WisdomTree AI Enhanced Value Family

AIVL
AIVI

In 1997, chess grandmaster Garry Kasparov sat across the table from IBM's Artificial Intelligence 'Deep Blue' in a chess match that proved a turning point for Artificial Intelligence (AI). As the grandmaster suffered defeat, the world was in shock as human ability had been overcome by a machine. In the two decades that followed, AI has continued to surpass human abilities in other games such as go, poker, and backgammon, as well as more general tasks such as image and speech recognition. As AI continues to expand its reach, it is time to compete with the great financiers of our time in investing and portfolio management, in particular value investing.

The Evolution of Value Investing: From Buffett to Intelligent Machines

Warren Buffett epitomizes the notion of value investing. With a net worth of approximately $100 billion, he attributes much of his success to the foundational investment methods learned while studying under Benjamin Graham. Graham is sometimes called the "father of value investing," or is better known as the author of the acclaimed book, "The Intelligent Investor". With his methodologies proven to be successful over the last century, value investing has 'sheltered the storm' of inflation in the 1970's, the tech bubble burst of the early 2000's, the great financial crisis a couple of years later, and most recently, the coronavirus pandemic.

With so much history, why has value investing lagged growth over the last decade? Why has Buffet been so successful, yet the greater population of value investor struggled to outperform? The next evolution of value investing may hold the answer.

- **Buffett and traditional equity research:** The traditional ways of approaching value investing requires a lot of time and effort performing analysis on company filings as well as an understanding of the business and industry specific metrics that are often non-GAAP and imperative to driving profits. Buffett put it, "I just sit in my office and read all day". This demonstrates the level of focus and expertise needed to properly identify a value investment opportunity. In any investment shop, the only reasonable way to replicate this process is to hire a team of equity researchers each with expertise in a specific investment domain, or find yourself the next Buffett.
- **The introduction of Smart Beta:** To simplify the process of value investing, asset managers introduced the concept of 'Smart Beta', an alternative way of indexing to better align with the needs of investors. Offering investment products indexed to value fundamentals such as price-to-book or price-to-earnings, among others, offers a diversified proxy to the true value investments by the likes of Buffett. With reduced precision, but improved scalability of the investment strategy, investors have easy access to the return streams of 'value companies'.
- **Intelligent Machines:** As advancements in artificial intelligence have developed over recent decades, a new era of value investing is upon us. With terabytes of financial data at our fingertips, state-of-the-art algorithms for learning the complex relationships within this data, and intelligent financiers and technologists to oversee the process, AI may disrupt how we define and invest in value. This frontier has the potential to offer the scalability of smart beta products with the expertise of the of the Buffett approach, employing many virtual equity researchers with different domain expertise to construct a value portfolio.

Introducing the WisdomTree AI Enhanced Value Family

WisdomTree collaborated with Voya to bring the next evolution of value investing to the public markets.

The WisdomTree AI Enhanced Value Fund Family seeks to offer uncorrelated returns streams from the value universe by leveraging the expertise of the Voya Equity Machine Intelligence (EMI) team and their fundamentally driven machine learning approach.

The EMI model approaches value investing dynamically to avoid narrow style biases that may be out favor, while still providing value exposure across equities. The strategy seeks to capitalize on short- and long-term investment opportunities – while delivering the virtue of patience and agility, acting quickly and decisively when opportunities arise.

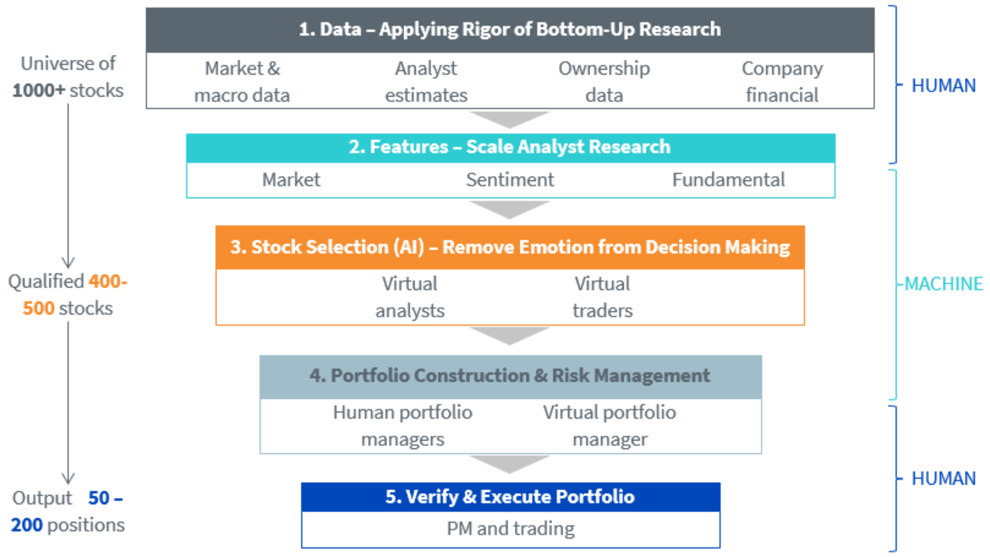
The Voya EMI team and the greater Voya Quantitative Equities team consists of 13 investment professionals and manages over $27 billion in assets. Voya has a strong heritage of fundamental and quantitative investing, having applied artificial intelligence to fundamental investing since 2012. With the addition of the G2 Capital team in 2020, their stellar track record and machine learning expertise has only strengthened more.

Collaborating across WisdomTree, the Voya EMI team and the greater Voya Quantitative Equities group, the WisdomTree AI Enhanced Value Family has the support of a diverse team of individuals with financial and technical expertise.

The Strategy

The funds' strategy consists of five stages with varying degrees of involvement between human and machine -- something the EMI team calls 'human in the loop'.

This concept emphasizes that the strategy not only is driven by AI, but also has the proper human intervention and oversight to ensure robust security selection and risk management.



The Investment Process. Source: Voya Investment Management

The first step in the process consists of data aggregation consisting of 10,000+ data points for each company over a 20-year history. Then, these data points are 'feature engineered' by human experts to provide a more insightful view of the company versus its peers, the entire stock universe, or its own historical characteristics. Think of this as converting a simple price-to-book ratio to a price-to-book ratio as a percentile versus peers, or the momentum of the price-to-book value over multiple periods.

After this step, the result is approximately 250 features spanning company financials, macro indicators, and company sentiment. Trained on 20 years of these historical features, the virtual analysts (the true AI) take the most recent datapoints as input to identify companies for inclusion in the portfolio.

But not all are automatically bought – these initial selections are passed on to virtual traders that focus on shorter-term indicators, identifying proper entry and exit timing, as well as any risk events in which any current holdings may necessitate a reduced weight. An example of this might be negative news sentiment prior to earnings, where virtual traders may de-risk prior to earnings announcements, then add back to the position after, if the virtual analyst still 'likes' the company medium to long term.

After being deemed a good and timely investment by both the virtual analyst and virtual traders, these security selections are passed on to the virtual and human portfolio managers for review before being executed by the human portfolio management and trading team at Voya.

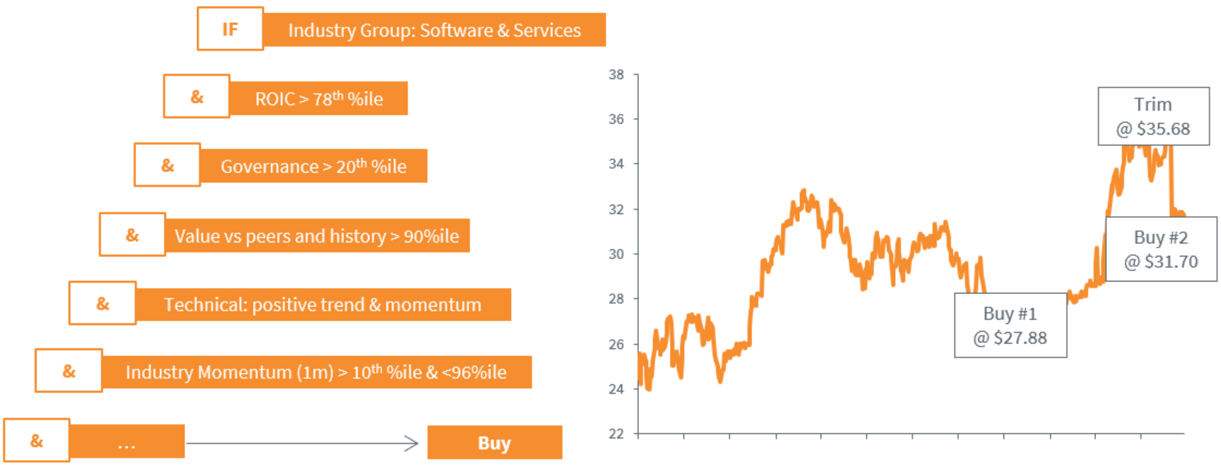
The virtual portfolio manager enforces various constraints and portfolio optimization methods on the securities, while the human portfolio manager reviews the resulting portfolio and adjusts as necessary before implementing in the fund.

The Strategy in Action

Security Selection

The virtual traders use machine learning to identify dynamic 'rules' and patterns for defining value at the company level, and use this information for security selection.

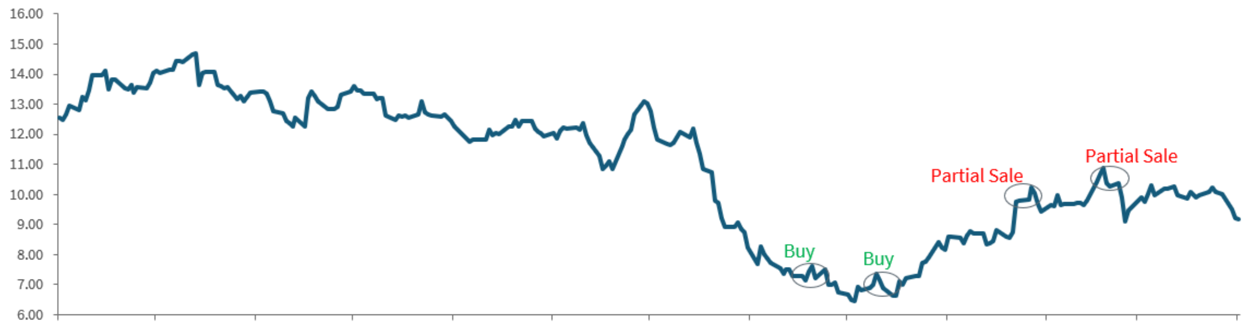
The hypothetical example below demonstrates the logic derived from the continuous learning of the model. The actual entry and exit points are determined by the virtual traders (with human oversight), but one can begin to understand how security selection is made based upon the subset of features listed below – industry group, return on invested capital, governance percentile, and value vs. peers, among others.



Example Machine-Learned Security Selection Criteria for Virtual Analysts. Source: Voya Investment Management. Hypothetical examples intended to illustrate the objective of the trading methodology. Not representative of a real investment or trading history and there is no guarantee the fund will be success in identifying success trades.

Recognizing Asymmetric Risk/Reward Patterns

When the model identifies positive characteristics indicating a buying opportunity: such as cheap financial valuation metrics relative to peers and history, market sentiment indicating rebound, and positive technical indicators, the model enters a position in the particular company. As the model continually ingests new information and tracks the features representing the changing market conditions and dynamics of the company, it determines the best time to begin taking profits. In doing so, the model seeks to capitalize on these asymmetric risk/reward patterns.



Example of Asymmetric Risk/Reward Pattern. Source: Factset, Voya Investment Management. Hypothetical examples intended to illustrate the objective of the trading methodology. Not representative of a real investment or trading history and there is no guarantee the fund will be success in identifying success trades.

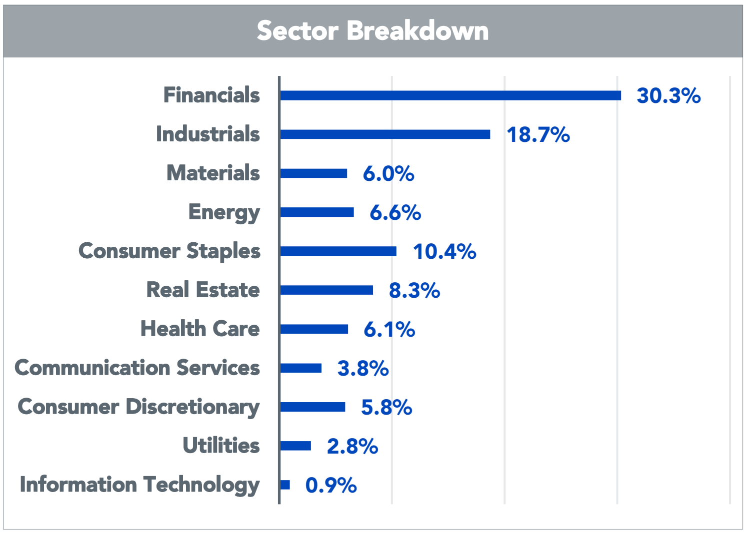
Fitting AI Enhanced Value in a Portfolio

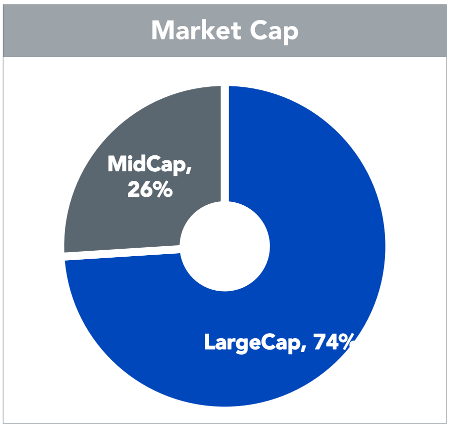
The WisdomTree AI Enhanced Value Family seeks to provide an actively managed value strategy, with varying value characteristics designed to avoid drawdowns in single metrics. Its fundamentally driven machine learning approach allows for the EMI model to lean into more performant value metrics, dynamically adjusting as the model continues to learn from new data. We believe the strategy is well fit for investors' allocation to mid-and large-capitalization value stocks. With the strategy focusing on companies in the tails of the distribution, it aims to deliver strong idiosyncratic alpha and may perform best in a market driven by fundamentals.

Fund Characteristics

AIVI Top Holdings, Market Cap, & Sector Breakdown

Top 10 Companies	Weight
Zurich Insurance Group Ltd	3.2%
Aviva plc	3.0%
Swiss Re AG	2.9%
Honda Motor Co., Ltd.	2.8%
British American Tobacco p.l.c.	2.5%
Enagas SA	2.5%
AXA SA	2.3%
Eiffage SA	2.3%
Takeda Pharmaceutical Co. Ltd.	2.1%
Phoenix Group Holdings plc	2.0%
Total	25.5%





	AIVL	S&P500 Index	Russell 1000 Value Index
Dividend Yield (LHS)	5.2%	4.4%	3.1%
Net Buyback Yield (LHS)	1.1%	1.8%	1.3%
Est. Price/Earnings	11.4x	10.1x	13.9x
Est. Earnings Yield	0.1%	0.1%	0.1%
Earnings Growth Expectations	5.8%	5.4%	9.7%
Return on Assets (LHS)	0.9%	1.5%	1.8%
Return on Equity (RHS)	6.7%	12.0%	13.0%
ROE x Earnings Retention	2.7%	6.6%	7.4%
Price/Book (LHS)	1.1x	1.2x	1.8x

Source: WisdomTree, FactSet. Top holdings, geographic exposures, sector exposures, fundamentals, and market caps, as of 12/29/2023. The AIVI fund began trading on 1/18/2022. Holdings and weightings are subject to change. You cannot invest directly in an index. The measures above refer to the underlying securities of the holdings in the Funds' portfolios and should not be considered reflective of the Funds' performance.

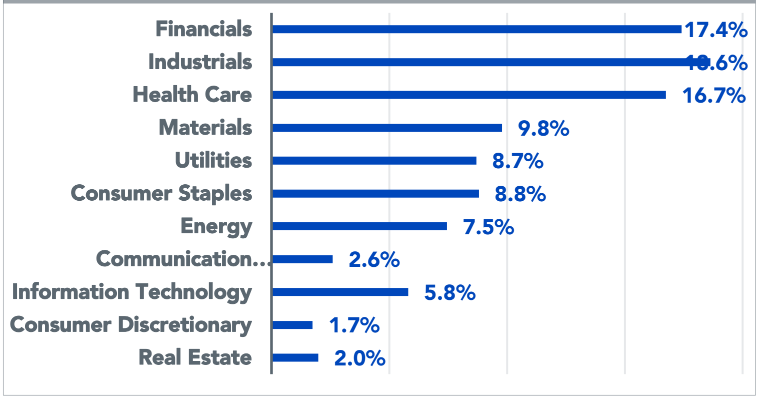
Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For the most recent standardized performance, 30-day SEC yield, and month-end performance click here: https://www.wisdomtree.com/etfs/equity/aivl.

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 4:00pm 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.

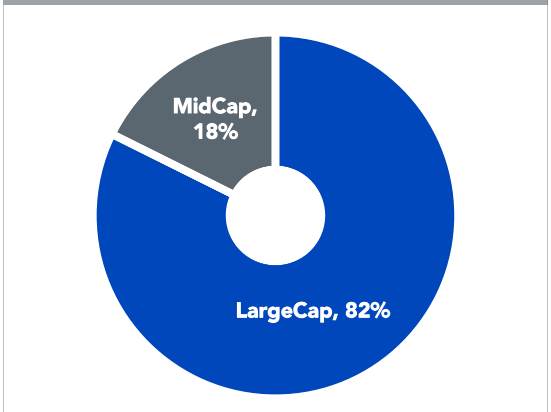
AIVL Top Holdings, Market Cap, & Sector Breakdown

Top 10 Companies	Weight
Intercontinental Exchange, Inc.	3.6%
Otis Worldwide Corporation	3.1%
Abbott Laboratories	3.1%
Fortive Corp.	3.0%
Medtronic Plc	3.0%
Exxon Mobil Corporation	3.0%
Nasdaq, Inc.	2.8%
Citigroup Inc.	2.8%
Keurig Dr Pepper Inc.	2.6%
PPL Corporation	2.6%
Total	29.7%

Sector Breakdown



Market Cap



	AIVI	MSCI EAFE Value Index	MSCI EAFE Index
Dividend Yield (LHS)	2.8%	1.4%	2.3%
Net Buyback Yield (LHS)	1.6%	1.6%	1.6%
Est. Price/Earnings	15.7x	20.7x	16.1x
Est. Earnings Yield	0.1%	0.0%	0.1%
Earnings Growth Expectations	5.4%	12.3%	7.7%
Return on Assets (LHS)	2.3%	4.2%	2.8%
Return on Equity (RHS)	10.5%	18.0%	13.0%
ROE x Earnings Retention	5.8%	12.6%	8.3%
Price/Book (LHS)	2.2x	4.6x	2.5x

Source: WisdomTree, FactSet as of 12/29/2023. The AIVL fund began trading on 1/18/2022. Holdings and weightings are subject to change. You cannot invest directly in an index. The measures above refer to the underlying securities of the holdings in the Funds' portfolios and should not be considered reflective of the Funds' performance.

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. For the most recent standardized performance, 30-day SEC yield, and month-end performance click here: https://www.wisdomtree.com/etfs/equity/aivi.

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Large caps are companies with market capitalizations above $10 billion. Mid-caps are companies with market capitalizations between $2 billion and $10 billion. Small caps are companies with market capitalizations equal or less than $2 billion. You cannot invest directly in an index. Weightings are subject to change. References to specific securities and their issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.

The WisdomTree AI Enhanced Value Family

To offer investors access to a more dynamic definition of value, WisdomTree created the WisdomTree AI Enhanced Value Family.

Quick Facts		
Ticker	AIVL	AIVI
Exchange	NYSE	NYSE
Expense Ratio	0.38%	0.58%
Structure	Open-end ETF	Open-end ETF
Exposure	US Equities	Developed Market International Equities

WisdomTree U.S. AI Enhanced Value Fund (AIVL) was formerly the WisdomTree U.S. Dividend ex-Financials Fund (DTN).
WisdomTree International AI Enhanced Value Fund (AIVI) was formerly the WisdomTree International Dividend ex-Financials Fund (DOO).

For more information on WisdomTree AI Enhanced Value ETFs, contact your WisdomTree representative or visit WisdomTree.com.

Glossary

GAAP: Generally Accepted Accounting Principles is the accounting standard adopted by the U.S. Securities and Exchange Commission. Dividend Yield: A financial ratio that shows how much a company pays out in dividends each year relative to its share price. Net Buyback Yield: A company's net share buyback is the difference between the capital raised by issuing new shares and the money the company spent on buying back any outstanding shares. A positive net share buyback means that more was spent on buying back existing shares than received from issuing new shares. Net buyback yield is the amount of a company's net buybacks divided by its market capitalization. Please note that net buyback yield does not represent a dividend paid by the company. Estimated Price-to-Earnings ratios: Share price divided by estimated 12-month earnings per share. Lower numbers indicate an ability to access greater amounts of estimated 12-month earnings per dollar invested. Est. Earnings yield: The estimated earnings per share for the most recent 12-month period divided by the current market price per share. The earnings yield (which is the inverse of the P/E ratio) shows the percentage of each dollar invested in the stock that was earned by the company. Earnings growth expectations: Bloomberg analysts' long-term earnings growth expectations, which encompass the estimated growth in operating earnings per share over the company's next full business cycle, typically three to five years. Return on assets (ROA): Firm profits (after accounting for all expenses) divided by the firm's total assets. Higher numbers indicate greater profits relative to the level of assets utilized to generate them. Return on Equity (ROE): Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. Return on Invested Capital (ROIC): Measures the efficiency of invested capital and how it relates to generated returns. Earnings Retention: Proportion of a firm's earnings that are is not paid out to shareholders in the form of a dividend but rather reinvested back into the business. Higher numbers indicate a greater percentage of earnings are being reinvested. Price-to-book ratio : Share price divided by book value per share. Lower numbers indicate an ability to access greater amounts of earnings per dollar invested. Idiosyncratic alpha: The element of return which cannot be easily replicated and is, in this way, unique.

Index Definitions:

S&P 500 Index: Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy. Russell 1000 Value Index: A measure of the large-cap value segment of the U.S. equity universe, selecting from the Russell 1000 Index. MSCI EAFE Index: is a market cap-weighted index composed of companies representative of the developed market structure of developed countries in Europe, Australasia and Japan. MSCI EAFE Value Index: Market capitalization-weighted subset of stocks within the MSCI EAFE Index that have lower share prices relative to their earnings or dividends per share.

This information must be preceded or accompanied by a prospectus. 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 to view or download a prospectus. Investors should read the prospectus carefully before investing.

Important Risk Information

AIVL: There are risks associated with investing, including possible loss of principal. Funds focusing their investments on certain sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. While the Fund is actively managed, the Fund's investment process is expected to be heavily dependent on a quantitative model and the model may not perform as intended.

AIVI: There are risks associated with investing, including possible loss of principal. Investments in non-U.S. securities involve political, regulatory, and economic risks that may not be present in U.S. securities. For example, foreign securities may be subject to risk of loss due to foreign currency fluctuations, political or economic instability, or geographic events that adversely impact issuers of foreign securities. Funds focusing their investments on certain sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. While the Fund is actively managed, the Fund's investment process is expected to be heavily dependent on a quantitative model and the model may not perform as intended.

Please read each Fund's prospectus for specific details regarding the Fund's risk profile.

AI Model Risk: When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon may lead to the inclusion or exclusion of securities that would have been excluded or included had the Models and Data been correct and complete. Errors in the Models and Data, calculations and/or the construction of the AI model may occur from time to time and may not be identified and/or corrected by the Sub-Adviser or other applicable party for a period of time or at all, which may have an adverse impact on the Fund and its shareholders.

Value Investing Risk: Value stocks, as a group, may be out of favor with the market and underperform growth stocks or the overall equity market, in addition value stocks may not realize their perceived intrinsic value for extended periods of time or may never realize their perceived intrinsic value.

Foreign Investing Risk: Investments in non-U.S. securities involve political, regulatory, and economic risks that may not be present in U.S. securities. For example, foreign securities may be subject to risk of loss due to foreign currency fluctuations, political or economic instability, or geographic events that adversely impact issuers of foreign securities.

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