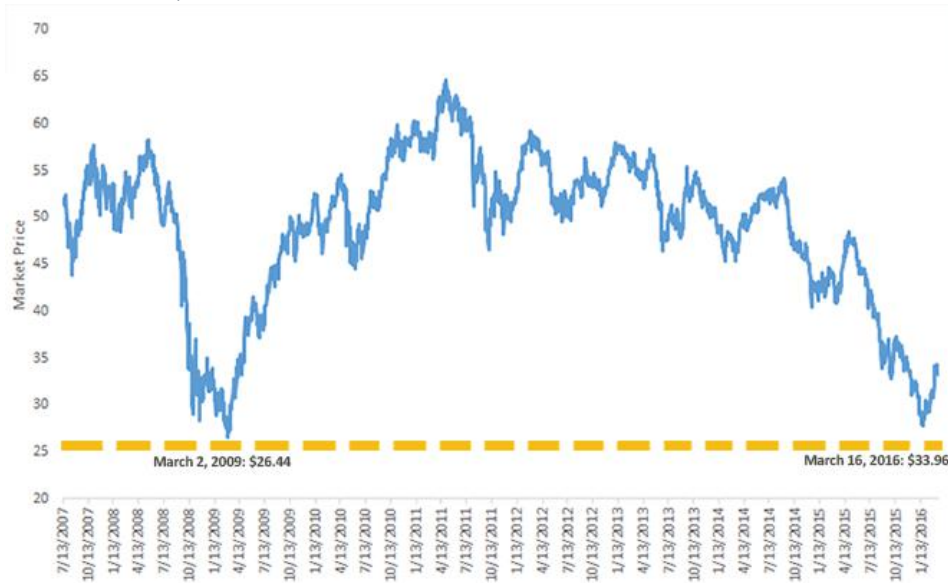


DID YOU BUY EQUITIES IN MARCH 2009?

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On March 9, 2009, the [S&P 500 Index](#) closed at 676. On March 16, 2016—even after the turbulence thus far in 2016—the S&P 500 Index closed at 2,027. That is price appreciation of 200% in cumulative terms, or, in other words, almost 17% per year.¹ While at the time back in March 2009 there were discussions about the U.S. government potentially nationalizing certain banks, we now know that, with 20/20 hindsight, it was a great time to make an allocation to U.S. equities. Many of us are kicking ourselves for not actually having had the fortitude to make an allocation to U.S. equities at that time, and we wish for another similar opportunity. **Finding Global Equities Priced Like It's March 2009** In 2009, the world was in the midst of the global financial crisis, so if we're honest, buying equities was not at the forefront of many of investors' minds. There were some very real [risks](#) threatening the health of the global financial system. But it was precisely those risks that caused the opportunity! We believe that we've found a universe of global equities priced at a similar level to where they were in 2009: the [WisdomTree Emerging Markets High Dividend Fund \(DEM\)](#). (Click for standardized performance of DEM.) **DEM Market Price Is Not Far above March 2009 Levels**



Source: Bloomberg, with period from 7/13/07 inception of DEM to 3/16/16. Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at www.wisdomtree.com. WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

March 2, 2009 The continued existence of the global financial system was at risk. Developed markets, including the United States and Europe, were the initial epicenters of the crisis. Looking at DEM at that point, we saw:²

- A [price-to-earnings \(P/E\) ratio](#) of approximately 7.0x, which is one of the lowest points we've seen in the history of this portfolio.
- Taiwan was the largest single country exposure at approximately 33%, followed by South Africa and Malaysia in the 10% to 11% range. It is notable that exposure to the [BRICs](#) broke down as follows: Brazil, about 8.0%; Russia, about 1.6%; India, less than 1.0%; and China, less than 2.0%.
- On the sector side, Telecommunication Services was the largest single sector exposure at slightly more than 21%, followed by Financials, which was slightly

more than 20%. The weight in the Energy sector was about 9%, and it is worth noting that the price of a barrel of oil was slightly above \$40. • If we look at the one-year period prior to March 2, 2009, we see that the market price of DEM dropped more than 50%. It is worth noting, however, that the price level of the [MSCI Emerging Markets Index](#) was down nearly 60% over the same period.

March 16, 2016 The U.S. and European economies are at various stages on a path to recovery. Central banks have provided vast amounts of [liquidity](#), and the continued viability of the financial system as we know it is not at risk. If there are concerns, they predominantly center upon Energy and commodities, which have been trending downward for some time, threatening emerging market economies that depend on exporting raw materials. We saw:³

- A P/E ratio of just 10.5x, which is very low compared to other global equity markets.
- Taiwan was the largest single country exposure, at approximately 24%. What we find the most interesting about the country exposure is how there have been massive shifts in terms of the overall exposure to the BRICs: Brazil, 8.3%; Russia, 13.1%; India, less than 1%; and China, just about 21%. This indicates that the highest-yielding stocks in emerging markets were located in starkly different countries in 2016 than they were in 2009.
- On the sector side, Financials was the biggest exposure at 24.2%, followed by Energy at 16.2% and Materials at 14.5%. It is worth noting that the price of a barrel of Brent crude oil was just over \$40.
- If we look at the one-year period prior to March 16, 2016, we see that the market price of DEM dropped about 17%; the price level of the MSCI Emerging Markets Index was down a similar amount.

DEM Continues to Hunt for [Valuation Opportunities](#) DEM is designed to track the performance of the [WisdomTree Emerging Markets High Dividend Index](#) before fees. The Index searches for valuation opportunities each year, using high [dividend yields](#) as the barometer. At a price approaching March 2009 levels, the critical question to ask is whether the risks in emerging markets today—which we agree are significant—are appropriately priced. If so, with an appropriately long time horizon, we believe in this asset class going forward.

¹Source: Bloomberg. ²Sources for bullets: WisdomTree, Bloomberg. Exposures and valuation measured as of 3/2/09; returns measured from 3/2/08 to 3/2/09. ³Sources for bullets: WisdomTree, Bloomberg. Exposures and valuation measured as of 3/16/16; returns measured from 3/16/15 to 3/16/16.

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Dividends are not guaranteed, and a company's future ability to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time.

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

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You cannot invest directly in an index.

DEFINITIONS

S&P 500 Index : Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

Risk : Also standard deviation, which measures the spread of actual returns around an average return during a specific period. Higher risk indicates greater potential for returns to be farther away from this average.

BRIC : An acronym for Brazil, Russia, India and China.

MSCI Emerging Markets Index : a broad market cap-weighted Index showing performance of equities across 23 emerging market countries defined as "emerging markets" by MSCI.

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

Valuation : Refers to metrics that relate financial statistics for equities to their price levels to determine if certain attributes, such as earnings or dividends, are cheap or expensive.

Dividend yield : A financial ratio that shows how much a company pays out in dividends each year relative to its share price.