WisdomTree AT1 CoCo Bond UCITS ETF

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The WisdomTree AT1 CoCo Bond UCITS ETF (CCBO) provides broad-based exposure to the European AT1 (Additional Tier 1) bond market, including issuances denominated in USD, GBP, and EUR. The strategy is designed to offer income-focused solution that has the potential to deliver higher yields than many traditional bond asset classes.

AT1 CoCos are hybrid bonds generally issued by European banks. AT1 CoCo bonds typically offer greater yields than investing in the more senior bank debt of the issuing bank and can offer some mitigation against the impact of rising rates. Within the bank's capital structure, they fall below subordinated debt and are considered hybrid instruments which, if triggered, can be converted to equity or written-down, Figure 1. Banks typically pay a significant yield premium over more senior debt to compensate AT1 CoCo investors for the additional risks that they bear.

Figure 1: Bank capital structure

Source: Wisdomtree. For illustrative purposes only

For investors comfortable with the risk-reward trade offs, AT1 CoCos can offer:

+ **Distribution income and yield enhancement relative to other risk assets.**
+ **AT1 CoCos have traditionally shown resilience and strong gains in high interest rate periods[1]:** relative to global high yield, global credit and global treasuries.
+ **Diversification relative to other asset classes:** AT1 CoCos[2] historically have shown to have a low correlation to Government bond indices.
+ **Pure exposure to the European banking sector:** The AT1 index[3] provides exposure to AT1 CoCos issued by banks from European countries classified as developed markets[4].

Gain efficient access with the WisdomTree AT1 CoCo Bond UCITS ETF (CCBO)

The index that the ETF tracks is designed to reflect the performance of AT1 CoCos issued by European banks and denominated in EUR, USD, and GBP, whilst upholding minimum standards of investability and liquidity. The Fund also offers various accumulating or distributing, and unhedged or fx-hedged share classes.

+ Invests in AT1 CoCos issued by banks in Developed Europe denominated in USD, EUR or GBP and which meet WisdomTree's ESG (environmental, social and governance) criteria
+ Each bond meets strict liquidity requirements (min. 700mn in USD/EUR/GBP)
+ Each bond must have a minimum credit rating of 'B' from one of the three major rating agencies (Standard & Poor's, Moody's, Fitch)
+ Issuers capping: Top 5 issuers are capped at 7.5% and the remaining issuers are capped at 4.5%
+ Issuers meet strict liquidity requirements (min. 1B outstanding in USD/EUR/GBP)
+ Issuers that are non-compliant with Sustainalytics Global Standards Screening such as the United Nations Global Compact principles are excluded.

1 WisdomTree, Bloomberg considering the iBoxx Contingent Convertible Liquid Developed Europe AT1 Index (USD Hedged) started its live calculation on 09 March 2018, global high yield using the Bloomberg Barclays Global High yield index, global credit using the Bloomberg Barclays Global Aggregate Credit index and global treasuries using the Bloomberg Barclays Global Aggregate Treasuries Index. Calculations include backtested data. **Historical performance is not an indication of future performance and any investments may go down in value.**

2 AT1 CoCos considering the iBoxx Contingent Convertible Liquid Developed Europe AT1 Index. Period from 31 December 2013 to 29 January 2021. Based on monthly returns and includes backtested data. Government bond indices considered are the FTSE Actuaries UK Conventional Gilts All Stocks Total Return Index and the iBoxx Euro Sovereign Overall Index. Historical performance is not an indication of future performance and any investments may go down in value.

3 AT1 CoCos considering the iBoxx Contingent Convertible Liquid Developed Europe AT1 Index.

4 The classification criteria is outlined by Markit within the iBoxx Contingent Convertible Liquid Developed Europe AT1 Index methodology.

Why the WisdomTree AT1 CoCo Bond UCITS ETF?

+ The WisdomTree AT1 CoCo strategy can provide diversified exposure to AT1 CoCos issued in (£,$,€) providing a broad-based approach to the asset class. Issuance patterns for AT1 CoCos can change frequently and strategies that only gain exposure to AT1s issued in one currency can lead to an investor missing out on a significant portion of new issuance.
+ Multi-currency exposure may help reduce idiosyncratic risks given that some issuers only issue in one of the three currencies.
+ Given the minimum liquidity requirements in place within the index, the AT1 CoCos within the strategy are generally issued by large Global Systemically Important Banks (GSIBs) or Domestic Systemically Important Banks (DSIBs).

ETF Information: WisdomTree AT1 CoCo Bond UCITS ETF

Share Class	Base Currency	Ticker	Exchange	ISIN	BBG Code	Listing Currency	TER%
Unhedged	USD	CCBO	LSE	IE00BZ0XVF52	CCBO LN	USD	0.39
		CCBO	Borsa Italiana	IE00BZ0XVF52	CCBO IM	EUR	
		CCBO	SIX	IE00BZ0XVF52	CCBO SW	USD	
		WTDI	Xetra	IE00BZ0XVF52	WTDI GY	EUR	
Unhedged Acc USD		COCB	LSE	IE00BZ0XVG69	COCB LN	USD	0.39
		COCB	SIX	IE00BZ0XVG69	COCB SW	USD	
		WTIG	Xetra	IE00BZ0XVG69	WTIG GY	EUR	
EUR Hedged Acc	EUR	COBA	Borsa Italiana	IE00BFNNN343	COBA IM	EUR	0.39
EUR Hedged	EUR	COBO	Borsa Italiana	IE00BFNNN236	COBO IM	EUR	0.39
		COBO	SIX	IE00BFNNN236	COBO SW	EUR	
		WTEB	Xetra	IE00BFNNN236	WTEB GY	EUR	
GBP Hedged	GBP	COGO	LSE	IE00BFNNN459	COBO LN	GBx	0.39
USD Hedged	USD	CODO	LSE	IE00BFNNN012	CODO LN	USD	0.39
		CODO	SIX	IE00BFNNN012	CODO SW	USD	

TER: Total Expense Ratio

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