

TOP AND BOTTOM PERFORMERS IN Q2 2018

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One of the new interactive dashboards WisdomTree created to help visualize market trends through the lens of our exchange-traded funds (ETFs) showcases [top and bottom performers across multiple time periods](#). The snapshots below highlight a few distinct trends in the second quarter:

- A rising dollar fed [mid-](#) and [small caps](#) and [currency-hedged](#) strategies.
- Small caps: the top three best performing WisdomTree funds in the second quarter were all U.S. small-cap funds—across our earnings, dividends, and quality dividend growth methodologies.
- On the list of top performers were two mid-cap, U.S.-focused funds, both [earnings](#) and [dividends](#), which shows how during a rising dollar environment, often one should look to smaller-cap companies over larger caps.
- Also on the top performers for the quarter were two option writing funds: [RPUT, the WisdomTree CBOE Russell 2000 PutWrite Strategy Fund](#), and [PUTW, the WisdomTree CBOE S&P 500 PutWrite Strategy Fund](#). Our team has been writing about how during periods of uncertainty in which forward-looking return expectations are limited, options strategies that receive their return from collecting [option premiums](#) are very relevant, and this in many ways describes the current market environment. It is good to see them on the list of top performers, and again you see small caps outperforming [large caps](#) on the option writing front as well.

From a currency-hedged perspective, the strong dollar environment can be shown by the fact that the [WisdomTree Bloomberg U.S. Dollar Bullish Fund \(USDU\)](#) is up over 5%. This trend helped support both international hedged quality, which was up over 4% with the hedge in place, whereas many international funds that did not hedge were down in the second quarter.

The segment of the market on the opposite side of this strong dollar phenomenon was really the emerging market currencies. When we go to the bottom performers tab for the second half, all 10 Funds on the list are some derivative of emerging market currency risk or equity risk. Interestingly, a number of emerging market equity strategies actually declined less than just emerging market fixed income during the quarter, showing that equities were more resilient during this emerging market sell-off than fixed income, and a lot of the downside came from the currency moves.

We encourage you to use this dashboard of performance to evaluate the market dynamics and see what strategies are showing either positive momentum or negative momentum to help supplement your screening for new opportunities in your portfolio—whether you want to shop for value and poor momentum or the momentum breakouts.

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Hedging can help returns when a foreign currency depreciates against the U.S. dollar but can hurt when the foreign currency appreciates against the U.S. dollar.

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You cannot invest directly in an index.

DEFINITIONS

Mid-Cap : Characterized by exposure to the next 20% of market capitalization (after the top 70% have been removed) within the Value, Blend or Growth style zones with the majority of the fund's weight.

Small caps : new or relatively young companies that typically have a market capitalization between \$200 million to \$2 billion.

Currency hedging : Strategies designed to mitigate the impact of currency performance on investment returns.

Core Earnings : Income generated by the company's daily operations rather than one-time events or market fluctuations.

Dividend : A portion of corporate profits paid out to shareholders.

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

Large-Capitalization (Large-Cap) : A term used by the investment community to refer to companies with a market capitalization value of more than \$10 billion. Large cap is an abbreviation of the term "large market capitalization". Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share.