

# INTRODUCING THE WISDOMTREE CBOE S&P 500 PUTWRITE STRATEGY FUND

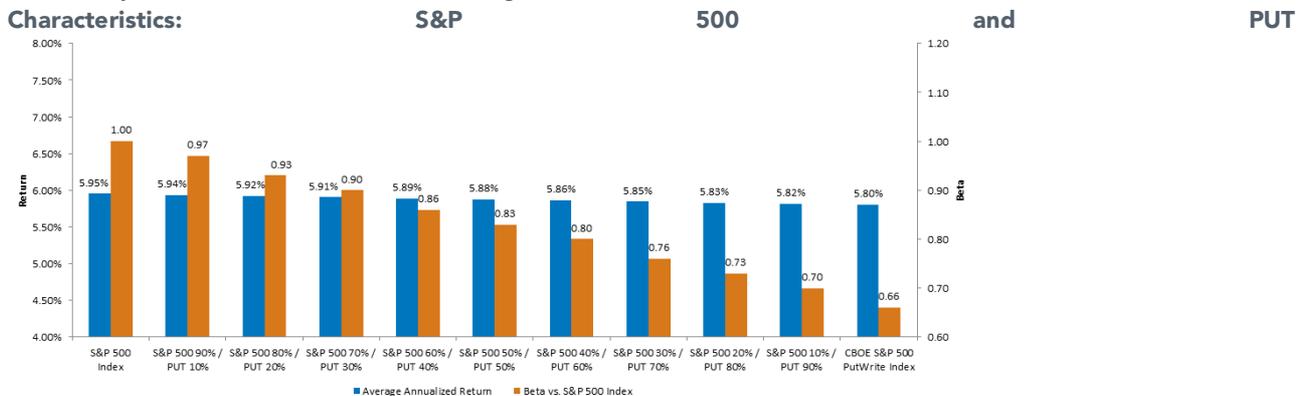
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The [S&P 500 Index](#) has long been considered the ultimate representative index for the U.S. stock market. And many investors have an investment (or two) that tracks it. But when [volatility](#) rises, investors typically search for ways to reduce that volatility while maintaining—or enhancing—their returns. Now, investors have the option to do that in one simple investment that complements their existing holdings. *The [WisdomTree CBOE S&P 500 PutWrite Strategy Fund \(PUTW\)](#) seeks investment results that, before fees and expenses, generally correspond to the performance of the [CBOE S&P 500 PutWrite Index \(PUT\)](#).* Investment Strategy PUTW invests in one- and three-month [Treasury Bills](#) and sells or “writes” S&P 500 Index [put options](#). The number of put options sold is chosen to ensure full collateralization, meaning the total value of the Treasury account must be equal to the maximum possible loss from the final settlement of the put options at expiration. In addition:

- Options are written “[at the money](#)” or at the current level of the S&P 500 Index
- Options are written monthly, instead of quarterly or longer, to capture more gross premium
- The Fund uses [European-style options](#), so they can only be exercised at maturity

**Potential for Less Risk Than the S&P 500** The premium income the Fund receives from selling puts can help mitigate the negative effects of investing in just the investment vehicles that track the S&P 500 Index. Historically PUT, the index PUTW is designed to track, had similar returns to the S&P 500 Index with less risk, so blending the two indexes could offer attractive risk-adjusted returns:

- PUT provided over 97% of the return of the S&P 500, but had only two-thirds the [beta](#) of the S&P 500
- Blending incremental amounts of PUT with the S&P 500 consistently lowered the risk while maintaining over 97% or more of the returns of the S&P 500<sup>1</sup>



Sources: WisdomTree, CBOE, Zephyr StyleADVISOR, 6/30/07–12/31/15. Start date was chosen to coincide with the first calendar month-end after PUT inception. Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns.

**Why Invest in PUTW?**

- Put writing has been used by sophisticated investors for decades to help increase [yield](#) and lower the volatility of equity returns over various market cycles
- “At-the-money” put writing strategies on the S&P 500 Index have historically exhibited better [risk-adjusted returns](#) than the S&P 500 Index<sup>2</sup>
- Premium income could help mitigate the negative effects of investing in the S&P 500 Index alone
- Gross premiums from selling “at-the-money” puts on the S&P 500 Index have historically been higher than gross premiums received from selling “at-the-money” calls<sup>3</sup>
- Even though more investors may be familiar with call writing, in recent history a put writing strategy outperformed a similar call writing strategy<sup>4</sup>

**PUTW Quick Facts**

- Ticker:

PUTW • Exchange: NYSE • Expense ratio: Net expense ratio, amount charged to shareholder: 0.38%/gross expense ratio: 0.44%\* • Structure: Open-end ETF • Exposure: Long Treasury Bills and short S&P 500 Index put options • Rebalancing: The portfolio is rebalanced on a monthly basis \*The Net expense ratio reflects a contractual waiver of 0.06% through December 31, 2016. <sup>1</sup>Sources for the two bullet points: WisdomTree, CBOE, Zephyr StyleADVISOR, 6/30/07–6/30/15. <sup>2</sup>Sources: WisdomTree, CBOE, Zephyr StyleADVISOR, 6/30/07–12/31/15<sup>3</sup>Sources: WisdomTree, CBOE, 6/30/07–12/31/15. <sup>4</sup>Sources: WisdomTree, CBOE, 6/30/07–12/31/15.

#### Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. The Fund will invest in derivatives, including S&P 500 Index put options (“SPX Puts”). Derivative investments can be volatile, and these investments may be less liquid than other securities, and more sensitive to the effects of varied economic conditions. The value of the SPX Puts in which the Fund invests is partly based on the volatility used by market participants to price such options (i.e., implied volatility), so increases in the implied volatility of such options will cause the value of such options to increase, which will result in a corresponding increase in the liabilities of the Fund and a decrease in the Fund’s NAV. Options may be subject to volatile swings in price influenced by changes in the value of the underlying instrument. The potential return of the Fund is limited to the amount of option premiums it receives; however, the Fund can potentially lose up to the entire strike price of each option it sells. Due to the investment strategy of the Fund, it may make higher capital gain distributions than other ETFs. Please read the Fund’s prospectus for specific details regarding the Fund’s risk profile.

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**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.

**Volatility** : A measure of the dispersion of actual returns around a particular average level.&nbsp;nbsp;.

**CBOE S&P 500 PutWrite Index (PUT)** : Measures the performance of a hypothetical portfolio that sells S&P 500 Index (SPX) put options against collateralized cash reserves held in a money market account. The PUT strategy is designed to sell a sequence of one-month, at-the-money, S&P 500 Index puts and invest cash at one- and three-month Treasury Bill Rates. The number of puts sold varies from month to month but is limited so that the amount held in Treasury Bills can finance the maximum possible loss from final settlement of the SPX puts.

**U.S. Treasury Bill** : A short-term debt obligation backed by the U.S. government with a maturity of less than one year.

**Put options** : an option to sell assets at an agreed price on or before a particular date.

**Machine learning** : The use and development of computer systems that are able to learn and adapt without following explicit instructions, by using algorithms and statistical models to analyze and draw inferences from patterns in data.

**European-style option** : an option that can only be exercised on its expiration date.

**Beta** : A measure of the volatility of a security or a portfolio in comparison to a benchmark. In general, a beta less than 1 indicates that the investment is less volatile than the benchmark, while a beta more than 1 indicates that the investment is more volatile than the benchmark.

**Yield** : The income return on an investment. Refers to the interest or dividends received from a security that is typically expressed annually as a percentage of the market or face value.

**Risk-adjusted returns** : Returns measured in relation to their own variability. High returns with a high level of risk indicate a lower probability that actual returns were close to average returns. High returns with a low level of risk would be more desirable, as they indicate a higher probability that actual returns were close to average returns.