

Dividend Distributions & Growth in Shares Outstanding

Growth in shares outstanding can significantly influence exchange-traded fund “ETF” dividend payments. If there is large growth in the number of shares outstanding of that ETF just before the dividends are to be paid (but were not outstanding during the quarter), the ETF would not have collected dividends on those shares for the full quarter and the amount of dividends distributed will be spread over a greater number of ending shares. However, it is important to understand that there is no loss to the shareholder’s total return. That is because a lower current dividend payment translates to a higher Net Asset Value (NAV). If the dividend per share is lower than it would have been because of growth in number of shares outstanding near end of the quarter, the NAV after the dividend is higher than it would have been absent the growth in shares. Because it shifted dividend income to a higher net asset value, this type of growth in number of shares outstanding near the end of a quarter can have a positive impact on taxes— as dividend income would have been taxed currently but the higher net asset value effectively becomes a capital gain that is not taxed until the future when the shares are sold.¹

The below table is a hypothetical example about how this can work, and illustrates the impact on share price and dividend per share given various levels of shares outstanding at the end of a quarter.

ASSUME:

- + NAV Prior to Dividend = \$50
- + Actual Dividends Collected = \$2.5 million

NAV PRIOR TO DIVIDEND = DIVIDEND PER SHARE + NAV AFTER DIVIDEND

Shares Outstanding Quarter End	NAV Prior to Dividend	Dividend Per Share	NAV After Dividend	Total Value After Dividend
1,000,000	\$50.00	\$2.50	\$47.50	\$50.00
1,500,000	\$50.00	\$1.67	\$48.33	\$50.00
2,000,000	\$50.00	\$1.25	\$48.75	\$50.00
2,500,000	\$50.00	\$1.00	\$49.00	\$50.00

The above is a hypothetical example and does not reflect information for any WisdomTree ETF.

¹ Trading WisdomTree Funds will generate tax consequences and transaction expenses. Tax consequences regarding dividend distributions may vary by investor. Neither WisdomTree Investments, Inc. nor its affiliates, nor ADI and its affiliates, provide tax advice. Information provided herein should not be considered tax advice. Investors seeking tax advice should consult an independent tax advisor. There are risks involved with investing including the possible loss of principal. Past performance is not indicative of future results.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund’s before investing. To obtain a prospectus containing this and other important information, please visit wisdomtree.com. Read the prospectus carefully before you invest.

WisdomTree Funds are distributed by ALPS Distributors, Inc.