

The promise of cloud computing relies on its ability to deliver enterprise-level solutions on demand, through a simple internet connection. In our view, cloud computing represents a significant source of disruption not only in the technology sector, but in the investment world as well. Cloud computing has become ingrained in nearly every aspect of our lives by fundamentally altering how we consume, process and share information in the digital age. Through our research, WisdomTree believes this trend toward cloud-based solutions offers a compelling, long-term opportunity for investors to gain exposure to one of the most exciting segments of the technology sector.

The WisdomTree Cloud Computing Fund (WCLD) seeks to track the price and yield performance, before fees and expenses, of the BVP Nasdaq Emerging Cloud Index (EMCLOUD), which leverages the industry expertise of Bessemer Venture Partners (BVP), a leading early-stage investor in cloud-based businesses.

## What Is Cloud Computing?

The “cloud” refers to the aggregation of information online that can be accessed from anywhere, on any device. Cloud companies provide on-demand services to a centralized pool of information technology (IT) resources via a network connection. The three major categories of the cloud industry are:

Category	Description	Example
Software as a Service (SaaS)	Software applications provided over a network connection	Gmail
Platform as a Service (PaaS)	Software development environment provided over a network connection	Google App Engine
Infrastructure as a Service (IaaS)	IT resources (e.g., store and networking capabilities) provided over a network connection	Amazon Web Services

Source: WisdomTree

Even though cloud computing already touches a significant portion of our everyday lives, we believe its adoption is poised to accelerate due to advancements in artificial intelligence and the Internet of Things (IoT), as well as a fundamental shift to cloud-based workflows for the vast majority of businesses.

## The Cloud Software Advantage

Cloud computing has particularly transformed the software industry. Over the last decade, cloud Software-as-a-Service (SaaS) businesses have eclipsed traditional software companies as the new industry standard for deploying and updating software. Cloud-based SaaS companies provide software applications and services via a network connection from a remote location, whereas traditional software is delivered and supported on-premise. This key difference in distribution leads to several distinct fundamental advantages for cloud versus traditional software.

**Product Advantages**

- **Speed, Ease and Low Cost of Implementation** – cloud software is installed via a network connection; it doesn't require the higher cost of on-premise infrastructure setup and installation.
- **Efficient Software Updates** – upgrades and support are deployed via a network connection, which shifts the burden of software maintenance from the client to the software provider.
- **Easily Scalable** – deploying via a network connection allows cloud SaaS businesses to grow as their clients grow, with the ability to expand services to more users or add product enhancements with ease. Client acquisition can happen 24/7 and cloud SaaS companies can more easily expand into foreign markets.

**Business Model Advantages**

- **High Recurring Revenue** – cloud SaaS companies employ a subscription-based revenue model with smaller and more frequent transactions, while traditional software businesses rely on a single, large, upfront transaction. This model can result in a more predictable, annuity-like revenue stream for cloud software providers.
- **High Client Retention with Longer Revenue Periods** – cloud software becomes embedded in client workflow, resulting in higher switching costs and client retention. Importantly, many clients prefer the pay-as-you-go transaction model, which can lead to longer periods of recurring revenue as upselling product enhancements does not require an additional sales cycle.
- **Lower Expenses** – cloud SaaS companies can have lower R&D cost because they don't need to support multiple types of networking infrastructure at each client location.

In our view, the product and business model advantages of cloud SaaS companies have historically led to better margins, growth, free cash flow and efficiency characteristics as compared to non-cloud software companies.

**BVP Nasdaq Emerging Cloud Index Methodology**

WisdomTree has sought to leverage the knowledge and expertise of select strategic partners to expand our suite of thematic investment opportunities.

The BVP Nasdaq Emerging Cloud Index (EMCLOUD) was developed by Nasdaq and Bessemer Venture Partners, a leading venture capital firm with 10+ years of investment success in the cloud industry.

EMCLOUD is an equally weighted index comprised of 70 cloud companies that BVP believes represent some of the most compelling emerging companies in the cloud computing space.

## Index Methodology

<b>Company Selection</b>	<p>Must derive the majority of revenue from business-oriented software products, as determined by Bessemer Venture Partners, which are:</p> <ul style="list-style-type: none"> <li>+ Provided to customers through a cloud delivery model – e.g., hosted on remote and multi-tenant server architecture, accessed through a web browser or mobile device or consumed as an application programming interface (API)</li> <li>+ Provided to customers through a cloud economic model – e.g., as a subscription-based, volume-based or transaction-based offering</li> </ul> <p>Annual revenue growth, as determined by BVP, of at least:</p> <ul style="list-style-type: none"> <li>+ 15% in each of the last two years for new additions</li> <li>+ 7% for current securities in at least one of the last two years</li> </ul>
<b>Security Selection</b>	<ul style="list-style-type: none"> <li>+ Common stock or ordinary shares</li> <li>+ Listed on the NASDAQ stock market, the New York Stock Exchange, NYSE American or the CBOE Exchange</li> <li>+ Listed for at least three months on an index-eligible exchange</li> <li>+ Minimum market capitalization of \$500 million</li> <li>+ Minimum 3-month average daily dollar trading volume of \$5 million</li> <li>+ One security per issuer is permitted</li> <li>+ May not have entered into a definitive agreement or other arrangement, which would likely result in the security no longer being index eligible</li> <li>+ May not be issued by an issuer currently in bankruptcy proceedings</li> </ul>
<b>Weighting &amp; Rebalancing</b>	<ul style="list-style-type: none"> <li>+ Equal weighted</li> <li>+ The index is evaluated and rebalanced semi-annually in February and August. The above criteria are applied using market data as of the end of January and July.</li> </ul>

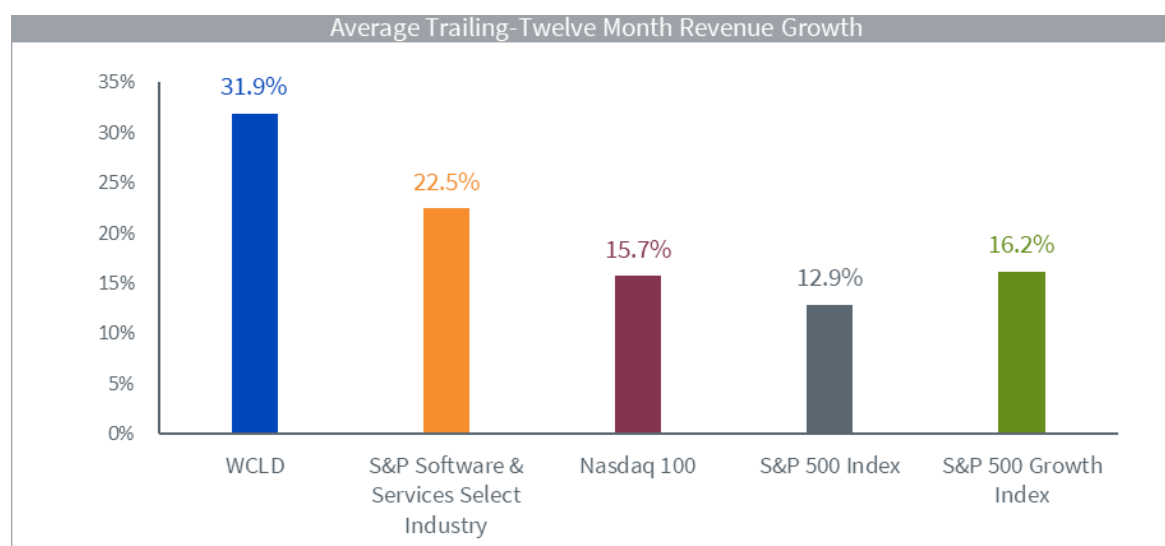
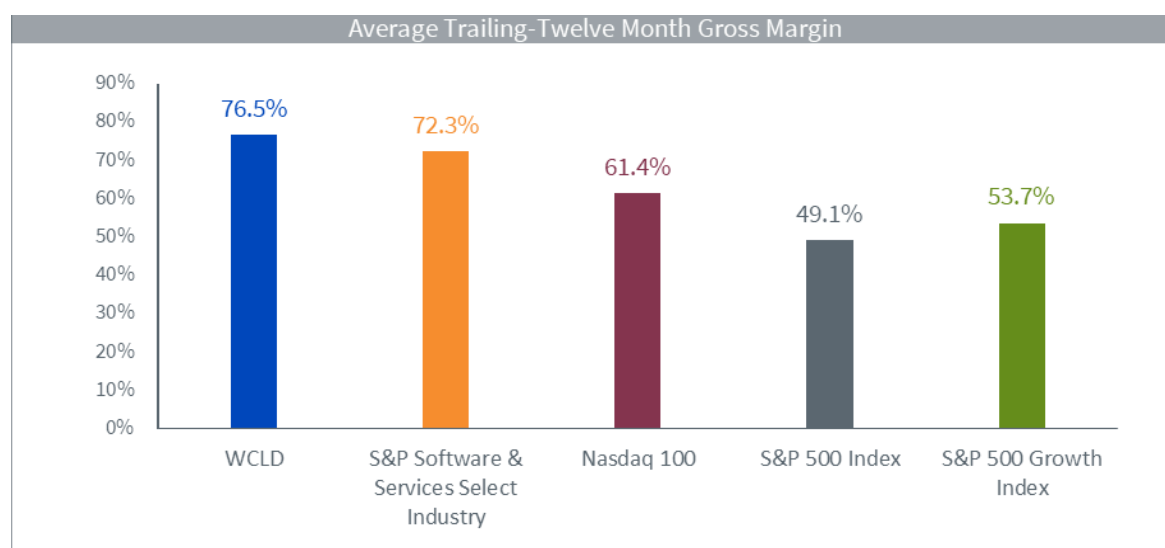
Sources: Nasdaq, Bessemer Venture Partners, WisdomTree

## Placing Cloud in Your Portfolio

We believe that businesses focused on cloud computing represent a compelling alternative to broader-based growth or technology-focused thematic investment strategies.

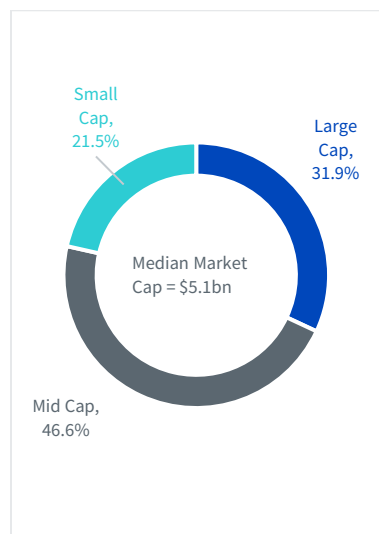
The BVP Nasdaq Emerging Cloud Index provides pure play exposure to fast-growing, cloud-based businesses.

Over the last decade, the Information Technology industry has grown to become the largest exposure in the S&P 500 Index. When combined with the Communications Services sector, these companies comprise nearly one-third of the total market. For investors seeking to generate excess returns, this creates a challenging mix of slower-growing mature businesses with faster-growing emerging ones. As we show below, cloud-based businesses represent compelling opportunities for investors seeking industry-leading operating leverage as proxied by gross margins and sales growth. Although, these metrics do not guarantee the performance of any particular investment, we believe they give us compelling reasons to invest in this area.



Sources: Sources: WisdomTree, Bessemer Venture Partners, FactSet, S&P Global as of 03/31/2023. Past performance is not indicative of future results. You cannot invest directly in an index. The Fund metrics are derived from the Fund's underlying securities compared and should not be considered reflective of any Fund performance. In addition, favorable fund metrics may not translate to favorable fund performance. For the most recent month-end performance, go to [wisdomtree.com/Investments](https://wisdomtree.com/Investments).

In our view, these emerging cloud-based businesses represent a compelling alternative for investors seeking to add value versus traditional technology and telecommunication services-based businesses.



WCLD Company Examples			
	Company	Weight	Description
Large Cap	Adobe Incorporated	1.5%	Develops cloud-based software solutions for web and print publishing
	PayPal Holdings, Inc.	1.4%	Provides cloud-based digital and mobile payments on behalf of consumers and merchants
	Salesforce, Inc.	1.7%	Develops on-demand customer relationship management cloud-based software technology
	ServiceNow, Inc.	1.5%	Provides cloud-based services that automate enterprise IT operations
	Workday, Inc. Class A	1.6%	Provides cloud-based software applications for finance and human resources management for enterprises
	HubSpot, Inc.	1.5%	Provides a cloud-based marketing and sales software platform
Small to Mid Cap	Dropbox, Inc. Class A	1.4%	Provides cloud-based file backup, sync and sharing solutions
	C3.ai, Inc. Class A	2.0%	Provision of enterprise artificial intelligence software for digital transformation
	Everbridge, Inc.	1.4%	Provides mass notification solutions
	Fastly, Inc. Class A	1.6%	Provides real-time content delivery network services
	Zuora, Inc. Class A	1.6%	Provides a cloud-based subscription billing and management platform
	PagerDuty, Inc.	1.6%	PagerDuty, Inc. operates a digital operations management platform
	Yext, Inc.	1.9%	Provides a knowledge engine platform that lets businesses manage their digital knowledge in the cloud
	2U, Inc.	1.0%	Provides cloud-based software for nonprofit colleges and universities to deliver education
	Vimeo, Inc.	1.3%	Provides online video software and services. It also provides professional software, tools and technology for creators and businesses to host, distribute and monetize their videos anywhere.

Sources: WisdomTree, Nasdaq, Bessemer Venture Partners, FactSet as of 03/31/23. Weights as of 03/31/23. Weights subject to change. A fund or portfolio may differ significantly from the securities included in the index.

**Conclusion**

The shift to the cloud is having a transformative impact on wide segments of the technology sector and the broader economy. For growth-oriented investors, we believe WCLD is well positioned to capitalize on these trends.

Standardized Annual Returns (as of 03/31/2023)			
Fund / Index	YTD	1 Year	Since Fund Inception
WisdomTree Cloud Computing Fund (NAV)	18.52%	-27.36%	4.86%
WisdomTree Cloud Computing Fund (Market Price)	18.39%	-27.45%	4.85%
S&P 500 Index	7.50%	-7.73%	11.25%
Nasdaq 100 Index	20.77%	-10.35%	16.60%
S&P 500 Information Technology Index	21.82%	-4.55%	20.07%
S&P 500 Growth Index	9.63%	-15.33%	11.14%

Source: Bessemer Venture Partners, WisdomTree, Bloomberg. A fund or portfolio may differ significantly from the securities included in the index. Fund inception date 9/6/2019. S&P 500, Nasdaq 100, S&P 500 Information Technology, and S&P 500 Growth Indexes were chosen to provide comparison to broad U.S. equities and technology companies.

**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 [wisdomtree.com/investments](http://wisdomtree.com/investments) for WisdomTree Funds.**

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.



Quick Facts	
Ticker	WCLD
Exchange	NASDAQ
Expense Ratio	0.45%
Structure	Open-end ETF
Exposure	Emerging (fast-growing) U.S.-listed companies (including ADRs) that are focused primarily on cloud software and services
Number of Holdings	70
Rebalancing	Semi-annually

**At WisdomTree, we do things differently. We build our ETFs with proprietary methodologies, smart structures and uncommon access to provide investors with the potential for income, performance, diversification and more.**

**For more information on WCLD, contact your WisdomTree representative or visit [WisdomTree.com/Investments](http://WisdomTree.com/Investments).**

References specific to securities and their issues are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell securities.

Unless otherwise stated, data source is WisdomTree.

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. To obtain a prospectus containing this and other important information, call 866.909.9473 or visit [WisdomTree.com/Investments](http://WisdomTree.com/Investments). Read the prospectus carefully before you invest.**

There are risks associated with investing, including possible loss of principal. The Fund invests in cloud computing companies, which are heavily dependent on the Internet and utilizing a distributed network of servers over the Internet. Cloud computing companies may have limited product lines, markets, financial resources or personnel and are subject to the risks of changes in business cycles, world economic growth, technological progress and government regulation. These companies typically face intense competition and potentially rapid product obsolescence. Additionally, many cloud computing companies store sensitive consumer information and could be the target of cybersecurity attacks and other types of theft, which could have a negative impact on these companies and the Fund. Securities of cloud computing companies tend to be more volatile than securities of companies that rely less heavily on technology and, specifically, on the Internet. Cloud computing companies can typically engage in significant amounts of spending on research and development, and rapid changes to the field could have a material adverse effect on a company's operating results. The composition of the Index is heavily dependent on quantitative and qualitative information and data from one or more third parties, and the Index may not perform as intended. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

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The S&P 500 Index: A capitalization-weighted index of 500 stocks selected by the Standard & Poor’s Index Committee, designed to represent the performance of the leading industries in the U.S. economy. BVP Nasdaq Emerging Cloud Index: an equally weighted index that is designed to track the performance of emerging public companies primarily involved in providing cloud software and services to their customers. S&P 500 Growth Index: A market capitalization-weighted benchmark designed to measure the growth segment of the S&P 500 Index. S&P 500 Software & Services: a market capitalization weighted index that is designed to measure the performance of the Software & Services industry, as defined by the Global Industry Classification Standard. S&P 500 Information Technology Index: a market capitalization weighted index that is designed to measure the performance of the Information Technology sector, as defined by the Global Industry Classification Standard. Nasdaq 100 Index: Includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies, including investment companies. Internet of things: network of objects that communicate internally and externally via network connection.

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