



## **WisdomTree Launches U.S. MidCap Quality Growth (QMID) and U.S. SmallCap Quality Growth (QSML) Funds**

New York, NY - (Business Wire) – January 25, 2024 – WisdomTree, Inc. (NYSE: WT), a global financial innovator, announced today the launch of the U.S. MidCap Quality Growth Fund (QMID) and U.S. SmallCap Quality Growth Fund (QSML) on the NASDAQ. QMID and QSML seek to track the price and yield performance, before fees and expenses, of the WisdomTree U.S. MidCap Quality Growth Index<sup>1</sup> and WisdomTree U.S. SmallCap Quality Growth Index<sup>2</sup>, respectively. Both funds have expense ratios of 0.38%.

QMID and QSML aim to identify stocks that have both quality and growth characteristics to avoid having to make sacrifices on either factor. Higher operating profitability (higher quality) has outpaced lower quality over time. That outperformance has been most pronounced in the smaller capitalization segments of the market.

Among investors who allocate to quality, characterized by higher efficiency and profitability, many often think large-cap<sup>3</sup> companies equal quality. However, high-profitability small-cap<sup>4</sup> companies have outperformed high-profitability large-caps over the long-run. The performance spread<sup>5</sup> between high-profitability and low-profitability companies is even greater within small-cap companies as opposed to large-cap companies.

According to Jeremy Schwartz, WisdomTree’s Global Chief Investment Officer, “The recent divergent and rather large spreads between major growth indexes makes it abundantly clear that having the right index screens and rebalancing process are critical for performance. Certain growth indexes removed the strongest technology and growth names ahead of the 2023 mega-cap tech rally due to momentum screens that ranked those stocks poorly at year-end 2022. Certain other small-cap growth indexes include as much as 40% of speculative, unprofitable companies that appear particularly vulnerable in today’s higher interest rate environment that makes capital raising to fund operations more difficult. By employing a process that focuses on large-, mid-, and small-cap stocks scoring highly on a combined feature set of robust quality (profitability ratios) and strong earnings and sales growth, we believe QMID and QSML are not just sound long-term factor strategies but a great combination for today’s macro landscape.”

### **QMID and QSML: What’s Under the Hood?**

<sup>1</sup> WisdomTree U.S. MidCap Quality Growth Index: Market-cap weighted index that consists of companies with quality and growth characteristics. The top 60% of U.S. companies by market capitalization, after the 500 largest companies have been removed, are ranked on a composite score of two fundamental factors: growth and quality, which are equally weighted.

<sup>2</sup> WisdomTree U.S. SmallCap Quality Growth Index: Market-cap weighted index that consists of companies with quality and growth characteristics. The bottom 40% of U.S. companies by market capitalization, after the 500 largest companies have been removed, are ranked on a composite score of two fundamental factors: growth and quality, which are equally weighted.

<sup>3</sup> Large-Capitalization (Large-Cap): Used by the investment community to refer to companies with a market capitalization value of more than \$10 billion. An abbreviation of the term “large market capitalization”. Calculated by multiplying the number of a company’s shares outstanding by its stock price per share.

<sup>4</sup> Small-Capitalization (Small-Cap): New or relatively young companies that typically have a market capitalization between \$200 million to \$2 billion.

<sup>5</sup> Spread: Typically refers to a difference between a measure of yield for one asset class and a measure of yield for either a different subset of that asset class or a different asset class entirely.



By screening for quality<sup>6</sup> in addition to growth, the WisdomTree U.S. MidCap and SmallCap Quality Growth Indexes seek exposure to fast-growing companies with high quality scores, while filtering out highly speculative names with weaker profitability measures. QMID and QSML allow investors to:

- Gain core exposure to U.S. mid- and small- market capitalization companies that display strong quality and growth characteristics
- Avoid the mid- and small-cap “story stocks” with low, or negative, profitability

***Investors should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus containing this and other important information, please call 866.909.9473 or visit [WisdomTree.com/investments](http://WisdomTree.com/investments) to view or download a prospectus. Investors should read the prospectus carefully before investing.***

### ***Important Risk Information***

There are risks associated with investing, including possible loss of principal. Growth stocks, as a group, may be out of favor with the market and underperform value stocks or the overall equity market. Growth stocks are generally more sensitive to market movements than other types of stocks. Funds focusing their investments on certain sectors and/or smaller companies increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. The Funds are non-diversified, as a result, changes in the market value of a single security could cause greater fluctuations in the value of Fund shares than would occur in a diversified fund. Each of the Funds invests in the securities included in, or representative of, its Index regardless of their investment merit. The Funds do not attempt to outperform their respective Index or take defensive positions in declining markets and each Index may not perform as intended. Please read each Fund’s prospectus for specific details regarding the Fund’s risk profile. **QSML:** The securities of small-capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole. Small-capitalization companies may be particularly sensitive to adverse economic developments as well as changes in interest rates, government regulation, borrowing costs and earnings. The fund is new and has limited operating history. **QMID:** The fund invests primarily in the securities of mid-capitalization companies. As a result, the Fund's performance may be adversely affected if securities of these companies underperform securities of other capitalization ranges or the market as a whole. Securities of mid-capitalization companies are often less liquid and more vulnerable to market volatility and adverse economic developments than securities of larger companies, but mid-capitalization companies may also underperform the securities of small-capitalization companies because medium capitalization companies are more mature and are subject to slower growth during economic expansion. The fund is new and has limited operating history. The funds are new and have limited operating history. Past performance is not indicative of future results.

### **About WisdomTree**

WisdomTree is a global financial innovator, offering a well-diversified suite of exchange-traded products (ETPs), models, solutions and products leveraging blockchain-enabled technology. We empower investors and consumers to shape their future and support financial professionals to better serve their

<sup>6</sup> Quality Screen: The growth factor is determined by a company's ranking based on a 40% weight in its trailing 3-year earnings growth, a 40% weight in its trailing 3-year sales growth, and a 20% weight in its median analyst earnings growth forecast. The quality factor is determined by a company's ranking based on a 50% weight to each of its trailing 3-year average return on equity and trailing 3-year average return on assets.



clients and grow their businesses. WisdomTree is leveraging the latest financial infrastructure to create products that provide access, transparency and an enhanced user experience. Building on our heritage of innovation, we are also developing and have launched next-generation digital products, services and structures, including digital or blockchain-enabled mutual funds and tokenized assets, as well as our blockchain-native digital wallet, WisdomTree Prime™.\*

\*The WisdomTree Prime digital wallet and digital asset services are made available through WisdomTree Digital Movement, Inc. (NMLS ID: 2372500), in select U.S. jurisdictions and may be limited where prohibited by law. Visit [www.wisdomtreeprime.com](http://www.wisdomtreeprime.com) or the WisdomTree Prime mobile app for more information. Foreside Fund Services, LLC, (FFS) is not affiliated with WisdomTree, Inc. and its subsidiaries. FFS does not provide digital wallet or digital asset services.

WisdomTree currently has approximately \$99.7 billion in assets under management globally.

For more information about WisdomTree and WisdomTree Prime™, visit: <https://www.wisdomtree.com>.

Please visit us on X, formerly known as Twitter, at @WisdomTreeNews.

WisdomTree® is the marketing name for WisdomTree, Inc. and its subsidiaries worldwide.

**Contact Information**

Media Relations

WisdomTree, Inc.

Jessica Zaloom

+1.917.267.3735

[jzaloom@wisdomtree.com](mailto:jzaloom@wisdomtree.com) / [wisdomtree@fullyvested.com](mailto:wisdomtree@fullyvested.com)