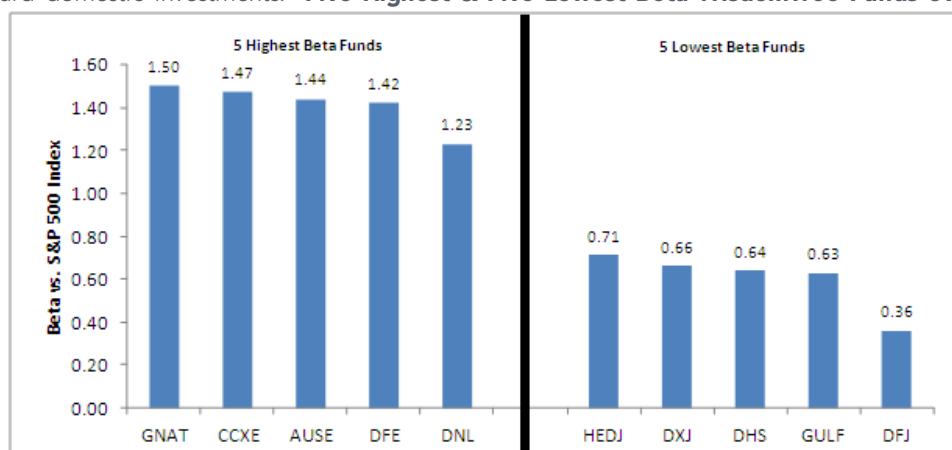


HOW TO POSITION PORTFOLIOS, GIVEN NEW MARKET HIGHS

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The Dow Jones Industrial Average reached a new peak in early March, and the S&P 500 Index is close to surpassing its all-time high. In this piece, we try to help determine the best WisdomTree exchange-traded funds (ETFs) for those who are bullish and want to take a more aggressive stance (in other words, those ETFs with the highest [beta](#) to the S&P 500 Index), as well as the best strategies for those who are more cautious and want exposure to stocks with less sensitivity to the U.S. equity markets (defined as those with the lowest beta to the S&P 500 Index). **How Can You Position a Portfolio Using WisdomTree's Equity Strategies?** WisdomTree currently has 34 different equity funds, each with a distinct methodology. In this analysis, we ask which [ETFs](#) would be the five most sensitive to the performance of the S&P 500 Index, and which would be the five least sensitive. We use the S&P 500 Index here because the fact is, many U.S. investors are heavily biased toward domestic investments. **Five Highest & Five Lowest Beta WisdomTree Funds over the**



Beta is calculated against the S&P 500 Index for the three-year period ended 2/28/2013. This period is selected as the longest standard period due to the inception date of GULF (7/16/2008), which prevents the running of a five-year period, as does that of HEDJ (12/31/2009).

Past Three Years

Source: Zephyr StyleADVISOR. Past performance is not indicative of future results.

	Ticker	Exp. Ratio	Fund Inception Date	Total Return NAV				Market Price			
				1-Year	3-Year	5-Year	Since Fund Inception	1-Year	3-Year	5-Year	Since Fund Inception
WisdomTree Europe Hedged Equity Fund	HEDJ	0.58%	12/31/2009	17.18%	3.10%	N/A	3.10%	19.02%	3.91%	N/A	3.91%
WisdomTree Japan Hedged Equity Fund	DXJ	0.48%	6/16/2006	17.07%	-0.73%	-5.21%	-3.41%	19.67%	-0.45%	-4.52%	-3.10%
WisdomTree Middle East Dividend Fund	GULF	0.88%	7/16/2008	6.07%	6.18%	N/A	-7.05%	6.50%	5.72%	N/A	-7.28%
WisdomTree Equity Income Fund	DHS	0.38%	6/16/2008	11.29%	14.26%	1.27%	2.70%	10.94%	14.23%	1.33%	2.71%
WisdomTree Japan SmallCap Dividend Fund	DFJ	0.58%	6/16/2006	5.49%	6.46%	0.61%	-0.82%	7.38%	6.76%	1.36%	-0.38%
WisdomTree Global Natural Resources Fund	GNAT	0.58%	10/13/2006	6.73%	1.53%	-2.74%	2.93%	7.99%	1.88%	-2.33%	2.96%
WisdomTree Commodity Country Equity Fund	CCXE	0.58%	10/13/2006	17.63%	7.26%	0.18%	6.73%	18.93%	7.70%	0.39%	6.77%
WisdomTree Australia Dividend Fund	AUSE	0.58%	6/16/2006	18.95%	5.85%	2.17%	8.62%	20.99%	6.74%	2.59%	8.84%
WisdomTree Europe SmallCap Dividend Fund	DFE	0.58%	6/16/2006	27.96%	6.96%	-2.75%	1.88%	30.81%	8.42%	-1.90%	2.04%
WisdomTree Global ex-US Growth Fund	DNL	0.59%	6/16/2006	15.80%	5.22%	2.49%	3.20%	18.01%	5.87%	3.20%	3.55%

Past performance is not indicative of future results.

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 investors 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

High Beta for More Bullish Views: For those who are more bullish and want to increase portfolio sensitivity to U.S. market

movements, ETFs with higher beta and more sensitivity to the market—especially those focused on commodity-related equities—are a major theme. • GNAT, AUSE and CCXE all share this sensitivity. GNAT targets dividend-paying natural resource stocks; AUSE targets dividend-paying Australian stocks; and CCXE targets dividend-paying stocks from eight different “commodity countries”¹. Australia is one of the eight countries in CCXE, so it makes sense that both funds are found in this higher beta group. • DFE and DNL round out the group with a focus on European small caps and on [growth](#) stocks outside the U.S., respectively. **Lower Beta for More Cautious Views:** For those who are more cautious with respect to their viewpoint on equities, exploring lower beta exposures could be helpful. • On the low-beta side, [currency hedging](#) is a major theme—seen in both HEDJ and DXJ for European hedged equities and Japanese hedged equities, respectively. • GULF, a Fund consisting of exposure to the Middle East, offers strong diversification potential relative to developed markets in that it is exposed to many factors unique to that region of the world. • DHS offers a classic focus on relatively inexpensive U.S. dividend payers. • DFJ, which focuses on small-cap dividend-payers in Japan, is the lowest-beta Fund in WisdomTree’s lineup against the S&P 500 Index over the past three years. One reason for this is its exposure to the yen, a currency that actually has tended to appreciate during periods when global equity markets have been largely negative. **Conclusion** Every investor’s portfolio is different, and every client comes to the table with their own unique viewpoint on what they believe the market will do over the next day, week, month or even year. We believe that this analysis could be helpful in showcasing certain tools that WisdomTree can offer to assist in building portfolios and allowing clients to have flexibility in manifesting what they believe to be the most likely economic scenario—regardless of what it may be. **Unless otherwise noted, data source is Bloomberg.** ¹WisdomTree has developed a list of eight commodity countries, each of which having significant commodity exports: Australia, New Zealand, Canada, Norway, Brazil, Russia, South Africa and Chile.

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.

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DEFINITIONS

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.