
WISDOMTREE SOLUTIONS TO MARKET VOLATILITY

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August has been a [volatile](#) month from a market performance stand point. With that in mind, it is interesting to look at how WisdomTree strategies have been performing with this volatility.

First, the strongest performing fund within the WisdomTree line up in August was our Strong dollar fund, the [WisdomTree Bloomberg U.S. Dollar Bullish Fund \(USDU\)](#). This just goes to show that much of the emerging market uncertainty showing up is coming from within the currency moves. But beyond that, some of our better performing strategies are three of our alternative strategies: the [WisdomTree Dynamic Long/Short U.S. Equity Fund \(DYL5\)](#), the [WisdomTree Dynamic Bearish U.S. Equity Fund \(DYB\)](#), and our [WisdomTree CBOE S&P 500 PutWrite Strategy Fund \(PUTW\)](#).

During periods of volatility when people expect upside gains to be limited, a put-writing fund like PUTW can be a valuable tool in gaining access to writing [options](#) to collect [premiums](#). Where this strategy may lag is when markets are full-steaming ahead in a strong [bull](#) market – which does not appear to be the current mentality for the market, and henceforth, makes the strategy relevant.

Our fixed income funds were also on this list. In particular, our yield enhanced Aggregate bond strategies, both the core and short-term versions -- [WisdomTree Yield Enhanced U.S. Aggregate Bond Fund \(AGGY\)](#) and [WisdomTree Yield Enhanced U.S. Short-Term Aggregate Bond Fund \(SHAG\)](#) --, have shown strong performance in the face of a rising rate environment. Kevin Flanagan just wrote a piece on [barbell fixed income strategies](#) that combine our [WisdomTree Floating Rate Treasury Fund \(USFR\)](#) with AGGY, to create a blended fixed income exposure.

The best performing WisdomTree U.S. equity strategy continues to be our [WisdomTree U.S. Multifactor Fund \(USMF\)](#), which continues to be among top performing WisdomTree Equity strategies year to date.

Top/Bottom Performing WisdomTree ETFs

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The area of the market that has been hit hardest in August has been the emerging markets, China, and European local market exposure. Of the bottom 10 performing WisdomTree strategies, 8 of them are emerging market focused, and 2 of them are European focused, as the declining euro weighs in on performance.

Top/Bottom Performing WisdomTree ETFs

For investors who are looking for options to lower volatility in emerging markets and Europe, WisdomTree just launched

two multi-factor strategies that employs a currency factor as one of the multiple factors. The [WisdomTree Emerging Markets Multifactor Fund \(EMMF\)](#) launched on August 10th with a 70% currency hedge ratio – which currently places this amongst our more defensive strategies. That currency signal resets every two weeks, so if the currencies start appreciating, it will not stay hedged for long. In fact, our research shows that the signals are only hedged 20% of the time.

The [WisdomTree International Multifactor Fund \(DWMF\)](#) was also launched with over an 80% hedge ratio, and over 90% hedged for the Euro. The developed world signals have lower latency re-balancing and do so monthly. Both strategies have a factor process that emphasizes lower volatility in the weighting process of securities. Through factors like risk-adjusted [momentum](#) and [low correlation](#) selection in the stock selection process, we expect these strategies to be attractive solutions for periods of higher volatility, like what we just experienced in August. [For those interested in learning more about our newest multifactor strategy, please read this latest blog.](#)

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IMPORTANT INFORMATION

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You cannot invest directly in an index.

DEFINITIONS

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

Option premium : The current price of any specific option contract that has yet to expire.

Premium : When the price of an ETF is higher than its NAV.

Bullish : a position that benefits when asset prices rise.

Momentum : Characterized by assets with recent price increase trends over time. This term is also associated with the Momentum Factor which associates these stock characteristics with excess return vs the market over time.

Low Correlation : Characterized by assets that have a relatively lower correlation vs the market over time. This term is also associated with the Low Correlation Factor which associates these stock characteristics with excess returns vs the market over time.