

WisdomTree Research

Emerging Markets Local Debt Fund Rebalance [February 2023]

The Fund's Strategy Committee assessed the currency and debt exposures of the **WisdomTree Emerging Markets Local Debt Fund (ELD)** as part of its structured investment process. The investable universe of emerging market local debt was re-examined and defined. Selected countries were assessed on various fundamental and market-based factors including fiscal sustainability, external vulnerabilities, and income potential for portfolio allocation across four tiers.

On 03/02/2023, the Committee established the new target weights for ELD in accordance with the investment process. The Fund will look to implement the changes to the portfolio in the coming weeks.

KEY REBALANCE HIGHLIGHTS

- + The Fund's Strategy Committee recommended the following strategic shifts.
 - o Upgrade Brazil to the first tier and downgrade South Africa to the second tier.
 - o Exit position in Philippines as falling supply in local debt with global settlement provisions has made trading more challenging and reduced the Philippines weight within in the benchmark index.
- + The exit from Philippines funded small addition in the target weights for the second and third tier countries. Weights in the second tier increased to 8.62% from 8.31% while third tier weights increased to 4.31% from 4.15%.
- + As a result of the rebalance, the Fund reached a yield approximately 121 basis points (bps) above the benchmark with slightly lower duration.

INDICATIVE FUND/INDEX BENCHMARK STATS

Post rebalance the targeted allocation produced approximately 121 bps of added yield and a slightly duration with the benchmark given current valuations relative to the J.P. Morgan Government Bond Index – Emerging Markets (GBI-EM) Global Diversified.

	Fund		Benchmark
Statistics	ELD, Post Rebalance 03/09/2023	ELD, Pre-Rebalance 2/28/2023	GBI-EM GD, Post Rebalance 03/09/2023
Yield to Maturity	7.97%	7.73%	6.76%
Duration	4.42	4.29	4.89

Source: WisdomTree, Bloomberg, J.P. Morgan, data as of 02/28/2023 and 03/09/2023. Past performance is not indicative of future results. You cannot invest directly in an index. GBI-EM GD: JP Morgan Government Bond Index – Emerging Markets (GBI-EM) Global Diversified.

WisdomTree Research

Emerging Markets Local Debt Fund Rebalance [February 2023]

	Inception Date	Cumulative Returns 02/28/2023				Average Annual Returns as of 12/31/2022				
		1-Mo.	3-Mo.	YTD	Since Fund Inception	1-Yr.	3-Yr.	5-Yr.	10-Yr.	Since Fund Inception
WisdomTree Emerging Markets Local Debt Fund (NAV)	8/9/2010	-2.72%	2.76%	1.26%	-6.64%	-9.26%	-5.84%	-2.75%	-2.37%	-0.65%
WisdomTree Emerging Markets Local Debt Fund (MP)		-3.45%	2.77%	1.30%	-7.31%	-9.25%	-5.87%	-2.72%	-2.44%	-0.71%
JP Morgan GBI-EM Global Diversified Index (JGENVUUG)		-3.16%	3.17%	0.99%	-1.55%	-11.69%	-6.11%	-2.51%	-2.03%	-0.21%

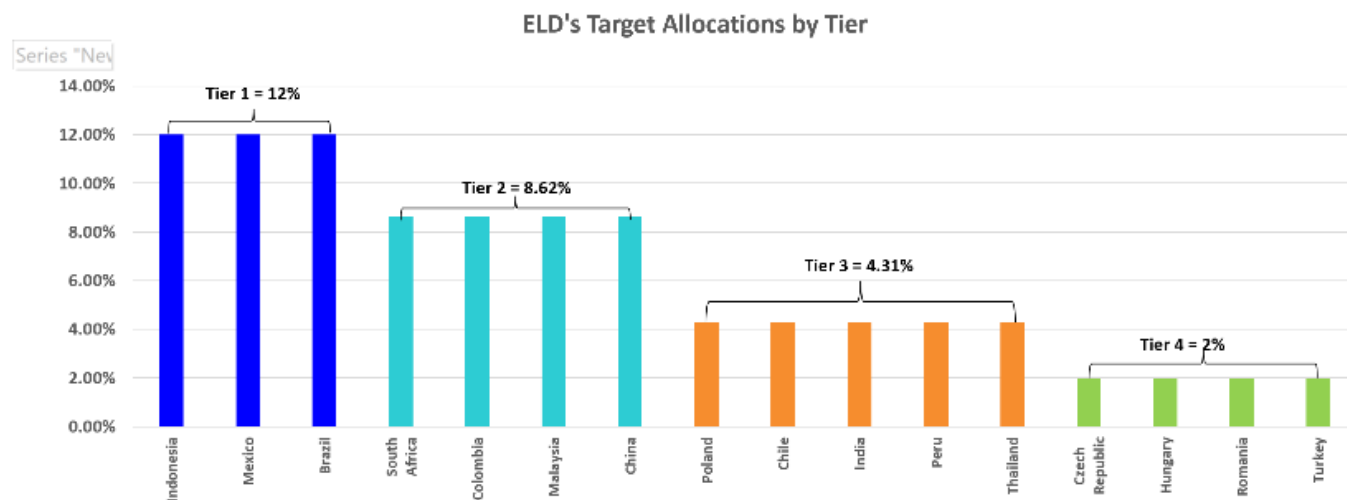
Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at www.wisdomtree.com.

WisdomTree shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

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.

COUNTRY AND REGIONAL EXPOSURES

ELD adopts a tiered weighting system for the country allocations. The Fund's Strategy Committee decided to allocate 3 countries to tier 1, 4 countries to tier 2, 5 countries to tier 3, and 4 countries to tier 4. Each country weight in tier 1 will be 12%, tier 2 countries will have a target weight of 8.62%, tier 3 countries feature 4.31% weight, and tier 4 countries will target 2%. The target allocation weights are illustrated in the following graph.



WisdomTree Research

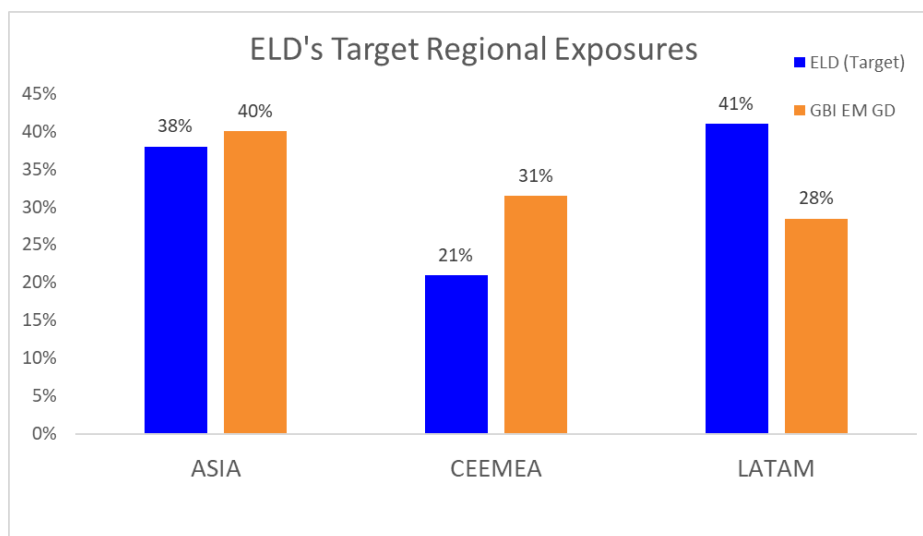
Emerging Markets Local Debt Fund Rebalance [February 2023]

Compared to the GBI-EM Global Diversified index, the Fund's target allocation is overweight Columbia (+4.86%) and India (+4.31%), and underweight Thailand (-5.69%) and Czech Republic (-3.56%).

ELD Targets vs. GBI-EM BD, Country Overweights								
Columbia	India	Chile	Peru	Brazil	Indonesia	Mexico	Turkey	
4.86%	4.31%	2.08%	2.05%	2.00%	2.00%	2.00%	0.97%	
ELD Targets vs. GBI-EM BD, Country Underweights								
Thailand	Czech Republic	Poland	Romania	China	South Africa	Malaysia	Hungary	Philippines
-5.69%	-3.56%	-2.69%	-1.66%	-1.38%	-1.38%	-1.38%	-1.06%	-0.07%

Source: WisdomTree, Bloomberg, J.P. Morgan, data as of 03/01/2023. Subject to change.

On a regional basis, the target allocations for ELD continued to provide an overweight to Latin America (+12.8%) as well as underweights to Asia (-2.2%) and CEEMEA (-10.5%). The overweight in Latin America is primarily derived from the overweight in Columbia (4.86%).



Source: WisdomTree, Bloomberg, J.P. Morgan, data as of 03/01/2023. Subject to change.

FUNDAMENTAL AND MARKET FACTORS UNDER CONSIDERATION

The Fund's strategy committee weighed numerous fundamental and market factors when deciding ELD's target allocations.

Factors that indicate improvements in a country's fundamentals or suggest relative values include real effective exchange rate (REER), real carry, and change in current account over gross domestic product (GDP). Factors that portray fiscal sustainability and external vulnerability include current account over GDP, short-term external debt over international reserves, and general government gross debt over GDP. Extreme values of these factors act as potential red flags.

Finally, currency weakness is assessed via FX spot momentum relative to other EM currencies. The table below displays the various factors considered during the investment process.

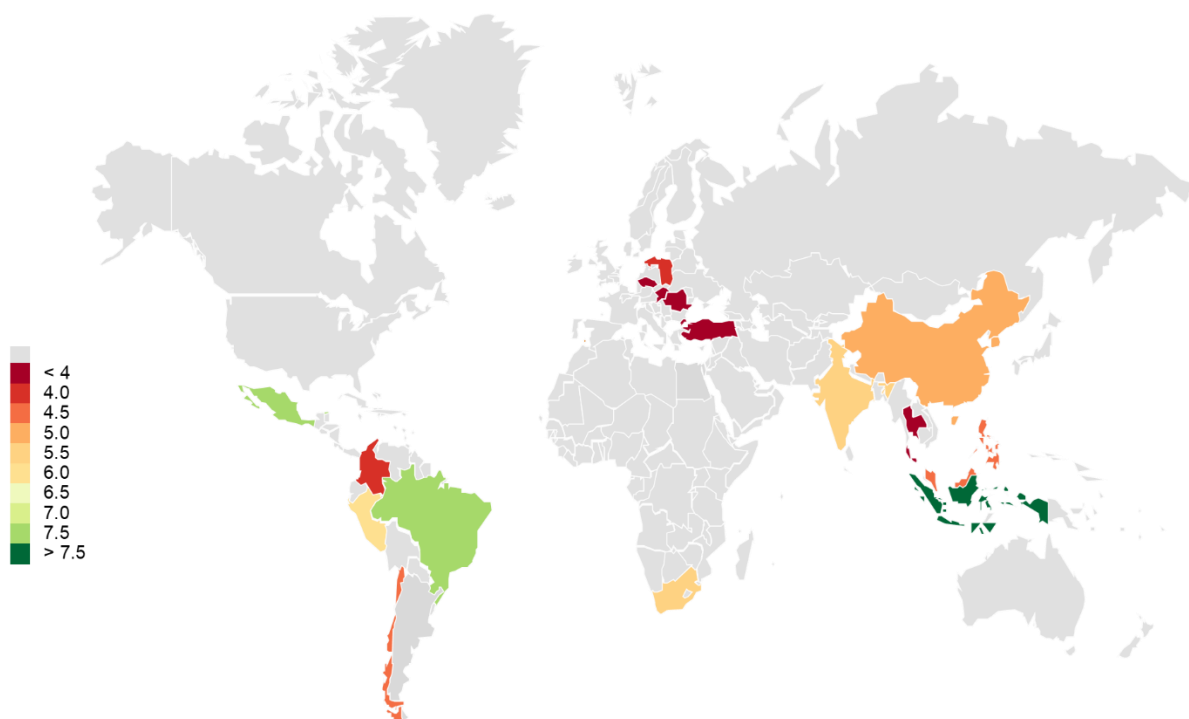
Country Score Breakdown by Factors

	BRL	CLP	COP	HUF	IDR	INR	MYR	MXN	PEN	PHP	PLN	RON	CZK	THB	TRY	ZAR	CNY
Real Effective Exchange Rate	107	109	86	105	99	96	99	120	97	99	106	109	126	98	87	103	98
FX Spot Momentum	1	0	4	0	1	3	2	0	2	1	3	1	0	2	3	4	2
Real Carry (%)	8.0	4.8	8.1	11.0	2.3	2.7	1.4	8.3	3.5	3.1	1.3	2.3	3.5	-0.1	1.1	3.4	0.8
Change in Curr. Account / GDP	-0.9	-6.4	-2.4	-6.4	2.3	-1.8	-1.1	-0.9	-3.1	-5.3	-1.5	-4.0	-5.8	-8.5	-2.3	1.2	1.3
Curr. Account / GDP	-3.4	-10.7	-6.7	-7.1	0.8	-2.7	2.1	-0.7	-4.1	-5.8	-2.3	-9.1	-5.4	-4.0	-4.6	0.7	2.5
Short Term External Debt/ International Reserves	23%	64%	33%	72%	25%	23%	0%	91%	29%	0%	16%	38%	60%	0%	30%	108%	52%
General Government Gross Debt / GDP	87%	36%	61%	75%	41%	83%	70%	57%	35%	60%	48%	49%	41%	62%	37%	68%	78%
	BRL	CLP	COP	HUF	IDR	INR	MYR	MXN	PEN	PHP	PLN	RON	CZK	THB	TRY	ZAR	CNY
Yield to Maturity (%)	13.14	5.84	12.75	9.38	6.76	7.39	3.97	9.57	7.74	6.70	6.48	7.40	4.93	2.62	8.60	10.92	2.91

Source: WisdomTree, IMF, BIS, World Bank, Bloomberg, J.P. Morgan, data as of 02/28/2023. Past performance is not indicative of future results.

Across the emerging markets (EM) countries, Brazil and Indonesia position favorably based on the factors considered while Hungary and Romania lag their peers. The fund's strategy committee weighed all the factors, and the final quantitative assessment can be visually examined in the heatmap below. These scores are a primary input into the portfolio rebalancing process.

Country Score Heatmap According to Combined Factors



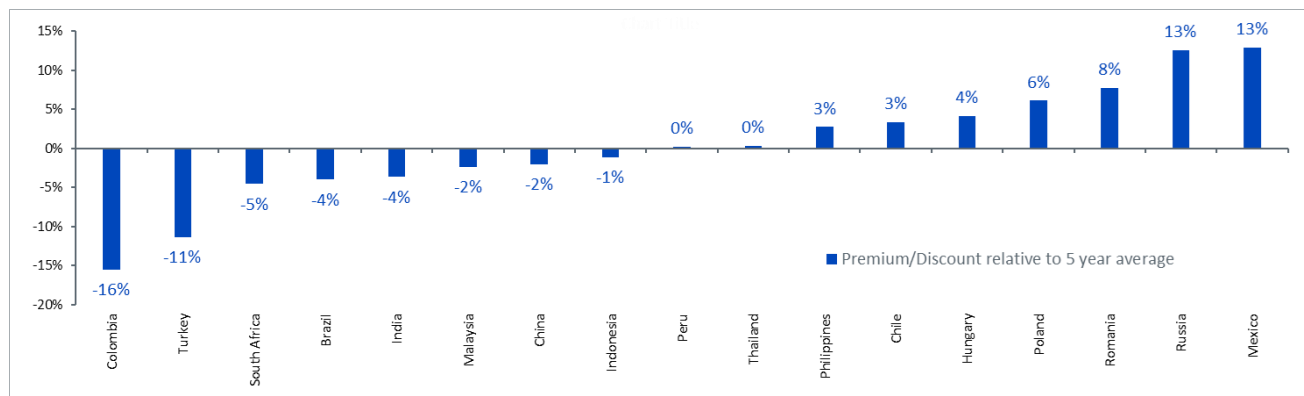
Legend: Greener color implies a better quantitative assessment relative to peers.

WisdomTree Research

Emerging Markets Local Debt Fund Rebalance [February 2023]

CURRENCY RELATIVE VALUE AND MOMENTUM

Currency strength or weakness has been an important factor when allocating to local government debt. On a relative value basis, Columbia, Turkey, South Africa, Brazil appear less expensive according to their REER levels and historical averages relative to their EM peers, while Mexico, Romania, Poland appear more expensive.



Source: WisdomTree, Bloomberg, data as of 02/28/2023. Past performance is not indicative of future results.

The momentum score of a currency is calculated by comparing the trailing spot rate using a variety of time horizons. An aggregate score is calculated based on these signals for each currency. The aggregate scores are then separated into quintiles, with the lower quintiles being more favorable. Currencies with the weakest momentum are given higher (poorer) scores. On a momentum basis, as of February 28th, Chilean peso and South African rand are the negative outliers in the Emerging Market Universe.

Glossary:

CEEMEA stands for Central & Eastern Europe, Middle East and Africa, in ELD the CEEMEA countries are Hungary, Poland, Romania, Russia, Turkey, and South Africa.

Real Effective Exchange Rate (REER) measures the weighted average of bilateral exchange rates adjusted by relative consumer prices.

Real Carry is estimated by 12-month non-deliverable forward (NDF) implied yield subtracting CPI economic forecast.

Current Account of a country is the sum of the balance of trade, net income from abroad and net current transfers.

Change in Current Account of a country is the difference between the most recent current account of a country and the trailing five-year average of the current account of that country.

International Reserve of a country, as defined in the sixth edition of *the Balance of Payments and International Investment Position Manual (BPM6)*, is referred to “...those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing.”

Short-Term External Debt of a country is the total external debt owed to foreign lenders repayable in foreign currency, goods, or services with a remaining maturity of one year or less.

General Government Gross Debt of a country is the gross consolidated debt owed by the general government sector.

FX spot momentum is determined by comparing the moving averages on the trailing spot rates of a currency. For example, the Brazilian Real displays negative momentum if its 10-day moving average crosses above its 240-day moving average. The momentum scores are grouped into quintiles, with the lower scores being the better signals.

Duration is a measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates. Effective duration is a calculation used to approximate the actual, modified duration of a callable bond. It takes into account that future interest rate changes will affect the expected cash flows for a callable bond.

SEC 30-Day Yield: The yield figure reflects the dividends and interest earned during the period, after deduction of the Fund’s expenses. This is also referred to as the “standardized yield.”

JP Morgan Government Bond Index – Emerging Markets (GBI-EM) Global Diversified: The JP Morgan GBI EM Global Diversified tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base. The index incorporates a constrained market-capitalization methodology in which individual issuer exposures are capped at 10%, (with the excess distributed to smaller issuers) for greater diversification among issuing governments.

Currency Abbreviations:

BRL: Brazilian Real, CLP: Chilean Peso, COP: Colombian Peso, HUF: Hungarian Forint, IDR: Indonesian Rupiah, INR: Indian Rupee, KRW: South Korea Won, MYR: Malaysian Ringgit, MXN: Mexican Peso, PEN: Peruvian Sol, PHP: Philippine Peso, PLN: Polish Zloty, RON: Romanian Leu, RUB: Russian Ruble, THB: Thai Baht, TRY: Turkish Lira, ZAR: South African Rand, CNH: Offshore Chinese Renminbi, ARS: Argentine Peso.

WisdomTree Research

Emerging Markets Local Debt Fund Rebalance [February 2023]

This information must be preceded or accompanied by a prospectus. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other important information about the Fund. Please read the prospectus carefully before you invest. Call 866.909.9473 or go to [WisdomTree.com/investments](https://www.WisdomTree.com/investments) for more information.

There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation and intervention or political developments. 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.

Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. In addition, when interest rates fall income may decline. Fixed income investments are also subject to credit risk, the risk that the issuer of a bond will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Unlike typical exchange-traded funds, there is no index that the Fund attempts to track or replicate. Thus, the ability of the Fund to achieve its objective will depend on the effectiveness of the portfolio manager. Due to the investment strategy of this 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.

Hedging can help returns when a foreign currency depreciates against the U.S. dollar, but it can hurt when the foreign currency appreciates against the U.S. dollar.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S.

WTGM-2025