

OUR NEW GROWTH LEADERS STRATEGY—REINTRODUCING THE PLATFORM BUSINESS MODEL

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WisdomTree is relentlessly focused on creating better ways to invest, and that includes continuously reevaluating and improving the positioning of our existing strategies.

We [recently announced enhancements](#) to our new [WisdomTree Growth Leaders ETF \(PLAT\)](#) that we believe position the Fund for both future potential outperformance within the important [growth](#) category but also, critically, reduced [tracking error](#) to the major growth benchmarks.

PLAT continues to provide exposure to high-growth companies that operate platform-based business models. But the index PLAT is designed to track, the WisdomTree Growth Leaders Index¹, has migrated from an equal-weighted and global strategy to one that incorporates [market capitalization](#) and a greater focus on the U.S.—to have less deviation relative to traditional U.S. large-cap growth benchmarks.

More common holdings at the top of PLAT does not mean it is purely a strategy that tracks a growth benchmark.

The new WisdomTree Growth Leaders Fund has companies with historical three-year sales growth rates that are more than double those of companies in the traditional [S&P 500](#) and [Russell 1000 Growth indexes](#), besides sharing four of the same top five holdings.²

The key to PLAT's elevated growth rates partly comes from being more focused on, and selective about, companies with the strongest growth rates. What PLAT's constituents have in common is that they are [platform-based businesses](#).

Summary of Methodology Enhancements

| | Formerly | Now |
|----------------------------|---|--|
| Name | WisdomTree Modern Tech Platforms Fund/Index | WisdomTree Growth Leaders Fund/Index |
| Expense Ratio | 45 bps ³ | 20 bps |
| Revenue Growth Eligibility | No requirement | At least 7% revenue growth required |
| Non-U.S. Exposure | No caps | Limited to 12%; China limited to 5% and domestic or Hong Kong listings |
| Security Cap | No cap | 9% security cap |
| Weighting Mechanism | Equally weighted | Modified average of equal and market cap-weights |

Why Platform Businesses Are *the* Growth Leaders

Platform businesses aim to create value by connecting interdependent groups (e.g., Uber connects a rider with a driver), while traditional businesses create value through linear production or supply (e.g., Ford or Hertz produce/buy cars for sale/rent).⁴

We believe the competitive advantage of platform businesses lies in their ability to scale quickly and efficiently beyond the capability of linear businesses. This scale advantage stems from two major sources:

- **Platforms Benefit from [Network Effects](#):** The value of a platform's network increases for existing users as the network grows and new users are added (e.g., additional riders increase the value of Uber's network for drivers, and vice versa).
- **Platforms Benefit from Near-Zero [Marginal Costs](#):** There is little to no cost to add a user to the network or to facilitate a marginal transaction between users (e.g., after the expense of developing the Uber app, there is nearly zero cost per download or ride booking). In contrast, a linear business will reach a size where the marginal cost of additional production/supply outweighs the benefit.

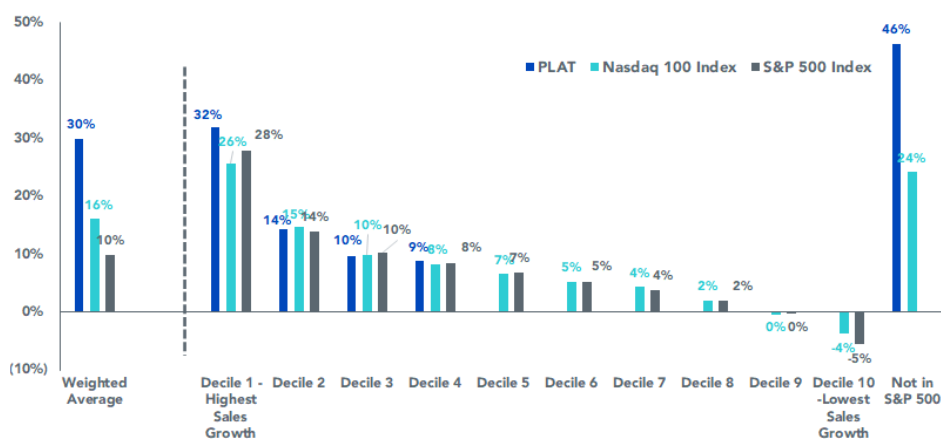
WisdomTree licenses data from Applico, a platform consulting business, to help identify companies with these distinct platform characteristics.

We also added revenue growth requirements to emphasize exposure to growth leaders and platforms that are continuing to scale.

The result of the enhancements to PLAT's methodology is a 51-stock basket with leading growth, margin and [capital efficiency](#) metrics:

- PLAT boasts revenue growth two to three times that of the S&P 500 and [NASDAQ 100 indexes](#), and the 30% sales growth figure is competitive with the top decile of companies in the S&P 500 with fastest growth.

PLAT Generated Revenue Growth Above the Top Decile of the S&P 500 Index



Sources: WisdomTree, FactSet, NASDAQ, S&P Global, as of 7/17/20 (PLAT screening date). Weighted average fundamentals calculated as the sum product of constituent weight and fundamentals. Deciles sort the S&P 500 Index into 10 subsets of the index ranked by revenue growth where decile 1 includes the companies with the highest sales growth and decile 10 includes the companies with the lowest sales growth. Please note that the metrics calculated for PLAT predate the Fund's inception because they are trailing metrics specific to each company held in PLAT as of 07/17/20. Past performance is not indicative of future results. You cannot invest directly in an index. The Fund metrics are derived from the Fund's underlying securities compared and should not be considered reflective of any Fund performance. In addition, favorable fund metrics may not translate to favorable fund performance. Recent performance data for PLAT can be found at [wisdomtree.com](#)

- The structural advantages of platforms are exemplified by PLAT's higher [gross margins](#) and lower asset intensity.

| | Weighted Average | | | | | | |
|------------------------------|----------------------------|--------------------------|-----------------------------------|----------------------------|---------------------------------|----------------------------|----------------------------|
| | 3-Year CAGR Revenue Growth | 3-Year Avg. Gross Margin | 3-Year Avg. Free Cash Flow Margin | 3-Year Avg. Cash to Assets | 3-Year Avg. Inventory to Assets | 3-Year Avg. PP&E to Assets | 3-Year Avg. Debt to Assets |
| PLAT | 29.9% | 60.8% | 17.4% | 75.2% | 22.2% | 62.5% | 30.8% |
| Nasdaq 100 Index | 16.1% | 53.2% | 19.7% | 45.9% | 24.2% | 80.6% | 31.2% |
| S&P 500 Index | 10.0% | 47.6% | 18.4% | 36.2% | 29.3% | 87.8% | 32.6% |
| S&P 500 Growth Index | 13.4% | 51.8% | 20.8% | 42.1% | 29.6% | 79.5% | 33.6% |
| Russell 1000 Growth Index | 16.4% | 51.7% | 16.4% | 50.9% | 30.4% | 74.2% | 34.8% |
| MSCI All Country World Index | 10.8% | 42.5% | 28.0% | 38.2% | 28.9% | 81.9% | 28.9% |

Sources: WisdomTree, FactSet, NASDAQ, S&P Global, FTSE Russell, MSCI, as of 7/17/20 (PLAT screening date), except MSCI All Country World Index, as of 06/30/20 (latest available). Weighted average fundamentals calculated as the sum product of constituent weight and fundamentals. Please note that the metrics calculated for PLAT predate the Fund's inception because they are trailing metrics specific to each company held in PLAT as of 07/17/20. Past performance is not indicative of future results. You cannot invest directly in an index. Fund metrics are derived from the Fund's underlying securities compared and should not be considered reflective of any Fund performance. In addition, favorable fund metrics may not translate to favorable fund performance. Recent performance data for PLAT can be found at [wisdomtree.com](#). MSCI All Country World Index is a broad global equity benchmark that represents large- and mid-cap equity performance across 23 developed and emerging markets countries.

For definitions of terms in the table, please visit our [glossary](#).

- Platforms have disrupted many sectors of the global economy—PLAT provides diverse sector exposure across real estate, payments, modern media, content production and transportation.

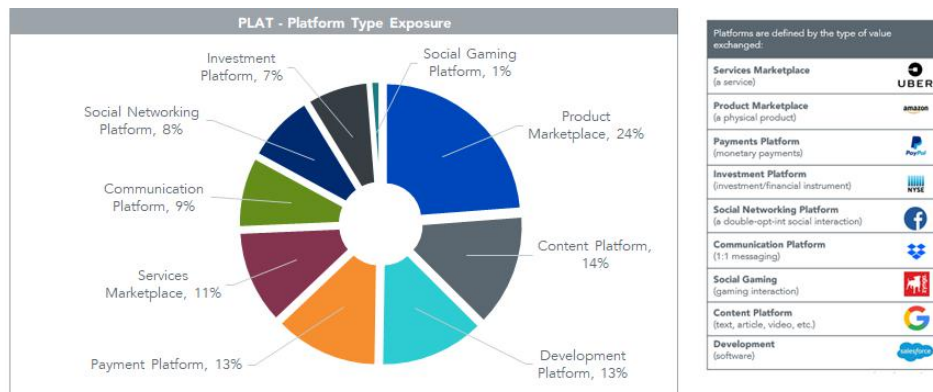
| Sector/Industry Exposures | | | | | | |
|---------------------------|-------|------------------|---------------|----------------------|---------------------------|------------------------------|
| | PLAT | NASDAQ 100 Index | S&P 500 Index | S&P 500 Growth Index | Russell 1000 Growth Index | MSCI All Country World Index |
| Information Technology | 30.6% | 47.1% | 27.0% | 39.4% | 42.9% | 20.7% |
| Communication Services | 30.0% | 20.1% | 11.0% | 13.0% | 11.4% | 9.4% |
| Consumer Discretionary | 20.0% | 18.0% | 11.0% | 14.8% | 16.0% | 11.8% |
| Financials | 9.2% | – | 10.0% | 4.5% | 2.1% | 13.4% |
| Industrials | 7.2% | 2.0% | 8.0% | 7.0% | 4.6% | 9.4% |
| Health Care | 1.8% | 7.3% | 14.9% | 10.7% | 15.2% | 12.9% |
| Real Estate | 1.2% | – | 2.7% | 2.5% | 2.0% | 2.9% |
| Consumer Staples | – | 4.9% | 7.0% | 4.4% | 4.8% | 8.1% |
| Utilities | – | 0.7% | 3.1% | 0.7% | 0.0% | 3.2% |
| Materials | – | – | 2.6% | 2.3% | 0.8% | 4.6% |
| Energy | – | – | 2.6% | 0.6% | 0.1% | 3.6% |

Sources: WisdomTree, FactSet, NASDAQ, S&P Global, FTSE Russell, MSCI. Exposures as of 7/17/20 (PLAT screening date), except MSCI All Country World Index, as of 06/30/20 (latest available). Exposures subject to change. You cannot invest directly in an index.

By targeting companies operating large, scalable networks that disrupt the competitive landscape, PLAT offers investors a differentiated way to access growth.

We have high conviction in the potential for platform businesses to outperform and to gain market share at the expense of traditional, linear businesses—while doing so with better economies of scale and potential for long-term profitability.

A list of the types of platforms that PLAT includes and representative companies of each type of platform model is below. For more information on PLAT, visit the Fund details page: [WisdomTree Growth Leaders Fund](#).



Sources: WisdomTree, Applico, as of 7/17/20 (PLAT screening date). As of 7/17/20, PLAT held 1.2%, 9%, 2.9%, 7%, 1.2%, 1.3%, 9% and 2.7% in Uber, Amazon, PayPal, Facebook, Dropbox, Zynga, Alphabet and Salesforce, respectively. PLAT did not hold New York Stock Exchange. Holdings subject to change.

¹The WisdomTree Growth Leaders Fund seeks to track the price and yield performance, before fees and expenses, of the WisdomTree Growth Leaders Index.

²Sources: WisdomTree, FactSet, S&P Global, FTSE Russell, as of 7/17/20 (PLAT screening date).

³Basis point: 1/100th of 1 percent.

⁴As of 7/17/20 (PLAT screening date), PLAT held 1.2% of its weight in Uber. PLAT did not hold Hertz or Ford.

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal. Foreign investing involves special risks,

such as risk of loss from currency fluctuation or political or economic uncertainty; these risks may be enhanced in emerging, offshore or frontier markets. Technology platform companies have significant exposure to consumers and businesses and a failure to attract and retain a substantial number of such users to a company's products, services, content or technology could adversely affect operating results. Technological changes could require substantial expenditures by a technology platform company to modify or adapt its products, services, content or infrastructure. Technology platform companies typically face intense competition and the development of new products is a complex and uncertain process. Concerns regarding a company's products or services that may compromise the privacy of users, or other cybersecurity concerns, even if unfounded, could damage a company's reputation and adversely affect operating results. Many technology platform companies currently operate under less regulatory scrutiny but there is significant risk that costs associated with regulatory oversight could increase in the future. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index or take defensive positions in declining markets. The composition of the Index is heavily dependent on quantitative and qualitative information and data from one or more third parties and the Index may not perform as intended. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

Diversification does not eliminate the risk of experiencing investment losses.

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For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

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You cannot invest directly in an index.

DEFINITIONS

Growth : Characterized by higher price levels relative to fundamentals, such as dividends or earnings. Price levels are higher because investors are willing to pay more due to their expectations of future improvements in these fundamentals.

Tracking Error : Can be discussed as both the standard deviation of excess return relative to a specific benchmark, or absolute excess return relative to a specific benchmark.

Market Capitalization : Market cap = share prices x number of shares outstanding. Firms with the highest values receive the highest weights in approaches designed to weight firms by market cap.

Russell 1000 Growth Index : A measure of the large-cap growth segment of the U.S. equity universe, selecting from the Russell 1000 Index.

Technology-driven platform : A company with a non-linear, multi-sided business model focused on creating value by facilitating interactions between two or more interdependent groups through technology.

Network Effects : When the value of a good or service exchanged in a network increases with the numbers of user.

Marginal Cost : The cost added by producing one additional unit of a product or service.

Capital efficiency : The ability for an investment strategy to gain exposure to a particular market while using fewer assets.

Nasdaq 100 Index : Includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies, including investment companies.

Margins : Focused on issues impacting the overall economic landscape as opposed to those only impacting individual companies.