U.S. dollar.
- The WisdomTree Japan SmallCap Dividend Index (“JSC”) is comprised of the dividend-paying companies from the small-capitalization segment of the Japanese companies within the WisdomTree International Equity Index.
- The WisdomTree Japan SmallCap Equity Index is comprised of the dividend-paying companies from the small-capitalization segment of the Japanese companies within the WisdomTree International Equity Index.
- The WisdomTree Japan Hedged SmallCap Equity Index is designed to remove from index performance the impact of changes to the value of Japanese Yen relative to U.S. dollar.

In June of each year, the International Dividend Indexes are reconstituted, with each components’ weight adjusted to reflect its dividend-weighting in its respective Index.

All of the International Dividend Indexes are calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The International Dividend Indexes will be calculated using primary market prices. The International Dividend Indexes are calculated in U.S. dollars.

### **Hedged Equity Indexes**

For U.S. investors, international equity investments include two components of return. The first is the return attributable to stock prices in the non-U.S. market or markets in which an investment is made. The second is the return attributable to the value of non-U.S. currencies in these markets relative to U.S. dollar. Hedged Equity Indexes are designed to remove from index performance the impact of their respective currencies relative to U.S. dollar.

In this sense, the Indexes “hedge” against fluctuations in the relative value of non-U.S. currencies against the U.S. dollar. The Indexes are designed to have higher returns than their equivalent non-currency hedged indexes when the U.S. Dollar is going up in value relative to foreign currencies. Conversely, the Indexes are designed to have lower returns than their equivalent non-hedged indexes when the U.S. dollar

is falling in value relative to foreign currencies (e.g., Euro is rising relative to U.S. dollar). Calculation of the Indexes is discussed in section 2.3.

### **Dynamic Hedged Equity Indexes**

The Dynamic Hedged Equity Indexes described above are designed to add a dynamic currency hedge that ranges from 0 to 100%.

On a monthly basis the hedge ratio for any individual currency can be adjusted to either 0.00%, 16.67%, 33.33%, 50%, 67.67%, 83.33% or 100.00% and are determined by the following signals<sup>5</sup>:

- **Momentum:** 33.3% of the total hedge ratio is determined by momentum. When the ten-day moving average of the currency's spot price versus U.S. dollar is weaker than the 240-day moving average (i.e. the targeted currency is depreciating), the hedge ratio of 33.3% is applied.
- **Interest Rate Differentials:** 33.3% of the total hedge ratio is determined by measuring the difference in interest rates, as implied in one month FX forwards, between each currency and U.S. dollar. If the implied interest rate in the United States is higher than that within the targeted currency, a further 33.33% hedge ratio is applied for that currency on this signal.
- **Value:** The final 33.3% of the total hedge ratio is determined by a value signal that utilizes the concept of purchasing power parity in order to define a measure of relative value for a currency against U.S. dollar.
  - The full 33.3% hedge ratio for this signal is applied from the point when a currency is greater than 20% overvalued against purchasing power parity level and until it crosses the purchasing power parity level.
  - There is no hedge ratio applied for the value signal from the point when an individual currency is more than 20% undervalued (equivalent to saying the US Dollar is 20% overvalued versus this currency) against purchasing power parity level and until it crosses the purchasing power parity level.
  - If a currency is between 20% overvalued and 20% undervalued and until it crosses one of these levels, the hedge ratio for the value signal is set to 16.667% (or ½ of the value's total hedge ratio).

The initial currency deviations versus purchasing power parity levels were measured in October 2015.

When the dynamic hedges are added, the Indexes are designed to have higher (or similar subject to costs) returns than their equivalent non-currency hedged indexes

---

<sup>5</sup> Israeli Shekels (ILS) and Singapore Dollars (SGD) are hedged at 50% and Hong Kong Dollars (HKD) hedged at 0% on a monthly basis.



when U.S. Dollar is going up in value relative to foreign currencies. Conversely, the Indexes are designed to have lower (or similar subject to costs) returns than their equivalent non-hedged indexes when U.S. dollar is falling in value relative to foreign currencies (e.g., foreign currencies are rising relative to U.S. dollar). Calculation of the Indexes is discussed in section 2.3.

## 2. Key Features

### 2.1. Membership Criteria

To be eligible for inclusion in the above mentioned International Dividend Indexes, component companies must be under coverage by the market management team of the third party independent index calculation agent and must meet the minimum liquidity requirements established by WisdomTree Investments. To be included in any of the International Dividend Indexes, shares of such component securities need to have traded at least 250,000 shares per month for each of the six months preceding the “International Screening Date” (after the close of trading on the last trading day in May).

Companies that fall within the bottom decile of a composite risk factor score, which is composed of an equally weighted score of the below two factors, are not eligible for inclusion.

- 1) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 2) Momentum Factor – determined by stocks’ risk adjusted total returns over historical periods (6 and 12 months)

Companies that fall within the top 5% ranked by dividend yield and also the bottom ½ of the composite risk factor score are not eligible for inclusion.

The score for each factor is used to calculate an overall factor score, i.e. composite risk score, that is used to eliminate potentially higher risk companies that would have otherwise been eligible for inclusion.

WisdomTree applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors) as determined by the third party independent calculation agent and a data point referred to as “Degree of Open Freedom” (DOF) or by WisdomTree based generally on the guiding principles set forth below. The first test of a stock’s investability is

determining whether the market is open to foreign institutions. The third party calculation agent determines the extent to which and the mechanisms foreign institutions can use to buy and sell shares on local exchanges and repatriate capital, capital gains, and dividend income without undue constraint. Once determined that a market is open to foreign investors, the third party calculation agent then investigates each security that may be a candidate for inclusion. Each class of share is reviewed to determine whether there are any corporate bylaw, corporate charter, or industry limitations on foreign ownership of the stock. The DOF is the variable that ranges from zero to one and indicates the amount of the security foreigners may legally own (0.00 indicates that none of the stock is legally available, 1.00 indicates that 100% of the shares are available). Any company with a DOF of 0 will not be eligible for the WisdomTree Indexes.

#### WisdomTree International Equity Index

In the case of WisdomTree International Equity Index, component companies must list their shares on one of the stock exchanges in Europe (*i.e.*, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom), the Tokyo Stock Exchange, on stock exchanges in Australia, Hong Kong, Israel or Singapore. Companies must be incorporated in Europe, Japan, Australia, Hong Kong, Israel, or Singapore and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least \$100 million on the International Screening Date and shares of such companies must have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Europe, Japan, Australia, Hong Kong, Israel or Singapore are excluded. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the WisdomTree Dynamic Currency Hedged International Equity Index is identical to the selection and weighting methodology used for the WisdomTree International Equity Index.

#### WisdomTree International High Dividend Index

The WisdomTree International High Dividend Index comprises high dividend yielding stocks from the WisdomTree International Equity Index. In addition to being a member of this Index, companies must also have market capitalizations of at least \$200 million at the International Screening Date and average daily dollar volumes of at least \$200,000 for the three months prior to the International Screening Date, ranked by

dividend yield. Companies ranking in the top 30% by highest dividend yield are selected for inclusion.

To be deleted from the index, companies must rank outside of the top 35% by dividend yield. The selection and weighting methodology for the WisdomTree International Hedged High Dividend Index is identical to the selection and weighting methodology used for the WisdomTree International High Dividend Index.

#### WisdomTree International LargeCap Dividend Index

The WisdomTree International LargeCap Dividend Index is derived by selecting the 300 largest companies by market capitalization from the WisdomTree International Equity Index.

#### WisdomTree International MidCap Dividend Index

The WisdomTree International MidCap Dividend Index is derived from the WisdomTree International Equity Index using the same selection methodology previously described for the domestic midcap dividend index.

#### WisdomTree International SmallCap Dividend Index

The WisdomTree International SmallCap Dividend Index is derived from the WisdomTree International Equity Index using the same selection methodology previously described for the domestic smallcap dividend index. The selection and weighting methodology for the WisdomTree Dynamic Currency Hedged International SmallCap Equity Index is identical to the selection and weighting methodology used for the WisdomTree International SmallCap Dividend Index.

#### WisdomTree International Dividend ex-Financials Index

The WisdomTree International Dividend ex-Financials Index is derived from the WisdomTree International Equity Index by selecting the 300 companies with the highest market values outside the financial sector and then selecting the 10 highest dividend yielding stocks within each sector.

#### WisdomTree International Quality Dividend Growth Index

WisdomTree International Quality Dividend Growth Index is derived from the WisdomTree International Equity Index. Component companies must list their shares on one of the major stock exchanges in Europe (*i.e.*, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom), the Tokyo Stock Exchange, on the major stock exchanges in

Australia, Hong Kong, Singapore or Israel. Companies must be incorporated in Europe, Japan, Australia, Hong Kong, Israel, or Singapore and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least \$1 billion on the International Screening Date, an earnings yield greater than the dividend yield and shares of such companies must have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. Eligible companies are ranked using a weighted combination of three factors: 50% weighted to the rank of long-term estimated earnings growth, 25% weighted to the rank of the historical three-year average return on equity, and 25% weighted to the rank of the historical three-year average return on assets. Top 300 companies by this combined ranking will be selected for inclusion. Companies that lack long-term earnings growth estimates will be eligible for the Index but their composite rank for ultimate selection in the index will be the average ranks of their Return on Equity (ROE) and Return on Assets (ROA) for the purposes of stock ranking criteria. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Europe, Japan, Australia, Hong Kong, Israel or Singapore are excluded. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the WisdomTree International Hedged Quality Dividend Growth Index and the WisdomTree Dynamic Currency Hedged International Quality Dividend Growth Index is identical to the selection and weighting methodology used for the WisdomTree International Quality Dividend Growth Index.

#### WisdomTree Europe Equity Index

WisdomTree Europe Equity Index component companies must list their shares on one of the major stock exchanges in Europe (*i.e.*, Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal or Spain). Companies must be domiciled in Europe and trade in Euros, derive at least 50% of their revenue from countries outside of Europe<sup>6</sup> and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least \$1 billion on the International Screening Date and shares of such companies must have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. To be deleted from the Index, companies must derive less than 47% of their revenue from countries outside of Europe. Common stocks, REITs, tracking stocks, and holding

---

<sup>6</sup> With Europe defined in broad fashion as developed and emerging markets Europe.

companies are eligible for inclusion. Companies that are not incorporated in Europe are excluded. American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and European Depository Receipts (EDRs), limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.<sup>7</sup> The selection and weighting methodology for the WisdomTree Europe Hedged Equity Index is identical to the selection and weighting methodology used for the WisdomTree Europe Equity Index.

#### WisdomTree Europe SmallCap Equity Index

WisdomTree Europe SmallCap Equity Index component companies must list their shares on one of the major stock exchanges in Europe (*i.e.*, Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal or Spain). Companies must be domiciled in Europe, trade in Euros and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least \$100 million on the International Screening Date and shares of such companies must have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Europe are excluded. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. New additions to the index are those companies that rank in the bottom 10% of total market capitalization of the European companies traded in Euros within the WisdomTree International Equity Index as of the International Screening Date. To be deleted from the index, companies must rank outside of the bottom 13% of total market capitalization of the European companies traded in Euros within the WisdomTree International Equity Index as of the International Screening Date. The selection and weighting methodology for the WisdomTree Europe Hedged SmallCap Equity Index is identical to the selection and weighting methodology used for the WisdomTree Europe SmallCap Equity Index.

---

<sup>7</sup> Beginning with the December 2006 reconstitution, Mortgage REITs were no longer eligible for inclusion in the WisdomTree Domestic and International Dividend Indexes. For the WisdomTree International Dividend Indexes, this rule change took effect at the June 2007 reconstitution.

### WisdomTree Europe SmallCap Dividend Index

In the case of ESC component companies must have their shares listed on a stock exchange in one of the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom (“Europe”). Companies must be incorporated in one of these European countries and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies need to have a market capitalization of at least \$100 million on the International Screening Date and shares of such companies need to have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.<sup>8</sup> The WisdomTree Europe SmallCap Dividend Index is derived from the WisdomTree International Equity Index by selecting European companies using the same selection methodology previously described for the domestic smallcap dividend index. To be deleted from the Index, companies must fall outside of the bottom 30% of the total market capitalization of securities after the 300 largest European companies are removed.

### WisdomTree Europe Quality Dividend Growth Index

In the case of the WisdomTree Europe Quality Dividend Growth Index component companies must have their shares listed on a stock exchange in one of the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom (“Europe”). Companies must be incorporated in one of these European countries and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies need to have a market capitalization of at least \$1 billion on the International Screening Date, an earnings yield greater than the dividend yield and shares of such companies need to have had an average daily dollar volume of at least \$200,000 for each of the three months preceding the International Screening Date. Eligible companies in the WisdomTree Europe Quality Dividend Growth Index are ranked using a weighted combination of three factors: 50% weighted to the rank of long-term estimated earnings growth, 25% weighted to the rank of the historical

---

<sup>8</sup> Beginning with the December 2006 reconstitution, Mortgage REITs will no longer be eligible for inclusion in the WisdomTree Domestic and International Dividend Indexes. For the WisdomTree International Dividend Indexes this rule change will take effect at the June 2007 reconstitution.

three-year average Return on Equity (ROE), and 25% weighted to the rank of the historical three-year average Return on Assets (ROA). Companies that lack long-term earnings growth estimates will be eligible for the Index but their composite rank for ultimate selection in the index will be the average ranks of their Return on Equity and Return on Assets. Top 300 companies by this combined ranking will be selected for inclusion. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.

#### WisdomTree Germany Equity Index

WisdomTree Germany Equity Index component companies must list their shares in Germany, be incorporated in Germany and trade in Euros. Companies must have less than 80% of their revenue from Germany and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least \$1 billion on the International Screening Date and shares of such companies must have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. To be deleted from the Index, companies must derive more than 82% of their revenue from Germany. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Germany are excluded. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the WisdomTree Germany Hedged Equity Index is identical to the selection and weighting methodology used for the WisdomTree Germany Equity Index.

Euro Contingency Planning: If any of the following scenarios were to occur, the following membership criteria would change:

- 1) If any of the countries in the Index were to no longer designate the Euro as their official currency, the country would remain in the Index and the Index would hedge such country's local currency as soon as practicable after forward rates in such country's local currency are available.
- 2) If Germany, France and then Netherlands were to all adopt their own currencies in lieu of the Euro, the requirement that stocks must be traded in Euros would be dropped and an intra-year Index re-

constitution would be scheduled to re-balance the Index at the end of the month.

- 3) If the Euro were to no longer be traded as a currency, the requirement that stocks must be traded in Euros would be dropped and an intra-year Index re-constitution would be scheduled to re-balance the Index at the end of the month.

#### WisdomTree Japan Dividend Index

In the case of WisdomTree Japan Dividend Index, component companies must list their shares on the Tokyo Stock Exchange. Companies must be incorporated in Japan and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution and have less than 80% of revenue from Japan. Companies need to have a market capitalization of at least \$100 million on the International Screening Date and shares of such companies need to have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. To be deleted from the Index, companies must derive more than 82% of their revenue from Japan. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the WisdomTree Japan Hedged Equity Index is identical to the selection and weighting methodology used for the WisdomTree Japan Dividend Index.

#### WisdomTree Japan SmallCap Dividend Index

The WisdomTree Japan SmallCap Dividend Index is created by removing the 300 largest companies by market capitalization from Japanese companies within the WisdomTree International Equity Index. Component companies must list their shares on the Tokyo Stock Exchange. Companies must be incorporated in Japan and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies need to have a market capitalization of at least \$100 million on the International Screening Date and shares of such companies need to have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.



## WisdomTree Japan SmallCap Equity Index

In the case of WisdomTree Japan SmallCap Equity Index, component companies must list their shares on the Tokyo Stock Exchange. Companies must be incorporated in Japan and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies need to have a market capitalization of at least \$100 million on the International Screening Date and shares of such companies need to have had an average daily dollar volume of at least \$100,000 for three months preceding the International Screening Date. Companies must fall outside of the three hundred largest securities by market capitalization from this primary starting screening universe. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the WisdomTree Japan Hedged SmallCap Equity Index is identical to the selection and weighting methodology used for the WisdomTree Japan SmallCap Equity Index.

For purposes of both selection and weighting the following definitions would apply:

Gross Cash Dividends are based on dividends paid over latest annual cycle as determined by the ex-date of the dividends. In the case of Australia, gross dividends do not reflect the franking credit for Australian investors. The currency rate used to translate the dividends to U.S. dollars is the exchange rate on the screening date. Shares outstanding for the total dividend calculation are based on the shares outstanding at the time of each dividend payment.

Liquidity and market cap screens are based on the shares outstanding of the security in question for each company.

### Base Date and Base Value

Index	Base Date	Base Value
WisdomTree International Equity Index	5/31/2006	300
WisdomTree Dynamic Currency Hedged International Equity Index	10/30/2015	200
WisdomTree International High Dividend Index	5/31/2006	200
WisdomTree International Hedged High Dividend Index	8/31/2015	200
WisdomTree International LargeCap Dividend Index	5/31/2006	200
WisdomTree International MidCap Dividend Index	5/31/2006	200

Index	Base Date	Base Value
WisdomTree International SmallCap Dividend Index	5/31/2006	200
WisdomTree Dynamic Currency Hedged International SmallCap Equity Index	10/31/2015	200
WisdomTree International Dividend ex-Financials Index	4/30/2009	200
WisdomTree International Quality Dividend Growth Index	11/29/2013	200
WisdomTree International Hedged Quality Dividend Growth Index	11/29/2013	200
WisdomTree Dynamic Currency Hedged International Quality Dividend Growth Index	5/30/2016	200
WisdomTree Europe Equity Index	6/29/2012	200
WisdomTree Europe Hedged Equity Index	6/29/2012	200
WisdomTree Europe SmallCap Equity Index	1/30/2015	200
WisdomTree Europe Hedged SmallCap Equity Index	1/30/2015	200
WisdomTree Europe SmallCap Dividend Index	5/31/2006	200
WisdomTree Europe Quality Dividend Growth Index	2/28/2014	200
WisdomTree Germany Equity Index	4/30/2013	200
WisdomTree Germany Hedged Equity Index	4/30/2013	200
WisdomTree Japan Dividend Index	5/31/2006	300
WisdomTree Japan Hedged Equity Index	1/29/2010	100
WisdomTree Japan SmallCap Dividend Index	5/31/2006	200
WisdomTree Japan SmallCap Equity Index	4/30/2013	200
WisdomTree Japan Hedged SmallCap Equity Index	4/30/2013	200

## 2.2. Calculation and Dissemination

The following formula is used to calculate the index levels for the International Dividend Indexes:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

### Hedged Equity Indexes

The total returns for the Indexes are calculated once a day on a daily basis to remove the impact of currency and uses a WM/Reuters 1-month forward rate to do so.

## Dynamic Hedged Equity Indexes

The Indexes use quantitative signals to determine hedge ratios on the currency exposure on a monthly basis. Hedge ratios are varied each month between 0% and 100%. The hedged indexes—when hedge ratios are 100% — are designed to approximate the investable return available to U.S. based investors that seek to neutralize currency fluctuations as a source of the international index returns.

Starting from the month end of April 2015, all WisdomTree Currency-Hedged Indices will be calculated using forward amounts and foreign currency weights determined one business day prior to the month end—in accordance with the standard currency hedged calculations of WisdomTree’s independent index calculation agent. The precise calculation for the daily hedged currency index equals:

$$WT\_Hedged_1 = WT\_Hedged_0 * \left( \frac{WT\_Unhedged_1}{WT\_Unhedged_0} + HedgeRet_1 \right)$$

$$HedgeRet_1 = \frac{SpotRate_{m0}}{ForwardRate_{m0}} - \frac{SpotRate_{m0}}{SpotRate_{md} + \left( \frac{D-d}{D} \right) * (ForwardRate_{md} - SpotRate_{md})}$$

Where Forward Rate = WM/Reuters 1-month forward rate in foreign currency per U.S. dollar

Spot Rate = Spot Rate in foreign currency per U.S. dollar.

For each month  $m$ , there are  $d = 1, 2, 3, .. D$  calendar days so  $md$  is day  $d$  for month  $m$  and  $m0$  is one business day prior to the month end of month  $m-1$ .

$D$  = Total # days In Month

$md$  =  $d$  day of Month  $m$

$WT\_Hedged_0$  – previous month-end

$WT\_Unhedged_0$  – previous month-end

HedgeRet has a hedge ratio applied to it when determining what percentage of the currency is hedged. This is a ratio WisdomTree will send to the calculation agent every month.

The International Dividend Indexes are calculated every weekday. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock’s adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return

basis, in U.S. dollars. The price Indexes are calculated and disseminated on an intra-day basis except for International Hedged High Dividend Index, Japan Hedged Equity Index, and Japan SmallCap Dividend Index, which are calculated on an end-of-day basis. The total return Indexes are calculated and disseminated on an end-of-day basis. Price index values are calculated and disseminated every 15 seconds.

#### 2.4. Weighting

The International Dividend Indexes are modified capitalization-weighted indices that employ a transparent weighting formula to magnify the effect that dividends play in the total return of the Indexes. The initial weight of a component in the Index at the annual reconstitution is derived by multiplying the U.S. dollar value of the company's annual gross dividend per share by the number of common shares outstanding for that company, "The Cash Dividend Factor."<sup>9</sup> The Cash Dividend Factor is calculated for every component in the Index and then summed. Each component's weight, at the International Weighting Date, is equal to its Cash Dividend Factor divided by the sum of all Cash Dividend Factors for all the components in that Index. The dividend stream will be adjusted for constituents with dividend yields greater than 12% at the screening date. The dividend stream of these capped securities will be their market cap multiplied by 12%. The International Weighting Date is when component weights are set, it occurs immediately after the close of trading on the second Friday of June. New component weights take effect before the opening of trading on the first Monday following the third Friday of June (the "International Reconstitution Date").

For the size segment dividend indexes (total, large, mid and small caps) and high dividend cuts of the market, companies that fall within the top two deciles of the composite risk factor will have their dividend stream multiplied by 1.5 while all other dividends will remain unadjusted. Companies will be weighted in the index based on this adjusted dividend stream.

In the WisdomTree International Dividend ex-Financials Index, components are weighted by dividend yield at the time of the International Weighting Date (i.e. a component company's weight in the Index is equal to its dividend yield divided by the sum of all the dividend yields for all the component companies in the Index.)

In the event a company initially chosen for the WisdomTree International Dividend ex-Financials Index *reduces* its dividend in the interval between the Screening Date and the Weighting Date so that such company's

---

<sup>9</sup> Special Dividends are not included in the computation of Index weights.

dividend yield no longer ranks it in the top 10 yielding stocks for each sector, then the next highest yielding company in the sector is used in its place. If this occurs with more than one company (i.e. a lowering of the dividend yield resulting *only from a reduction in the declared dividend*), this process is reiterated until a final set of 10 companies per sector are selected. Companies that raise their dividends in the above mentioned interval but that did not make the initial selection screen on the Screening Date are not eligible for the International Dividend ex-Financials, even if they would have qualified had the selection screen been run on the Weighting Date.

All Indexes will be modified should the following occur. Should any company achieve a weighting equal to or greater than 24.0% of its Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weight of all other components in the Index will be rebalanced proportionally. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the International High Dividend Index, the following capping rules apply in this order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance, prior to the implementation of the sector and country caps, and the weights of all other components will be adjusted proportionally.
- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening date. Real Estate sector will be capped at 15%.

For the International Quality Dividend Growth Index, the following capping rules apply in the following order:

- The maximum weight of any individual security is capped at 5% prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should any country achieve a weight equal to or greater than 20% of the Indexes, weight of companies will be proportionally reduced to 20% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 20% of the Indexes, weight of companies will be proportionally reduced to 20% as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the Europe Equity Index, the following capping rules apply in the following order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance prior to the introduction of country and sector caps.
- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25%

as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the Europe SmallCap Equity Index, the following capping rules apply in the following order:

- The maximum weight of any individual security is capped at 2% on the annual rebalance prior to the introduction of country and sector caps.
- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the Germany Equity Index, the following capping rules apply:

- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the Japan Dividend Index, the following capping rules apply in this order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance, prior to the implementation of the sector caps, and the weights of all other components will be adjusted proportionally.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening date. Real Estate sector will be capped at 15%.

For the Japan SmallCap Dividend Index and Japan SmallCap Equity Index, the following capping rules apply in this order:

- The maximum weight of any individual security is capped at 2% on the annual rebalance, prior to the implementation of the sector caps, and the weights of all other components will be adjusted proportionally.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening date. Real Estate sector will be capped at 15%.

For the Europe Quality Dividend Growth Index, the following capping rules apply in this order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance, prior to the implementation of the sector caps, and the weights of all other components will be adjusted proportionally.
- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 20% of the Indexes, weight of companies will be proportionally reduced to 20% as of the annual Screening date. Real Estate sector will be capped at 15%.

The weights may fluctuate above the specified caps during the year but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after top holding, country and sector caps have been applied:

- A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. In the case of the Japan SmallCap Dividend Index and Japan SmallCap Equity Index, the calculated volume factor shall be greater than \$100 million. If a security's volume factor falls below \$200 million or \$100 million for the Japan SmallCap Dividend Index and the Japan SmallCap Equity



Index at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.

- In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the holdings, sector and country weights above the specified caps.

## 2.5. Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index.<sup>10</sup> However, special dividends that are not reinvested in the total return index require index divisor adjustments to prevent the distribution from distorting the price index.

## 2.7 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, each class of share will be included in any broad-based Index, provided that dividends are paid on that share of stock. In the event such a component company qualified for inclusion in the "High Dividend" or Dividend ex-Financial select cuts from these broad-based Indexes, only the share class of that company with the highest dividend yield would be selected for inclusion. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index. For all Mid and Small cap cuts, if a security has multiple listed share classes and the total market capitalization of the listed share classes is greater than largest market capitalization cutoff of that index, the security would not be eligible for that index. At least one share class will be eligible for inclusion in either large, mid or small size cut based on total market value of the company.

## 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the

---

<sup>10</sup> For the International total return indexes, where information is available about both gross and net dividends, the Indexes assume re-investment of net dividends.

stock prices of the component companies in the International Dividend Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the International Dividend Indexes. Other corporate actions, such as special dividends and entitlements, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

### 3.1. Component Changes

#### Additions

Additions to the International Dividend Indexes are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in June. No additions are made to any of the International Dividend Indexes between annual reconstitutions.

#### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.<sup>11</sup> Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification. Component companies that reclassify outside of the

---

<sup>11</sup> Companies being acquired will be deleted from the WisdomTree indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information

financial sector are deleted from the International Dividend ex-Financials Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into the International Dividend Indexes until the next annual reconstitution, provided it meets all other inclusion requirements. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay regular cash dividends and that meet all other Index inclusion requirements must wait until the next annual reconstitution to be included in the International Dividend Indexes.

## 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate outside of a defined domicile or that cancel their dividends in the intervening weeks between the International Screening Date and the International Reconstitution Date are not included in the International Dividend Indexes, and the weights of the remaining components are adjusted accordingly.

## 5. Selection Parameters for International Dividend Indexes

- 5.1. Selection parameters for the WisdomTree International Dividend Indexes are defined in section 2.1. Companies that pass the selection criteria as of the International Screening Date are included in Indexes. The component companies are assigned weights in the Indexes as defined in section 2.4.,

and annual reconstitution of the Indexes takes effect as defined in section 3.1.

## METHODOLOGY GUIDE FOR EMERGING MARKET DIVIDEND INDEXES

### 1. Index Overview and Description

WisdomTree Investments (WTI) created a family of international indexes that track the performance of dividend-paying companies in emerging markets presently consisting of the: WisdomTree Emerging Markets Dividend Index (“EMDI”), the WisdomTree Emerging Markets High Dividend Index (“EMDI HDI”), and the WisdomTree Emerging Markets SmallCap Dividend Index (“EMSC”).

The emerging market indexes described above are referred to as the ‘Emerging Market Dividend Indexes.’

- The WisdomTree Emerging Markets Dividend Index measures the stock performance of companies that pay regular cash dividends on shares of common stock with market capitalizations of at least \$200 million at the Emerging Market Screening Date and average daily dollar volumes of at least \$200,000 for each of the six months prior to the Emerging Markets Screening Date and that are incorporated in the following 17 emerging market nations: Brazil, Chile, China, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey (“Emerging Market Countries”). Securities must be incorporated in one of these Emerging Market Countries, have positive earnings over the past year and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution in October. In the case of China, only companies that are incorporated or domiciled in China and that trade on the Hong Kong Stock Exchange are eligible for inclusion. In India, only securities whose foreign ownership restriction limits have yet to be breached are eligible for inclusion in the index. Local exchange shares are included in the index for all countries with the exception of Russia, which include only American Depository Receipts (ADRs) or Global Depository Receipts (GDRs). Passive foreign investment companies (PFICs) are excluded, as are limited partnerships, limited liability companies, royalty trusts, preferred stock, rights, and other derivative securities.
- The WisdomTree Emerging Markets High Dividend Index is a fundamentally weighted index that measures the performance of high dividend yield stocks within the emerging markets.
- The WisdomTree Emerging Markets SmallCap Dividend Index is a fundamentally weighted index that measures the performance of primarily small cap stocks selected from the WisdomTree Emerging Markets Dividend Index. Companies are weighted in the Index based on annual cash dividends paid.

In October of each year, the Emerging Market Dividend Indexes are reconstituted, with each components’ weight adjusted to reflect its dividend-weighting in its respective Index.

All of the Emerging Market Dividend Indexes are calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Emerging

Market Dividend Indexes will be calculated using primary market prices. The Emerging Market Dividend Indexes will be calculated in U.S. dollars.

## 2. Key Features

### 2.1. Membership Criteria

To be eligible for inclusion in the above mentioned Emerging Market Dividend Indexes, component companies must be under coverage by the market management team of the third party independent index calculation agent and must meet the minimal liquidity requirements established by WisdomTree Investments. To be included in any of the Emerging Market indexes, shares of such component securities need to have traded at least 250,000 shares per month for each of the six months preceding the “Emerging Market Screening Date” (after the close of trading on the last trading day in September).

In the case of EMDI, EMDI HDI, and EMSC component companies must have their shares listed on a stock exchange in one of the following countries: Brazil, Chile, China, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, or Turkey. Securities must be incorporated in one of these Emerging Market Countries and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution in October. In the case of China, only companies that are incorporated or domiciled in China and that trade on the Hong Kong Stock Exchange are eligible for inclusion. In addition, approximately 100 largest Chinese domestic listed companies by dividend market capitalization that are part of the connect program and meet index requirements will be selected for inclusion in the Emerging Markets Dividend Index. In India, only securities whose foreign ownership restriction limits have yet to be breached are eligible for inclusion in the index. Local exchange shares are included in the index for all countries with the exception of Russia, which include only American Depository Receipts (ADRs) or Global Depository Receipts (GDRs).

Securities need to have a market capitalization of at least \$200 million on the “Emerging Market Screening Date” (after the close of trading on the last trading day in September) and securities need to have had an average daily dollar volume of at least \$200,000 for each of the six months preceding the Emerging Market Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs or GDRs are eligible in Russia but no other country. Security types that are excluded from the index are: Limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights.

Companies that fall within the bottom decile of a composite risk factor score, which is composed of an equally weighted score of the below two factors, are not eligible for inclusion.

- 1) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 2) Momentum Factor – determined by stocks' risk adjusted total returns over historical periods (6 and 12 months)

Companies that fall within the top 5% ranked by dividend yield and also the bottom ½ of the composite risk factor score are not eligible for inclusion.

The score for each factor is used to calculate an overall factor score, i.e. composite risk score, that is used to eliminate potentially higher risk companies that would have otherwise been eligible for inclusion.

The screening and weighting for the eligible Chinese domestic listed companies will follow the same logic but will be done separately from the rest of the eligible companies. Chinese domestic listed companies that don't have enough data to compute a composite risk score will still be eligible for inclusion if they meet other screens but will receive a median score for weighting purposes.

The WisdomTree Emerging Markets High Dividend Index is derived from the WisdomTree Emerging Markets Dividend Index. Companies are ranked by dividend yield as of the index measurement date. Companies ranking in the top 30% by highest dividend yield are selected for new additions to the index. In addition, approximately 100 Chinese domestic listed companies by highest dividend yield that are part of the connect program and meet index requirements will be selected for inclusion. To be deleted from the index, companies must rank outside of the top 35% by dividend yield.

The WisdomTree Emerging Markets SmallCap Dividend Index is derived from the WisdomTree Emerging Markets Dividend Index. New additions to the index are those companies that rank in the bottom 10% of total market capitalization of the WisdomTree Emerging Markets Dividend Index as of the Emerging Market Screening Date. In addition, approximately 100 largest Chinese domestic listed companies that are part of the connect program and meet index requirements will be selected for inclusion based on bottom 10% market capitalization cutoff of the WisdomTree Emerging Markets Dividend Index without A shares. To be deleted from the index, companies must rank outside of the bottom 13% of total market capitalization of the WisdomTree Emerging Markets

Dividend Index as of the Emerging Market Screening Date.

WisdomTree applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors), as determined by the third party independent calculation agent, and a data point referred to as “Degree of Open Freedom” (DOF) or by WisdomTree based generally on the guiding principles set forth below. The first test of a stock’s investability is determining whether the market is open to foreign institutions. The third party independent calculation agent determines the extent to which and the mechanisms foreign institutions can use to buy and sell shares on local exchanges and repatriate capital, capital gains, and dividend income without undue constraint. Once determined that a market is open to foreign investors, the third party independent calculation agent then investigates each security that may be a candidate for inclusion. Each class of share is reviewed to determine whether there are any corporate bylaw, corporate charter, or industry limitations on foreign ownership of the stock. The DOF is the variable that ranges from zero to one and indicates the amount of the security foreigners may legally own (0.00 indicates that none of the stock is legally available, 1.00 indicates that 100% of the shares are available). Any company with a DOF of 0 will not be eligible for the WisdomTree Indexes.

For purposes of both selection and weighting the following definitions would apply:

Gross Cash Dividends are based on dividends paid over latest annual cycle as determined by the ex-date of the dividends. The currency rate used to translate the dividends to U.S. dollars is the exchange rate on the screening date. Shares outstanding for the total dividend calculation are based on the shares outstanding at the time of each dividend payment.

Liquidity and market cap screens are based on the shares outstanding of the security in question for each company.

## 2.2. Base Date and Base Value

A base value for the WisdomTree Emerging Market Dividend Index was set at 300 on the close of trading on May 31, 2007. A base value for the WisdomTree Emerging Markets High Dividend Index was set at 200 at the close of trading on May 31, 2007. A base value for the WisdomTree Emerging Markets SmallCap Dividend Index was set at 100 at the close of trading on May 31, 2007.



### 2.3. Calculation and Dissemination

The following formula is used to calculate the index levels for the Emerging Markets Indexes:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

The Emerging Market Dividend Indexes are calculated every weekday. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars and disseminated on an end-of-day basis.

### 2.4. Weighting

The Emerging Market Dividend Indexes are modified capitalization-weighted indices that employ a transparent weighting formula to magnify the effect that dividends play in the total return of the Indexes.

The initial weight of a component in the Index at the annual reconstitution is derived by multiplying the U.S. dollar value of the security's annual dividend per share by the number of common shares outstanding for that security, "The Cash Dividend Factor." The Cash Dividend Factor includes multiplying the same two factors above by a third factor developed by Standard & Poor's called the "Investability Weighting Factor" (IWF). The IWF is used to scale the dividends generated of each company by factors that impose restrictions on shares available to be purchased. The Cash Dividend Factor is calculated for every component in the Index and then summed. Each component's weight, at the International Weighting Date, is equal to its Cash Dividend Factor divided by the sum of all Cash Dividend Factors for all the components in that Index. The dividend stream will be adjusted for constituents with dividend yields greater than 12% at the screening date. The dividend stream of these capped securities will be their market cap multiplied by 12%.

For the size segment dividend indexes (total, large, mid and small caps) and high dividend cuts of the market, companies that fall within the top

two deciles of the composite risk factor will have their dividend stream multiplied by 1.5 while all other dividends will remain unadjusted. Companies will be weighted in the index based on this adjusted dividend stream.

The Emerging Market Weighting Date is when component weights are set and it occurs after the close of trading on the second Friday of October. New component weights take effect before the opening of trading on the first Monday following the third Friday of October (the “Emerging Market Reconstitution Date”).

All Indexes will be modified should the following occur. Should any company achieve a weighting equal to or greater than 24.0% of its Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and all other components in the Index will be rebalanced. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced proportionately so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and all other components in the Index will be rebalanced in proportion to their index weightings before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied to the WisdomTree Emerging Markets Dividend Index and the WisdomTree Emerging Markets SmallCap Dividend Index in this order:

- 1) Should any country achieve a weight equal to or greater than 25% of the index, the weight of companies will be proportionally reduced to 25% as of the annual Emerging Market Screening Date. Chinese domestic stock market exposure will be treated separately and will be capped at 5%.
- 2) Should any sector achieve a weight equal to or greater than 25% of the index, the weight of companies will be proportionally reduced to 25% as of the annual Emerging Market Screening Date. Real Estate sector will be capped at 15%.

For the Emerging Markets High Dividend Index the following capping rules are applied in this order:

- 1) The maximum weight in the top held security will be capped at 5% prior to the implementation of the sector and country caps.
- 2) Should any country achieve a weight equal to or greater than 25% of the index, the weight of companies will be proportionally reduced to 25% as of the annual Emerging Market Screening Date. Chinese domestic stock market exposure will be treated separately and will be capped at 5%.
- 3) Should any sector achieve a weight equal to or greater than 25% of the Index, weight of companies will be proportionally reduced to 25% as of the annual Emerging Market Screening Date. Real Estate sector will be capped at 15%.

The weights may fluctuate above the specified caps during the year but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after top holding, country and sector caps have been applied:

- A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security's volume factor falls below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.
- In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that  $\text{weight after volume adjustment} = \text{weight before adjustment} \times \frac{\text{calculated volume factor}}{\$400 \text{ million}}$ . The implementation of the volume factor may cause an increase in the sector and country weights above the specified caps.

## 2.5. Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends from non-operating income require index

divisor adjustments to prevent the distribution from distorting the price index.

## 2.6 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, each class of share will be included in any broad-based Index, provided that dividends are paid on that share of stock and that the stock passes all other inclusion requirements. In the event such a component company qualified for inclusion in the “High Dividend” cut from these broad-based Indexes, the share class of that company with the greater liquidity, based on the average daily trading volume as described in section 2.1, would be selected for inclusion. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index. For the Small cap cuts, if a security has multiple listed share classes and the total market capitalization of the listed share classes is greater than largest market capitalization cutoff of that index, the security would not be eligible for that index. For Emerging Markets SmallCap Dividend Index, the market capitalization of Chinese domestic listed equities will be considered for companies with multiple share classes.

## 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company additions and deletions, stock splits, stock dividends, corporate restructurings, spin-offs, or other corporate actions. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the component companies in the Emerging Market Dividend Indexes. Other corporate actions, such as special dividends, require index divisor adjustments as well. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions. Whenever possible, changes to the Index’s components will be announced at least two business days prior to their implementation date.

### 3.1. Component Changes

#### Additions

Additions to the Emerging Market Dividend Indexes are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in October.

No additions are made to any of the Emerging Market Dividend Indexes between annual reconstitutions.

### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a company re-incorporates outside of a defined domicile, it is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date. Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into the Emerging Market Indexes until the next annual reconstitution, provided it meets all other inclusion requirements. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay regular cash dividends and that meet all other Index inclusion requirements must wait until the next annual reconstitution to be included in the Emerging Market Indexes.

### 4. Index Divisor Adjustments

Corporate actions may affect the share capital of component stocks and therefore trigger increases or decreases in the Index value. To avoid distortion, the divisor is adjusted accordingly. Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity

before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate outside of a defined domicile or that cancel their dividends in the intervening weeks between the International Screening Date and the International Reconstitution Date are not included in the Emerging Market Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters for Emerging Market Indexes
  - 5.1 Selection parameters for the **WisdomTree<sup>SM</sup> Emerging Markets Dividend Index** are defined in section 2.1. Companies that pass this selection criteria as of the Emerging Market Screening Date are included in the Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.
  - 5.2 Selection parameters for the **WisdomTree<sup>SM</sup> Emerging Markets High Dividend Index** are defined in section 2.1. Companies that pass this selection criteria as of the Emerging Market Screening Date are included in the Index. A company will only be deleted from the index if its dividend yield ranking falls outside of the top 35% of companies. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.
  - 5.3 Selection parameters for the **WisdomTree Emerging Markets SmallCap Dividend Index** are defined in section 2.1. A company will only be deleted from the index if it falls outside the bottom 13% of the total market capitalization of the WisdomTree Emerging Markets Dividend Index. Companies that pass this selection criteria as of the Emerging Market Screening Date are included in the Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.

## METHODOLOGY GUIDE FOR EX-STATE-OWNED ENTERPRISES INDEXES

### 1. Index Overview and Description

WisdomTree Investments (WTI) has created the WisdomTree Emerging Markets–ex-State-Owned Enterprises Index, the WisdomTree China ex-State-Owned Enterprises Index and the WisdomTree India ex-State-Owned Enterprises Index [referred to as “the Indexes”].

- The WisdomTree Emerging Markets ex-State-Owned Enterprises Index is comprised of emerging market stocks that are not state-owned enterprises. State owned enterprises are defined as government ownership of more than 20% of a company’s shares outstanding.
- The WisdomTree China ex-State-Owned Enterprises Index is derived from the WisdomTree Emerging Markets ex-State-Owned Enterprises Index and is comprised of Chinese companies that are not state owned.
- The WisdomTree India ex-State-Owned Enterprises Index is derived from the WisdomTree Emerging Markets ex-State-Owned Enterprises Index and is comprised of Indian companies that are not state owned.

The Indexes are modified float-adjusted market capitalization weighted and are reconstituted annually in October of each year. “Float-adjusted” means that the share amounts used in calculating the Indexes reflect only shares available to investors.

The Indexes are calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Indexes are calculated in U.S. dollars.

### 2. Key Features

#### 2.1. Membership Criteria

To be eligible for inclusion in the WisdomTree Emerging Markets ex-State-Owned Enterprises Index component companies must be under coverage by the market management team of the third party independent index calculation agent, must be incorporated or domiciled and have their shares listed on a stock exchange in one of the following countries: Brazil, Chile, China, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, South Africa, Taiwan, Thailand or Turkey. Companies that are domiciled or incorporated in China and trading primarily on a U.S. stock exchange are also eligible for inclusion. In addition, fifty largest Chinese domestic companies by float adjusted market capitalization that are part of the connect program and meet index requirements will be selected for inclusion<sup>12</sup>. In India, only

---

<sup>12</sup> Chinese domestic listed equities were added during the special reconstitution in August 2017, in lieu of

securities whose foreign ownership restriction limits have yet to be breached are eligible for inclusion in the index. In all other cases, local exchange shares are included in the index for all countries with the exception of Russia, which includes only American Depository Receipts (ADRs) or Global Depository Receipts (GDRs). Passive foreign investment companies (PFICs) are excluded, as are limited partnerships, limited liability companies, royalty trusts, preferred stock, rights, and other derivative securities.

To be eligible for inclusion in the WisdomTree China ex-State-Owned Enterprises Index, component companies must be incorporated or domiciled in China and have their shares listed on the Hong Kong stock exchange. Companies domiciled or incorporated in China and trading primarily on a U.S. stock exchange are also eligible for inclusion. In addition, fifty largest Chinese domestic companies by float adjusted market capitalization that are part of the connect program and meet index requirements will be selected for inclusion.

To be eligible for inclusion in the WisdomTree India ex-State-Owned Enterprises Index, component companies must be incorporated or domiciled in India and have their shares listed on a stock exchange in India.

To be eligible for inclusion in the Indexes, component companies must meet the minimum liquidity requirements established by WisdomTree Investments. To be included in the Indexes, shares of such component securities need to have a float-adjusted market capitalization of at least \$1 billion as of the Index “Screening Date” (after the close of trading on the last trading day in September). Companies must have an average daily trading volume of at least \$100,000 for three months preceding the Index Screening Date and trading of at least either 250,000 shares per month or \$25 million notional for each of the six months preceding the Index Screening Date.

WTI applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors), as determined by the third party independent calculation agent, and a data point referred to as “Degree of Open Freedom” (DOF) or by WTI based generally on the guiding principles set forth below. The first test of a stock’s investability is determining whether the market is open to foreign institutions. The third party independent calculation agent determines the extent to which and the mechanisms foreign institutions can use to buy and sell shares on local exchanges and



repatriate capital, capital gains, and dividend income without undue constraint. Once determined that a market is open to foreign investors, the third party independent calculation agent then investigates each security that may be a candidate for inclusion. Each class of share is reviewed to determine whether there are any corporate bylaw, corporate charter, or industry limitations on foreign ownership of the stock. The DOF is the variable that ranges from zero to one and indicates the amount of the security foreigners may legally own (0.00 indicates that none of the stock is legally available, 1.00 indicates that 100% of the shares are available). Any company with a DOF of 0 will not be eligible for the Indexes.

## 2.2 Base Date and Base Value

WisdomTree Emerging Markets ex-State-Owned Enterprises Index was established with a base value of 200 on August 15, 2014. The first annual reconstitution took place in 2015.

WisdomTree China ex-State-Owned Enterprises Index was established with a base value of 200 on March 31, 2015.

WisdomTree India ex-State-Owned Enterprises Index was established with a base value of 200 on November 19, 2018.

## 2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the Indexes:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

The Indexes are calculated every weekday. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Indexes. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars. The Price Index for the Emerging Markets ex-State-Owned Enterprises Index is calculated and disseminated on an intra-day basis every 15 seconds. The price index for the China ex-State-Owned Enterprises Index and India ex-State-Owned Enterprises Index is calculated on an end of day basis. The total return Indexes are calculated and disseminated on an end-of-day

basis to the Chicago Mercantile Exchange (CME) so that such Index Values can print to the Consolidated Tape.

## 2.4 Weighting

The companies in the Indexes are weighted by float-adjusted market capitalization. “Float-adjusted” means that the share amounts used in calculating the Index reflect only shares available to investors. Shares held by control groups, public companies and government agencies are excluded. The initial weight of a component in the Index at the annual reconstitution is derived by multiplying the company’s market capitalization by a second factor developed by Standard & Poor’s called the “Investability Weighting Factor” (IWF). The IWF is used to scale the market capitalization of each company by restrictions on shares available to be purchased. This “Float-adjusted Factor” is calculated for every component in the Index and then summed. Each component’s weight, at the Weighting Date, is equal to its Float-adjusted Factor divided by the sum of all Float-adjusted Factors for all the components in that Index. The Weighting Date is when component weights are set, and it occurs immediately after the close of trading on the second Friday of October. New Component weights take effect before the opening of trading on the first Monday following the third Friday of October (the “Reconstitution Date”).

All Indexes will be modified should the following occur. Should any company achieve a weighting equal to or greater than 24.0% of its Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weights of all other components in the Index will be rebalanced proportionally. For the WisdomTree China ex-State-Owned Enterprises Index, should any company achieve a weighting equal to or greater than 20% of the Index, its weighting will be reduced at the close of the current calendar quarter to the initial 10% cap, and other components in the Index will be rebalanced.

Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping and weight re-distribution rules are applied in this order:

### WisdomTree Emerging Markets ex-State-Owned Enterprises Index

- The country weights after the State-Owned Enterprises have been removed will be adjusted by a Country Factor such that the float-adjusted market capitalization weights equal the float-adjusted market capitalization of the universe prior to the State-Owned Enterprises being removed. The Country Factor of the universe prior to the removal of State-Owned Enterprises is calculated excluding China A shares. The maximum Country Factor is set at 3.0, or no country's weight can be increased more than 3x after state owned enterprises have been removed.
- After the previous country adjustment is implemented, should any sector have a weight that is 3% higher or lower than its original starting universe float-adjusted market capitalization weight, its weight will be adjusted by a factor to 3% higher or lower than its original starting universe weight.
- Chinese domestic stock market exposure will be capped at 5% and any additional weight will be distributed proportionally among China H shares.

### WisdomTree China ex-State-Owned Enterprises Index

- The maximum weight in the top held security will be capped at 10% prior to the implementation of the sector caps. Security caps are implemented at a company level, not share class.
- Should any sector achieve a weight equal to or greater than 30% of the Indexes, weight of companies will be proportionally reduced to 30% as of the annual Screening Date
- Chinese domestic stock market exposure will be capped at 25%.

### WisdomTree India ex-State-Owned Enterprises Index

- The maximum weight in the top held security will be capped at 10% prior to the implementation of the sector caps. Security caps are implemented at a company level, not share class.
- Should any sector achieve a weight equal to or greater than 30% of the Index, weight of companies will be proportionally reduced to 30% as of the annual Screening Date

The weights may fluctuate above the specified caps during the year, but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the old GICS sector classifications, i.e. real estate and financials are aggregated into one sector.

The following liquidity adjustment factors will be applied to all the Indexes after top holding, country and sector caps have been applied:

- A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security's volume factor falls below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The security's weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.
- In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the sector and country weights above the specified caps.

## 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index.<sup>13</sup> However, special dividends that are not reinvested in the total return Index require Index divisor adjustments to prevent the distribution from distorting the price Index.

## 2.6 Multiple Share Classes

---

<sup>13</sup> For the International total return indexes, where information is available about both gross and net dividends, the Indexes assume re-investment of net dividends.

In the event a component company issues multiple classes of shares of common stock, each class of share will be included. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index.

3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Index. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, and increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Index. Other corporate actions, such as special dividends and entitlements, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

IWF Changes

(1) The timing of adjustments to share counts or investable weight factors depends on the event causing the change, the public availability of source data, local market practices, and whether the change is larger than 5% of the float-adjusted share count.

(2) Changes of less than 5% of the float-adjusted shares are accumulated and made quarterly on the third Friday of March, June, September and December.

(3) Changes to the Index constituent's float-adjusted shares of 5% or more:

- Changes due to mergers or acquisitions of publicly held companies are implemented when the transaction occurs, even if both of the companies are not in the same headline index, and regardless of the size of the change. The share change is applied so that it coincides with the deletion date of the target company if both the acquirer and the target are in the same Index.
- Changes due to secondary public offerings (also known as placements), tender offers, Dutch auctions, exchange offers,

bought deal equity offerings, or prospectus offerings are done as soon as reasonably possible after the data are verified.

- Other changes of 5% or more (for example, due to company stock repurchases, private placements, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly.

If a 5% or more change in shares outstanding causes a company's IWF to change by 5 percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

Exception: when total shares outstanding increase by more than 5%, but the new share issuance is directed to a strategic or major shareholder, it implies that there is no change in float-adjusted shares. However, in such instances, total shares outstanding and resulting IWF change will be implemented regardless of whether the float-adjusted shares change by more than 5%.

### 3.1. Component Changes

#### Additions

Additions to the Index are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in October. No additions are made to the Indexes between annual reconstitutions, except in the cases of certain spin-off companies, defined below.

#### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.<sup>14</sup> Component companies that reclassify their

---

<sup>14</sup> Companies being acquired will be deleted from the WisdomTree indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that

shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

WTI applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors) as determined by WTI, generally based on the principles set forth above describing index eligibility.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company, it is allowed into the indexes that its parent company is in until the next annual reconstitution. Spin-off shares of publicly traded companies that are included in the same Indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that meet all other Index inclusion requirements must wait until the next annual reconstitution to be included in the Index.

### 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WTI reserves the right to determine the appropriate implementation method.

---

is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WTI reserves the right to delete the company being acquired based on best available market information

Companies that are acquired, de-listed, file for bankruptcy or re-incorporate outside of a defined domicile in the intervening weeks between the Screening Date and the Reconstitution Date are not included in the Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters

Selection parameters for the Indexes are defined in section 2.1. Companies that pass this selection criterion as of the Screening Date are included in the Indexes. The component companies are assigned weights in the Indexes as defined in section 2.4., and annual reconstitution of the Indexes takes effect as defined in section 3.1.



## METHODOLOGY GUIDE FOR INDIA EARNINGS INDEX

### 1. Index Overview and Description

Wisdomtree Investments, Inc. (WTI) has created indexes that track the performance of earnings-generating companies in emerging markets, presently consisting of the WisdomTree India Earnings Index (“IEI”). The WisdomTree India Earnings Index measures the stock performance of companies incorporated in India that pass WTI’s selection, liquidity and market capitalization requirements. In September of each year, the IEI is reconstituted, with each components’ weight adjusted based on the earnings generated by each component company, adjusted for an investable weighting factor that takes into account shares available to be purchased by foreign investors.

The India Earnings Index is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The IEI is calculated using primary market prices. The IEI is calculated in U.S. dollars.

### 2. Key Features

#### 2.1. Membership Criteria

To be eligible for inclusion in the IEI, component companies must be covered by WisdomTree’s independent index calculation agent and must meet the minimal liquidity requirements established by WisdomTree Investments. To be included in the IEI, shares of such component securities need to have traded at least 250,000 shares per month for each of the six months preceding the “Screening Date” for the India Earnings Index (after the close of trading on the last trading day in August).

Eligible component companies must have their shares listed on the Indian National Stock Exchange or the Bombay (Mumbai) Stock Exchange, must be incorporated in India and have earned at least \$5 million in their fiscal year prior to the annual reconstitution in September. Only securities whose foreign ownership restriction limits have yet to be breached are eligible for inclusion in the index. Companies need to have a market capitalization of at least \$200 million on the “Indian Screening Date” (after the close of trading on the last trading day in August); shares of such companies need to have had an average daily dollar volume of at least \$200,000 for each of the six months preceding the Indian Screening Date; components need to have had a P/E ratio of at least 2 as of the Indian Screening Date. Common stocks, tracking stocks and holding companies, including real estate holding companies, are eligible for inclusion. Security types that are excluded from the index are: limited partnerships, royalty trusts, passive foreign investment companies (PFICS), ADRs, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights.

## 2.2. Base Date and Base Value

The base value for the IEI was set at 200, as of November 30, 2007.

## 2.3. Calculation and Dissemination

The following formula is used to calculate the index levels for the India Earnings Index:

$$\frac{\sum_i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

The Index is calculated every weekday. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars and disseminated on an end-of-day basis.

## 2.4. Weighting

The IEI is a modified capitalization-weighted index that employs a transparent weighting formula to magnify the effect that earnings play in the total return of the Index. The initial weight of a component in the Index at the annual reconstitution is based on reported net income in the most recent fiscal year prior to the annual reconstitution. The reported net income number is then multiplied by a second factor developed by the third party independent calculation agent called the "Investability Weighting Factor" (IWF). The IWF is used to scale the earnings generated for each company by restrictions on shares available to be purchased. This "Earnings Factor" is then calculated for every component in the Index and then summed. Each component's weight, at the Weighting Date for the India Earnings Index, is equal to its Earnings Factor divided by the sum of all Earnings Factors for all the components in that Index. The Weighting Date for the India Earnings Index is when component weights are set, it occurs immediately after the close of trading on the second Friday of September. New Component weights take effect before the opening of trading on the first Monday following the third Friday of September (the "India Earnings Index Reconstitution Date").

The Index will be modified should the following occur. Should any company achieve a weighting equal to or greater than 24.0% of its Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and other components in the Index will be rebalanced.

Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced proportionately so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced in proportion to their index weightings before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- 1) Should any sector achieve a weight equal to or greater than 25% of the Index, weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- 2) A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date/ weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security’s volume factor falls below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities’ weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.
- 3) In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the sector weights above the specified caps.

The weights may fluctuate above the specified caps during the year but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the old GICS sector classifications, i.e. real estate and financials are aggregated into one sector.

## 2.5. Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends from non-operating income require index divisor adjustments to prevent the distribution from distorting the price index.

## 2.6 Multiple Share Classes

In the event a component company issues multiple share classes of common stock, the most liquid share class will be included in the Index. Conversion of a share class into another share class not in the Index results in the conversion of the share class being phased out into the surviving share class.

## 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company additions and deletions, stock splits, stock dividends, corporate restructurings, spins-offs, or other corporate actions. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the component companies in IEI. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in earnings between reconstitutions, do not require changes in the index shares or the stock prices of the component companies of the IEI. Other corporate actions, such as special dividends, may require index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions, or when the Index Calculation Agent typically applies such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

### 3.1. Component Changes

#### Additions

Additions to the IEI are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in September. No additions are made to the IEI between annual reconstitutions, except in the cases of certain Spin-Off companies defined below.

## Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a company re-incorporates outside of a defined domicile it is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date. Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company it is allowed to stay in the IEI until the next annual reconstitution. The weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that meet all other Index inclusion requirements must wait until the next annual reconstitution to be included in the IEI.

### 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree Investments reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed or that re-incorporate outside of a defined domicile in the intervening weeks between the Screening Date and the Reconstitution Date for the India Earnings Index are not included in

the IEI, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters for the WisdomTree India Earnings Index

- 5.1 Selection parameters for the **WisdomTree India Earnings Index** are defined in section 2.1 Companies that pass this selection criterion as of the Screening Date for the India Earnings Index are included in the Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.

## METHODOLOGY GUIDE FOR GLOBAL DIVIDEND INDEXES

### 1. Overview and Description

The WisdomTree Global Dividend Indexes were developed by WisdomTree Investments, Inc. (“WTI”) to measure the performance of dividend-paying stocks in the global markets.

- The Global Dividend Index comprises companies included in the WisdomTree U.S. Dividend Index, which measures the performance of dividend paying companies in the United States; and the WisdomTree Global ex-U.S. Dividend Index, which measures the performance of dividend-paying companies in developed and emerging markets outside the U.S.
- The Global High Dividend Index comprises high dividend yielding stocks from the WisdomTree Global Dividend Index. In addition to being a member of this Index, companies must also have a market capitalization of at least \$2 billion as of the Screening Date (defined below) to be eligible for the Index.
- The Global Hedged High Dividend Index is designed to remove from index performance the impact of changes to the value of foreign currencies relative to the U.S. dollar.
- The WisdomTree Global ex-U.S. Real Estate Index comprises dividend-paying companies included in the WisdomTree Global ex-U.S. Dividend Index that are classified by WTI as being a part of the Global Real Estate sector.

Each Index is reconstituted annually, at which time each component’s weight is adjusted to reflect its dividend-weighting in the Index. Dividend weighting is defined as each component’s cash dividends paid in the prior annual cycle divided by the sum of the cash dividends paid by all the components in the Index over the same period. This quotient is the percentage weight assigned to each component in the Index at the annual reconstitution. Each of the Indexes is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Indexes are calculated using primary market prices.

For U.S. investors, international equity investments include two components of return. The first is the return attributable to stock prices in the non-U.S. market or markets in which an investment is made. The second is the return attributable to the value of non-U.S. currencies in these markets relative to U.S. dollar. Hedged Equity Indexes are designed to remove from index performance the impact of their respective currencies relative to U.S. dollar.

## 2. Key Features

### 2.1. Membership Criteria

To be included in the WisdomTree Global Dividend Index, companies must be included in one of the following WisdomTree indexes:

- 1) The WisdomTree U.S. Dividend Index: (United States)
- 2) The WisdomTree Global ex-U.S. Dividend Index: (Developed World, outside the U.S., and Emerging Markets)

The selection methodologies for these indexes are listed below.

#### a. WisdomTree U.S. Dividend Index:

To be eligible for inclusion in the Domestic Dividend Indexes, a company must list its shares on a U.S. stock exchange, be incorporated and headquartered in the United States and pay regular cash dividends on shares of its common stock. Companies need to have a market capitalization of at least \$100 million by the “Screening Date” (after the close of trading on the last trading day in November) and shares of such companies need to have had an average daily dollar volume of at least \$100,000 for three months preceding the Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, as are limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs) and companies that are not incorporated and headquartered in the United States (“United States” is defined herein as the 50 U.S. states plus the Commonwealth of Puerto Rico). Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.<sup>15</sup>

#### b. WisdomTree Global ex-U.S. Dividend Index:

In the developed world, component companies must be under coverage by the market management team of the third party independent index calculation agent and must list their shares on one of the stock exchanges in Europe (*i.e.*, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom), the Tokyo Stock Exchange, or on stock exchanges in Australia, Israel, Hong Kong, Singapore or Canada. Companies must be incorporated in Europe, Israel, Japan, Australia, Hong Kong, Singapore or Canada and have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the

---

<sup>15</sup> Mortgage REITs are not eligible for inclusion in the WisdomTree Domestic and International Dividend Indexes.



annual reconstitution. Companies must have a market capitalization of at least \$100 million on the “Global Screening Date” (after the close of trading on the last trading day in September) and shares of such companies must have had an average daily dollar volume of at least \$100,000 for three months preceding the Global Screening Date. Shares of such component securities need to have traded at least 250,000 shares per month for each of the six months preceding the Global Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Europe, Israel, Japan, Australia, Hong Kong, Singapore and Canada are excluded. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.

In the developing world, component companies must be under coverage by the market management team of the third party independent index calculation agent and must have their shares listed on a stock exchange in one of the following countries: Brazil, Chile, China, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, or Turkey. Securities must be incorporated in one of these Emerging Market Countries and have positive earnings over the past year. In the case of China, companies that are incorporated or domiciled in China and traded on the Hong Kong Stock Exchange are eligible for inclusion. In India, only securities whose foreign ownership restriction limits have yet to be breached are eligible for inclusion in the index. Companies must have paid at least \$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution in October. Securities need to have a market capitalization of at least \$200 million on the “Global Screening Date” (after the close of trading on the last trading day in September) and securities need to have had an average daily dollar volume of at least \$200,000 for each of the six months preceding the Global Screening Date. Shares of such component securities need to have traded at least 250,000 shares per month for each of the six months preceding the Global Screening Date. Local exchange shares are included in the index for all countries with the exception of Russia, which include only American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs). Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs or GDRs are eligible in Russia but no other country. Security types that are excluded from the index are: Limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights.

Companies that fall within the bottom decile of a composite risk factor score, which is composed of an equally weighted score of the below two factors, are not eligible for inclusion.

- 1) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 2) Momentum Factor – determined by stocks’ risk adjusted total returns over historical periods (6 and 12 months)

Companies that fall within the top 5% ranked by dividend yield and also the bottom ½ of the composite risk factor score are not eligible for inclusion.

The score for each factor is used to calculate an overall factor score, i.e. composite risk score, that is used to eliminate potentially higher risk companies that would have otherwise been eligible for inclusion.

WisdomTree applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors), as determined by the third party independent calculation agent, and a data point referred to as “Degree of Open Freedom” (DOF) or by WisdomTree based generally on the guiding principles set forth below. The first test of a stock’s investability is determining whether the market is open to foreign institutions. The third party independent calculation agent determines the extent to which and the mechanisms foreign institutions can use to buy and sell shares on local exchanges and repatriate capital, capital gains, and dividend income without undue constraint. Once determined that a market is open to foreign investors, the calculation agent then investigates each security that may be a candidate for inclusion. Each class of share is reviewed to determine whether there are any corporate bylaw, corporate charter, or industry limitations on foreign ownership of the stock. The DOF is the variable that ranges from zero to one and indicates the amount of the security foreigners may legally own (0.00 indicates that none of the stock is legally available, 1.00 indicates that 100% of the shares are available). Any company with a DOF of 0 will not be eligible for the WisdomTree Indexes.

#### WisdomTree Global High Dividend Index

The Global High Dividend Index comprises high dividend yielding stocks from the WisdomTree Global Dividend Index. In addition to being a

member of this Index, companies must also have a market capitalization of at least \$2 billion as of the Screening Date (defined below) to be eligible for inclusion. The resulting universe of companies after the market cap screen is applied is ranked by dividend yield and the top 30% of companies from each region, i.e. the U.S., developed and emerging markets, ranked by highest dividend yield, are selected as additions to the Index.

To be deleted from the index, companies must rank outside of the top 35% by dividend yield. The selection and weighting methodology for the WisdomTree Global Hedged High Dividend Index is identical to the selection and weighting methodology used for the WisdomTree Global High Dividend Index.

#### WisdomTree Global ex-U.S. Real Estate Index

The WisdomTree Global ex-U.S. Real Estate Index is derived from the WisdomTree Global ex-U.S. Dividend Index and measures the performance of dividend-paying companies from the developed and emerging markets outside of the United States that are classified by WisdomTree Investments as being part of the “Global Real Estate” sector. The Index is comprised of companies with market capitalization greater than \$1 billion and is weighted based on regular cash dividends paid. The Index includes the following types of companies: real estate operating companies, real estate development companies and diversified REITs. The Index also includes companies that may be classified as Passive Foreign Investment Companies (PFICs).

For purposes of both selection and weighting the following definitions apply: Gross Cash Dividends are based on dividends paid over latest annual cycle as determined by the ex-date of the dividends. In the case of Australia, gross dividends do not reflect the franking credit for Australian investors. The currency rate used to translate the dividends to U.S. dollars is the exchange rate on the screening date. Shares outstanding for the total dividend calculation are based on the shares outstanding at the time of each dividend payment. Liquidity and market cap screens are based on the shares outstanding of the security in question for each company.

#### 2.2. Base Date and Base Value

Index	Base Date	Base Value
WisdomTree Global Dividend Index	6/30/2008	300
WisdomTree Global High Dividend Index	11/30/2007	200
WisdomTree Global Hedged High Dividend Index	8/31/2015	200
WisdomTree Global SmallCap Dividend Index	7/28/2015	200
WisdomTree Global ex-U.S. Real Estate Index	6/3/2011	200

### 2.3. Calculation and Dissemination

The following formula is used to calculate the index levels for the Indexes:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

WisdomTree calculates Currency Hedged International indexes. The hedged indexes are designed to approximate the investable return available to U.S. based investors that seek to neutralize currency fluctuations as a source of the international index return. The total returns for the Indexes are calculated once a day on a daily basis to remove the impact of currency and uses a WM/Reuters 1-month forward rate to do so.

WisdomTree Currency-Hedged Indices will be calculated using forward amounts and foreign currency weights determined one business day prior to the month end—in accordance with the standard currency hedged calculations of WisdomTree's independent index calculation agent. The precise calculation for the daily hedged currency index equals:

$$WT\_Hedged_1 = WT\_Hedged_0 * \left( \frac{WT\_Unhedged_1}{WT\_Unhedged_0} + HedgeRet_1 \right)$$

$$HedgeRet_1 = \frac{SpotRate_{m0}}{ForwardRate_{m0}} - \frac{SpotRate_{m0}}{SpotRate_{md} + \left( \frac{D-d}{D} \right) * (ForwardRate_{md} - SpotRate_{md})}$$

Where Forward Rate = WM/Reuters 1-month forward rate in foreign currency per U.S. dollar

Spot Rate = Spot Rate in foreign currency per U.S. dollar.

For each month  $m$ , there are  $d = 1, 2, 3, \dots, D$  calendar days so  $md$  is day  $d$  for month  $m$  and  $m0$  is one business day prior to the month end of month  $m-1$ .

$D$  = Total # days In Month

$md$  =  $d$  day of Month  $m$

$WT\_Hedged_0$  – previous month-end

$WT\_Unhedged_0$  – previous month-end

The Global Dividend Indexes are calculated every weekday. If trading is suspended while one of the exchanges is still open, the last traded price for that stock is used for all subsequent Index computations until trading

resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Indexes. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars. The price Indexes are calculated and disseminated on an intra-day basis. The total return Indexes are calculated and disseminated on an end-of-day basis. Price index values are calculated and disseminated every 15 seconds.

The price Indexes are calculated on an end of day basis for the WisdomTree Global Dividend Index and the WisdomTree Global Hedged High Dividend Index.

## 2.4 Weighting

The Global Dividend Indexes are modified capitalization-weighted Indexes that employ a transparent weighting formula to magnify the effect that dividends play in the total return of the Indexes.

The initial weight of a component in the Index at the annual reconstitution is derived by multiplying the U.S. dollar value of the security's annual dividend per share by the number of common shares outstanding for that security, "The Cash Dividend Factor." For Emerging Markets securities, the "Cash Dividend Factor" includes multiplying the same two factors above by a third factor developed by Standard & Poor's called the "Investability Weighting Factor" (IWF). The IWF is used to scale the dividends generated of each company by factors that impose restrictions on shares available to be purchased. The Cash Dividend Factor is calculated for every component in the Index and then summed. Each component's weight, at the Weighting Date, is equal to its Cash Dividend Factor divided by the sum of all Cash Dividend Factors for all the components in that Index. The Weighting Date is when component weights are set, and it occurs immediately after the close of trading on the second Friday of October. New components and component weights take effect before the opening of trading on the first Monday following the third Friday of October the "Reconstitution Date."

WisdomTree Indexes will apply a dividend stream adjustment for constituents with dividend yields greater than 12% at the screening date. The dividend stream of these capped securities will be their market cap multiplied by 12%.

For the size segment dividend indexes (total, large, mid and small caps) and high dividend cuts of the market, companies that fall within the top two deciles of the composite risk factor will have their dividend stream multiplied by 1.5 while all other dividends will remain unadjusted. Companies will be weighted in the index based on this adjusted dividend

stream.

Should any company achieve a weighting equal to or greater than 24.0% of the Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and all other components in the Index will be rebalanced. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied to the WisdomTree Global Dividend Index:

- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

The following capping rules are applied to the WisdomTree Global ex-U.S. Real Estate Index:

- Should any country achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date.

The following capping rules are applied to the WisdomTree Global High Dividend Index in this order:

- Individual company weights start out with the Cash Dividend Factor described in weighting section 2.4 above.
- The regional weights will be adjusted by a Regional Factor such that the regional weights are equal to the float-adjusted market capitalization weight of the universe of dividend and non-dividend payers of the regional allocations of the U.S., developed and emerging markets that meet the general liquidity and market cap criteria for the base index.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25%

as of the annual Screening Date. Real Estate sector will be capped at 15%.

The weights may fluctuate above the specified caps during the year, but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after country and sector caps have been applied:

- A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security's volume factor falls below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.
- In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the sector and country weights above the specified caps.

## 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends that are not reinvested in the total return Index require index divisor adjustments to prevent the distribution from distorting the price Index.

## 2.8 Multiple Share Classes

In the event a component company issues multiple classes of shares of

common stock, each class of share will be included in the Indexes, provided that dividends are paid on that share of stock and that the stock passes all other inclusion requirements. For the Global High Dividend Index, in the event a component company issues multiple classes of shares of common stock, the share class of that company with the greater liquidity, based on the average daily trading volume as described in section 2.1, would be selected for inclusion. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index. For the Small cap cuts, if a security has multiple listed share classes and the total market capitalization of the listed share classes is greater than largest market capitalization cutoff of that index, the security would not be eligible for that index.

### 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Indexes. Other corporate actions, such as special dividends, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

#### 3.1. Component Changes

##### Additions

Additions to the Indexes are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the close of trading on the third Friday in October. No additions are made to the Indexes between annual reconstitutions.

##### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in



composition of the Index. A component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.<sup>16</sup> A component company that re-incorporates outside of the defined domiciles identified above is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into the Index until the next annual reconstitution, provided it meets all other Index inclusion requirements. Spin-off shares of publicly traded companies that are included in the same Index as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay a regular cash dividend and that meet all other inclusion requirements must wait until the next annual reconstitution to be included in the Index.

### 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types

---

<sup>16</sup> Companies being acquired will be deleted from the WisdomTree indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information.

of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate outside of a defined domicile or that cancel their dividends in the intervening weeks between the Global Screening Date and the reconstitution date are not included in the Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters

- 5.1. Selection parameters for the Indexes are defined in section 2.1. Companies that pass the selection criteria as of the Global Screening Date are included in the Indexes. The component companies are assigned weights in the Indexes as defined in section 2.4. and annual reconstitution of the Indexes takes effect as defined in section 3.1.

## METHODOLOGY GUIDE FOR GLOBAL EX-US QUALITY DIVIDEND GROWTH INDEX

### 1. Overview and Description

WisdomTree Global ex-US Quality Dividend Growth Index (“WTGDXG”) was developed by WisdomTree Investments, Inc. (“WTI”) to measure the performance of dividend paying companies with growth characteristics in the emerging and developed markets outside the U.S.

Companies eligible for WTGDXG must have passed the selection requirements of the WisdomTree Global ex-US Dividend Index, which measures the stock performance of dividend-paying companies in emerging markets and developed countries outside the U.S.

The WTGDXG is reconstituted annually, at which time each component’s weight is adjusted to reflect its share of the Dividend Stream of that index. The Dividend Stream is defined as the cash dividends paid in the annual cycle prior to the index measurement date. The percentage weight assigned to each component in the Index at the annual reconstitution is calculated by dividing gross dividends paid in U.S. dollars for each component company by the sum of all such dividends paid by all the component companies in the Index over the same period. Each of the Indexes is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Indexes are calculated using primary market prices.

### 2. Key Features

#### 2.1. Membership Criteria

To be eligible for inclusion in the WTGDXG, a company must be covered by WisdomTree’s independent index calculation agent and must qualify for inclusion in the WisdomTree Global ex-US Dividend Index and have paid at least \$5 million in gross cash dividends in the annual cycle prior to the ” Global Screening Date” (after the close of trading on the last trading day in September). Common stocks, REITS and holding companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, except for companies incorporated in Russia. Passive foreign investment companies (PFICs), limited partnerships, limited liability companies, royalty trusts, tracking stocks, mortgage REITs and companies that are incorporated in the United States (“United States” is defined herein as the 50 U.S. states plus the Commonwealth of Puerto Rico) as well as preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.

On the Global Screening Date, companies within the WTGDXG with market capitalizations of at least \$2 billion and an earnings yield greater than the dividend yield are eligible for inclusion. Eligible companies are ranked using a weighted combination of three factors: 50% weighted to the rank of long-term estimated earnings growth, 25% weighted to the

rank of the historical three-year average Return on Equity (ROE), and 25% weighted to the rank of the historical three-year average Return on Assets (ROA). Companies that lack long-term earnings growth estimates will be eligible for the Index but their composite rank for ultimate selection in the index will be the average ranks of their Return on Equity and Return on Assets. Companies that rank in the top 300 companies by this combined ranking will be selected for inclusion.

WisdomTree applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors), as determined by the third party independent calculation agent, and a data point referred to as “Degree of Open Freedom” (DOF) or by WisdomTree based generally on the guiding principles set forth below. The first test of a stock’s investability is determining whether the market is open to foreign institutions. The third party independent calculation agent determines the extent to which and the mechanisms foreign institutions can use to buy and sell shares on local exchanges and repatriate capital, capital gains, and dividend income without undue constraint. Once determined that a market is open to foreign investors, the third party independent calculation agent then investigates each security that may be a candidate for inclusion. Each class of share is reviewed to determine whether there are any corporate bylaw, corporate charter, or industry limitations on foreign ownership of the stock. The DOF is the variable that ranges from zero to one and indicates the amount of the security foreigners may legally own (0.00 indicates that none of the stock is legally available, 1.00 indicates that 100% of the shares are available). Any company with a DOF of 0 will not be eligible for the WisdomTree Indexes.

For purposes of both selection and weighting the following definitions would apply:

Gross Cash Dividends are based on dividends paid over latest annual cycle as determined by the ex-date of the dividends. In the case of Australia, gross dividends do not reflect the franking credit for Australian investors. The currency rate used to translate the dividends to U.S. dollars is the exchange rate on the screening date. Shares outstanding for the total dividend calculation are based on the shares outstanding at the time of each dividend payment.

Liquidity and market cap screens are based on the shares outstanding of the security in question for each company.

## 2.2 Base Date and Base Value

The Index was established with a base value of 200 on June 30, 2008.

## 2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the Global ex-US Quality Dividend Growth Index:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

The WTGDGXG is calculated every weekday. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars and disseminated on an end-of-day basis.

## 2.4 Weighting

The WTGDGXG is a modified capitalization-weighted index that employs a transparent weighting formula to magnify the effect that dividends play in the total return of the Index.

The initial weight of a component in the Index at the annual reconstitution is derived by multiplying the U.S. dollar value of the security's annual dividend per share by the number of common shares outstanding for that security, "The Cash Dividend Factor." For Emerging Markets securities, the "Cash Dividend Factor" includes multiplying the same two factors above by a third factor developed by Standard & Poor's called the "Investability Weighting Factor" (IWF). The IWF is used to scale the dividends generated of each company by factors that impose restrictions on shares available to be purchased. The Cash Dividend Factor is calculated for every component in the Index and then summed. Each component's weight, at the Weighting Date, is equal to its Cash Dividend Factor divided by the sum of all Cash Dividend Factors for all the components in that Index. The dividend stream will be adjusted for constituents with dividend yields greater than 12% at the screening date.

The dividend stream of these capped securities will be their market cap multiplied by 12%.

The Weighting Date is when component weights are set and it occurs immediately after the close of trading on the second Friday of October. New component weights take effect before the opening of trading on the first Monday following the third Friday of October (the “Reconstitution Date”).

Should any company achieve a weighting equal to or greater than 24.0% of its Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weight of all other components in the Index will be rebalanced proportionally. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced proportionately so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and all other components in the Index will be rebalanced in proportion to their index weightings before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- 1) The maximum weight of an individual security will be capped at 5% prior to the implementation of sector and country caps.
- 2) The regional weights will be adjusted by a Regional Factor such that the regional weights are equal to the float-adjusted market capitalization weight of the universe of dividend and non-dividend payers of the regional allocations of the developed and emerging markets that meet the general liquidity and market cap criteria for the base index.
- 3) Should any country achieve a weight equal to or greater than 20% of the index, the weight of companies will be proportionally reduced to 20% as of the annual Screening Date.
- 4) Should any sector achieve a weight equal to or greater than 20% of the Index, weight of companies will be proportionally reduced to 20% as of the annual Screening Date. Real Estate sector will be capped at 15%.
- 5) A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security’s volume factor falls

below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.

- 6) In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The implementation of the volume factor may cause an increase in the sector and country weights above the specified caps.

The weights may fluctuate above the specified caps during the year, but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

## 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends from non-operating income require index divisor adjustments to prevent the distribution from distorting the price index.

## 2.6 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, each class of share will be included in the Index, provided that dividends are paid on that share of stock and that the stock passes all other inclusion requirements. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index.

## 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company additions and deletions, stock splits, stock dividends, corporate restructurings, spins-offs, or other corporate actions. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the component companies in the Index. Other corporate actions, such as special dividends, require index divisor adjustments as well. Any corporate action, whether it requires divisor adjustments or not, will be implemented after

the close of trading on the day prior to the ex-date of such corporate action. Whenever possible, changes to the Index's components will be announced at least two business days prior to their implementation date.

### 3.1. Component Changes

#### Additions

Additions to the WTGDYG are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in October. No additions are made to the WTGDYG between annual reconstitutions.

#### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a company re-incorporates outside of a defined domicile, it is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.<sup>17</sup> Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into the Index until the next annual reconstitution, provided it meets all other inclusion requirements.

---

<sup>17</sup> Companies being acquired will be deleted from the WisdomTree index immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information.



Spin-off shares of publicly traded companies that are included in the same index as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay regular cash dividends and that meet all other Index inclusion requirements must wait until the next annual reconstitution to be included in the Global ex-US Quality Dividend Growth Index.

#### 4. Index Divisor Adjustments

Corporate actions may affect the share capital of component stocks and therefore trigger increases or decreases in the Index value. To avoid distortion, the divisor is adjusted accordingly. Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate outside of a defined domicile or that cancel their dividends in the intervening weeks between the Global Screening Date and the Reconstitution Date are not included in the Index, and the weights of the remaining components are adjusted accordingly.

#### 5. Selection Parameters for the Global ex-US Quality Dividend Growth Index

- 5.1. Selection parameters for the **WisdomTree Global ex-US Quality Dividend Growth Index** are defined in 2.1. Companies that pass this selection criteria as of the Global Screening Date are included in the WTGDYG . The component companies are assigned weights in the Index as defined in section 2.4. and the annual reconstitution of the Index takes effect as defined in section 3.1.

## METHODOLOGY GUIDE FOR GLOBAL EX-MEXICO EQUITY INDEX

### 1. Index Overview and Description

The WisdomTree Global ex-Mexico Equity Index is a float-adjusted market capitalization weighted Index created by WisdomTree Investments (WTI). “Float-adjusted” means that the share amounts used in calculating the Index reflect only shares available to investors. The Index is reconstituted annually in October of each year.

- The WisdomTree Global ex-Mexico Equity Index is comprised of 2000 largest companies by float-adjusted market capitalization.

The WisdomTree Global ex-Mexico Equity Index will only include components from countries defined to be eligible for investments (outside of Mexico) by The National Commission for the Pension System (CONSAR). Currently allowable countries are: United States, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Japan, Australia, Israel, Hong Kong, Singapore, Canada, Bulgaria, Brazil, Chile, China, Colombia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Iceland, India, Korea, Latvia, Lithuania, Malaysia, Malta, Mexico, Peru, Poland, Romania, Slovakia, Slovenia, South Africa, Thailand or Taiwan<sup>18</sup>. This country list is subject to change and WisdomTree reserves the right to adjust the Index allowable country list based on CONSAR’s eligibility.

The WisdomTree Global ex-Mexico Equity Index is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The Index is calculated using primary market prices. The Index is calculated in U.S. dollars.

### 2. Key Features

#### 2.1. Membership Criteria

To be eligible for inclusion in the WisdomTree Global ex-Mexico Equity Index component companies must be under coverage by the market management team of the third party independent index calculation agent and must meet the minimum liquidity requirements established by WisdomTree Investments.

To be eligible for inclusion a company must list its shares on a U.S. stock exchange, be incorporated and domiciled in the United States. Companies need to have a float-adjusted market capitalization of at least \$100 million by the “Screening Date” (after the close of trading on the last trading day in September) and shares of such companies need to have had an average daily dollar volume of at least \$100,000 for three months preceding the Screening Date. Common stocks, REITs, tracking stocks, and holding

---

<sup>18</sup> Effective with the October 2017 reconstitution, Malaysia, South Africa, Thailand and Taiwan will be included in the Index, per CONSAR approval of new investment countries.

companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, as are limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs) and companies that are not incorporated and headquartered in the United States. Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.<sup>19</sup> The publicly traded security for WisdomTree Investments, Inc., ticker WETF, is not eligible for inclusion in any of WisdomTree's equity indexes.

In the developed world, companies must list shares on one of the stock exchanges in Europe (*i.e.*, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom), the Tokyo Stock Exchange, or on stock exchanges in Australia, Israel, Hong Kong, Singapore or Canada. Companies must be incorporated or domiciled in one of these countries and must meet the minimum liquidity requirements established by WisdomTree Investments. To be included in the Index, shares of such component securities need to have a float-adjusted market capitalization of at least \$100 million as of the Index Screening Date. Companies must have an average daily dollar volume of at least \$100,000 for three months preceding the Index Screening Date and trading of at least 250,000 shares per month for each of the six months preceding the Index Screening Date.

In the developing world, component companies must have their shares listed on a stock exchange in one of the following countries: Bulgaria, Brazil, Chile, China, Colombia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Iceland, India, Korea, Latvia, Lithuania, Malaysia, Malta, Peru, Poland, Romania, Slovakia, Slovenia, South Africa, Taiwan or Thailand. Securities must be incorporated or domiciled in one of these Emerging Market countries. In India, only securities whose foreign ownership restriction limits have yet to be breached are eligible for inclusion in the Index. Securities need to have a market capitalization of at least \$200 million on the Screening Date and securities need to have had an average daily dollar volume of at least \$200,000 for each of the six months preceding the Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Security types that are excluded from the Index are: Limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange traded funds, and derivative securities such as warrants and rights. Shares of such component securities need to have traded at least 250,000 shares per month for each of the six months preceding the Screening Date.

---

<sup>19</sup> Beginning with the December 2006 reconstitution, Mortgage REITs will no longer be eligible for inclusion in the WisdomTree Domestic and International Dividend Indexes.

WisdomTree applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors) as determined by Standard & Poor's and a data point referred to as "Degree of Open Freedom" (DOF) or by WisdomTree based generally on the guiding principles set forth below. The first test of a stock's investability is determining whether the market is open to foreign institutions. S&P determines the extent to which and the mechanisms foreign institutions can use to buy and sell shares on local exchanges and repatriate capital, capital gains, and dividend income without undue constraint. Once determined that a market is open to foreign investors, S&P then investigates each security that may be a candidate for inclusion. Each class of share is reviewed to determine whether there are any corporate bylaw, corporate charter, or industry limitations on foreign ownership of the stock. The DOF is the variable that ranges from zero to one and indicates the amount of the security foreigners may legally own (0.00 indicates that none of the stock is legally available, 1.00 indicates that 100% of the shares are available). Any company with a DOF of 0 will not be eligible for the WisdomTree Indexes.

## 2.2 Base Date and Base Value

WisdomTree Global ex-Mexico Equity Index was established with a base value of 200 on February 12, 2016.

## 2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the Global ex-Mexico Equity Index:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

The WisdomTree Global ex-Mexico Equity Index is calculated every weekday. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return

basis. The price and total return Indexes are calculated and disseminated on an end of day basis and disseminated to the Chicago Mercantile Exchange (CME) so that such Index Values can print to the Consolidated Tape.

## 2.4 Weighting

The WisdomTree Global ex-Mexico Equity Index is weighted by float-adjusted market capitalization. “Float-adjusted” means that the share amounts used in calculating the Index reflect only shares available to investors. Shares held by control groups, public companies and government agencies are excluded. The initial weight of a component in the Index at the annual reconstitution is derived by multiplying the company’s market capitalization by a second factor developed by Standard & Poor’s called the “Investability Weighting Factor” (IWF). The IWF is used to scale the market capitalization of each company by restrictions on shares available to be purchased. This “Float-adjusted Factor” is calculated for every component in the Index and then summed. Each component’s weight, at the Weighting Date, is equal to its Float-adjusted Factor divided by the sum of all Float-adjusted Factors for all the components in that Index. The Weighting Date is when component weights are set, and it occurs immediately after the close of trading on the second Friday of October. New Component weights take effect before the opening of trading on the first Monday following the third Friday of October (the “Reconstitution Date”).

The following capping rules apply in the following order:

- Should any sector achieve a weight equal to or greater than 25% of the Index, weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$200 million to be eligible for each index. If a security’s volume factor falls below \$200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities’ weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.
- In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million. The

implementation of the volume factor may cause an increase in the holdings, sector and country weights above the specified caps.

Should any company achieve a weighting equal to or greater than 24.0% of the Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weights of all other components in the Index will be rebalanced proportionally. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The weights may fluctuate above the specified caps during the year but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the old GICS sector classifications, i.e. real estate and financials are aggregated into one sector.

#### 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index.<sup>20</sup> However, special dividends that are not reinvested in the total return index require index divisor adjustments to prevent the distribution from distorting the price index.

#### 2.8 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, each class of share will be included. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index.

### 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spin-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Index. Some corporate

---

<sup>20</sup> For the International total return indexes, where information is available about both gross and net dividends, the Indexes assume re-investment of net dividends.

actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Index. Other corporate actions, such as special dividends and entitlements, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate action. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

#### IWF Changes

(1) The timing of adjustments to share counts or investable weight factors depends on the event causing the change, the public availability of source data, local market practices, and whether the change is larger than 5% of the float-adjusted share count.

(2) Changes of less than 5% of the float-adjusted shares are accumulated and made quarterly on the third Friday of March, June, September and December.

(3) Changes to an index constituent's float-adjusted shares of 5% or more:

- Changes due to mergers or acquisitions of publicly held companies are implemented when the transaction occurs, even if both of the companies are not in the same headline index, and regardless of the size of the change. The share change is applied so that it coincides with the deletion date of the target company if both the acquirer and the target are in the same Index.
- Changes due to secondary public offerings (also known as placements), tender offers, Dutch auctions, exchange offers, bought deal equity offerings, or prospectus offerings are done as soon as reasonably possible after the data are verified.
- Other changes of 5% or more (for example, due to company stock repurchases, private placements, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly.

If a 5% or more change in shares outstanding causes a company's IWF to change by 5 percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

Exception: when total shares outstanding increase by more than 5%, but the new share issuance is directed to a strategic or major shareholder, it implies that there is no change in float-adjusted shares. However, in such instances, a total shares outstanding and resulting IWF change will be implemented regardless of whether the float-adjusted shares change by more than 5%.

### 3.1. Component Changes

#### Additions

Additions to the Index are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in October. No additions are made to the Index between annual reconstitutions, except in the cases of certain Spin-Off companies, defined below.

#### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.<sup>21</sup> Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company, it is allowed into the index that its parent company is in until the next annual reconstitution. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are

---

<sup>21</sup> Companies being acquired will be deleted from the WisdomTree indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information



adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that meet all other Index inclusion requirements must wait until the next annual reconstitution to be included in the Index.

4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy or re-incorporate outside of a defined domicile in the intervening weeks between the Screening Date and the Reconstitution Date are not included in the Index, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters

Selection parameters for the Index are defined in section 2.1. Companies that pass this selection criteria as of the Screening Date are included in the WisdomTree Global ex-Mexico Equity Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.

## METHODOLOGY GUIDE FOR GROWTH LEADERS INDEX

### 1. Index Overview and Description

The WisdomTree Growth Leaders Index [referred to as “the Index”] was developed by WisdomTree Investments (WTI). WisdomTree Growth Leaders Index is comprised of mid- and large-cap companies that are generating substantial revenue from a modern platform business. A modern platform business can be defined as a multi-sided business model focused on creating value by facilitating interactions between two or more interdependent groups through technology. These platform businesses are positioned to benefit from the “network effect” which is the positive effect on a good or service as the number of customers or participants increases.

Included companies must facilitate the exchange of value between two or more groups, usually a demand side and a supply side and are often referred to as “consumers” and “producers,” respectively. Generally, platforms must allow consumers to easily sign up and provide a standardized process to onboard producers. Eligible platform types will include the following: services, product, payment, investment, social networking, gaming, communication, content and development.

The Index is reconstituted on an annual basis (following the close of trading on the second Friday in June<sup>22</sup>).

The Index is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The Index is calculated using primary market prices and calculated in U.S. dollars.

### 2. Key Features

#### 2.1. Membership Criteria

To be eligible for inclusion in the Index, component companies must be under coverage by the market management team of the third party independent index calculation agent. Eligible companies that are domiciled outside of China must list shares on a U.S. or European stock exchange, while China-domiciled companies must list shares on a China domestic or Hong Kong stock exchange. Constituents are required to generate significant revenue from business lines active in modern platforms or digital marketplaces based on several factors such as business model, customer or participant relationship and revenue source. Additionally, companies must have generated at least 7% compound annual revenue growth over the trailing three years (if a security was recently listed 2- or 1-year growth rates will be substituted). Companies

---

<sup>22</sup> Annual rebalance commencing June 2020.

need to have a float-adjusted market capitalization of at least \$2 billion and an average daily dollar volume of at least \$1,000,000 for each of the three months preceding the Screening Date (after the close of trading on the last trading day in May). If a security was recently listed and does not have 3-months of trading history, the data available since listing will be used to extrapolate a 3-month average daily traded value. Common stocks, REITs, tracking stocks, holding companies, ADRs, GDRs and EDRs are eligible for inclusion. Limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs) and mortgage REITs are excluded. Preferred stocks, closed-end funds, passive foreign investment companies, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The publicly traded security for WisdomTree Investments, Inc., ticker WETF, is not eligible for inclusion in any of WisdomTree's equity indexes.

In order to be classified as a platform business, a company needs to have financial metrics and applicable language in its Annual Report, 10K or equivalent report. As an example, the following information and guidelines will be used in making the classification.

**Customer relationship** - business has direct relationship with a user group who consumes value (e.g., product, service, content, etc.).

**Producer relationship** - business has direct relationship with an external user group who supplies the value to be consumed by another user group. In some cases, this producer user can be the same person as the consumer group, but they engage in a separate set of activities related to creating value when acting as a producer.

**Value Created by Producer** - the value (e.g., product, service, content, etc.) being consumed by Consumer user group is being supplied by a third-party and is not directly controlled by the company, and that supply does not sit on company's balance sheet.

**Network Effect** - there is a positive network externality between the consumer and producer user groups, meaning that the demand for the platform from one user group is dependent upon the number of users on the other side of the platform. The company will either explicitly mention it is subject to network effects or include a statement indicating that the more consumers that use the platform, the more value each producer will get from the platform, and vice versa.

**Network Ownership** -The company owns the network by which the consumers and producers directly connect. If the company services multiple customer groups but does not own the underlying network that connects them,

it may not qualify (i.e., it is a service provider to that network, and not a platform business itself).

**Platform Revenue** - The company derives revenue from its platform business unit(s). There is direct platform revenue, which includes money captured as revenue by the platform as a percentage of the monetary value of each transaction it facilitates (e.g., a take rate). There is also indirect platform revenue, which includes revenue generated by providing products or services related to the facilitation of value exchanges on the platform (e.g., advertising, fulfillment services, additional software features that enable the user to transact on the platform).

**Platform Revenue Percentage** - The company must have a certain threshold of revenue that can be mapped or influenced from a platform business unit or relevant business units. The standard threshold is 50%, except for platform types that require high fixed costs due to hardware, upfront development, labor, or logistics costs, as in development platforms, services marketplaces, and product marketplaces. Targeted platform revenue thresholds by platform type:

- Product Marketplace: 20%
- Services Marketplace: 35%
- Investment Platform: 50%
- Payment Platform: 50%
- Social Networking Platform: 50%
- Social Gaming Platform: 50%
- Communication Platform: 50%
- Content Platform: 50%
- Development Platform: 20%<sup>23</sup>

## 2.2 Base Date and Base Value

The WisdomTree Growth Leaders Index was established with a base value of 200 on April 30, 2019.

## 2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the Growth Leaders Index:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

$S_i$  = Number of shares in the index for security  $i$ .

---

<sup>23</sup> Development platforms also consider total dollar amount of revenue as well and will include companies that generate \$1 billion of revenue, regardless of percentage of total revenue.

$P_i$  = Price of security  $i$

$E_i$  = Cross rate of currency of Security  $i$  vs. USD. If security price in USD,  $E_i = 1$

$D$  = Divisor

The Index is calculated whenever the stock exchanges are open. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in U.S. dollars. The price Index is calculated and disseminated on an intra-day basis. The total return Indexes are calculated and disseminated on an end-of-day basis.

## 2.4 Weighting

The WisdomTree Growth Leaders Index is a modified market-capitalization weighted index - securities are weighted by an average of their equal and market cap weights.

- The maximum weight of any individual security is capped at 9% on the annual rebalance, prior to the implementation of the country caps, and the weights of all other components will be adjusted proportionally.
- Exposure to U.S. domiciled companies will be proportionally reduced or increased to 88%.
- The top 12 non-U.S. domiciled companies ranked by sales-growth are added to the index. Should exposure to China-domiciled companies breach 5%, the total weight of these companies will be proportionally reduced to 5%. Should exposure to non-US-domiciled companies breach 12%, the total weight of companies will be proportionally reduced to 12%

The Weighting Date is when component weights are set and it occurs on Monday following the first Friday of the rebalance month. The changes will go into effect after the close of trading on the second Friday of the rebalance month.

Should the "collective weight" of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced to reflect their relative weights

before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

#### Buffer Rules:

**Market capitalization:** an existing index constituent shall continue to remain in the index even if its market capitalization does not meet the previously defined minimum market capitalization criteria; but remains within 50% of this limit.

**Liquidity:** an existing index constituent shall continue to remain in the index even if its liquidity is below the previously defined average daily traded value limit; but remains within 50% of this limit.

**Revenue:** an existing index constituent shall continue to remain in the index even if its revenue does not meet the previously defined minimum criteria; but revenue from digital marketplaces remains over 40%.

The following liquidity adjustment factors will be applied:

A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than \$400 million to be eligible for each index. If a security's volume factor falls below \$400 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by \$400 million.

In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than \$400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / \$400 million.

## 2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends that are not reinvested in the total return index require index divisor adjustments to prevent the distribution from distorting the price index.

## 2.9 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, the share class with the highest average daily volume will be included. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index.

### 3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Index. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Index. Other corporate actions, such as special dividends and entitlements, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

#### 3.1. Component Changes

##### Additions

Additions to the Index are made at the reconstitution according to the inclusion criteria defined above. Changes are implemented following the close of trading on the second Friday in June. No additions are made to the Index between reconstitutions, except in the cases of certain spin-off companies defined below.

##### Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day

prior to the execution date.<sup>24</sup> Component companies that reclassify their shares (i.e., that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

### 3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company it is allowed to stay in the Index that its parent company is in until the next reconstitution. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that meet all other Index inclusion requirements must wait until the next reconstitution to be included in the Index.

### 4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WTI reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, or re-incorporate outside of a defined domicile in the intervening weeks between the Screening Date and the Reconstitution Date are not included in the Index, and the weights of the remaining components are adjusted accordingly.

### 5. Selection Parameters

Selection parameters for the WisdomTree Growth Leaders Index are defined in section 2.1. Companies that pass these selection criteria as of

---

<sup>24</sup> Companies being acquired will be deleted from the Index immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information



the Screening Date are included in the Index. The component companies are assigned weights in the Index as defined in section 2.4., and reconstitution of the Index takes effect as defined in section 3.1.