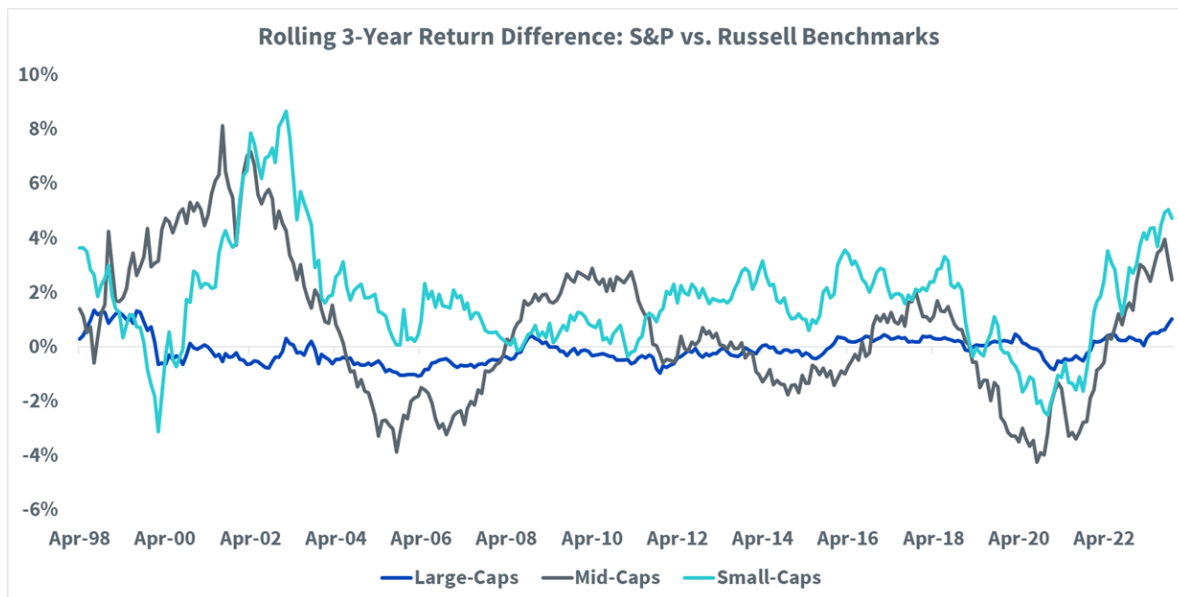


# WisdomTree U.S. MidCap Quality Growth Fund WisdomTree U.S. SmallCap Quality Growth Fund

# QMID/ QSML

## WisdomTree U.S. MidCap and SmallCap Quality Growth Funds

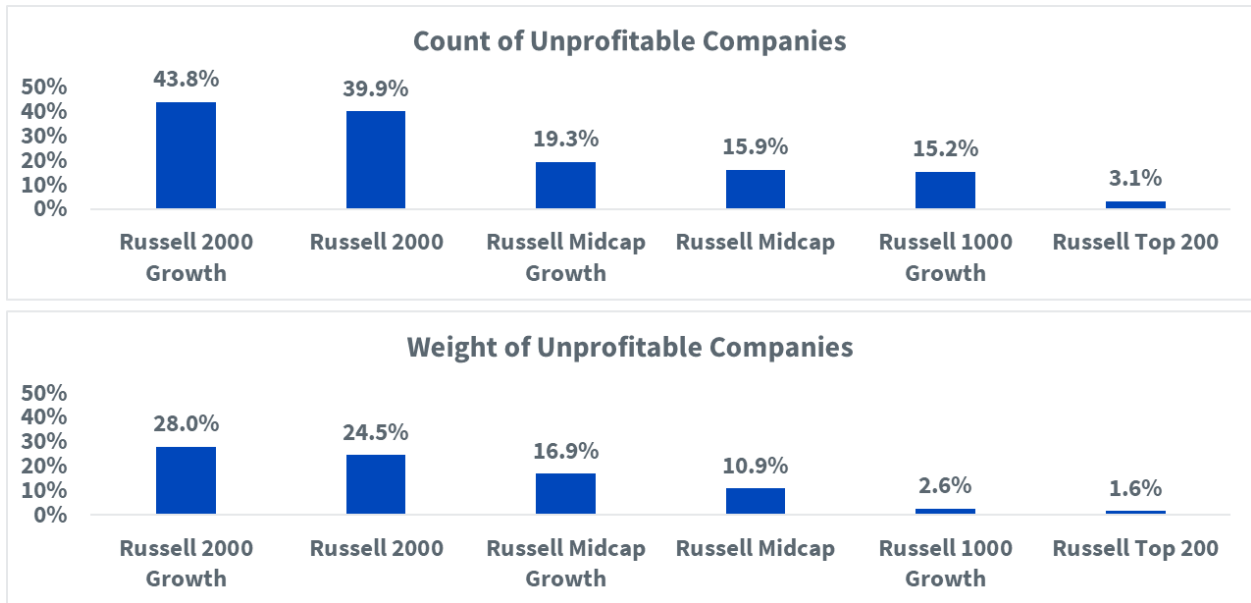
Nuanced differences in the construction of benchmarks can result in significant performance deviations. The performance impact of these deviations is especially magnified in the more inefficient mid- and small-cap universes. Take the returns of the S&P and Russell family of indexes as an example. The dark blue line of the large-cap indexes hovers closest to a 0% return difference, with the mid- and small-cap indexes having return differences of over 8% in certain rolling 3-year periods.



Source: WisdomTree, S&P, Russell, 4/30/94-11/30/23. Rolling 3-Year return differentials are annualized. Large-Caps measured by S&P 500 and Russell 1000. Mid-Caps measured by S&P 400 and Russell Midcap. Small-Caps measured by S&P 600 and Russell 2000. Past performance is not indicative of future results. You cannot invest directly in an index.

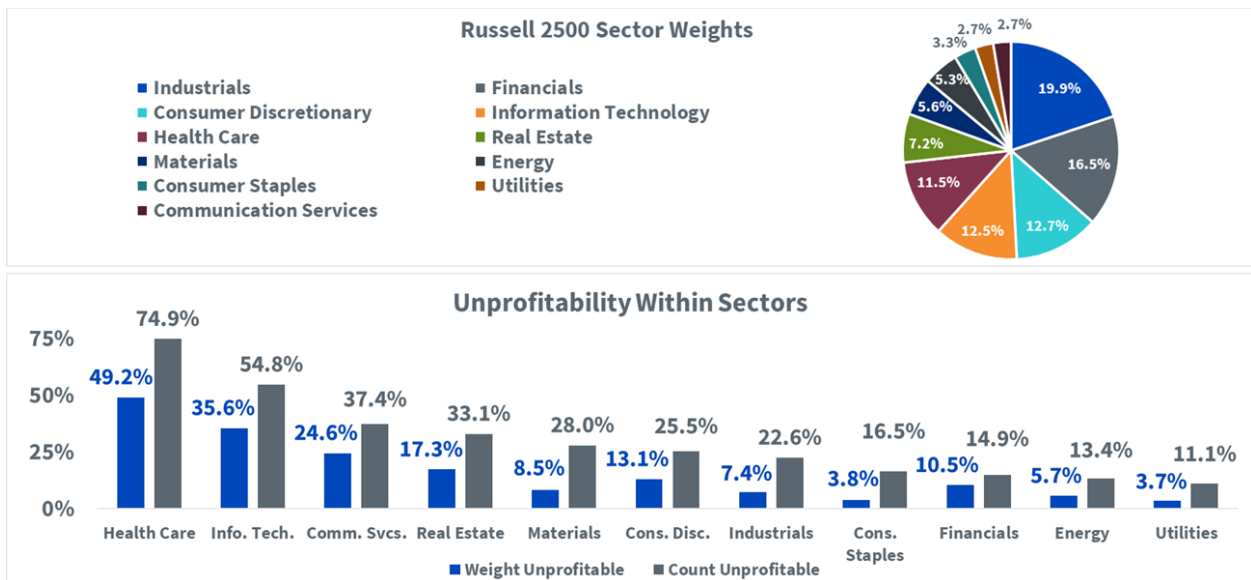
A major driver in relative performance is the weight that unprofitable companies—which are generally excluded from the S&P Indexes—account for in each universe. In large-cap indexes, there are very few unprofitable companies.

In mid- and small-cap indexes, particularly small-cap growth indexes, unprofitable companies can make up over one-fourth of the weight of the index, and over 40% of the company count.



Source: WisdomTree, FactSet, as of 11/30/2023. You cannot invest directly in an index.

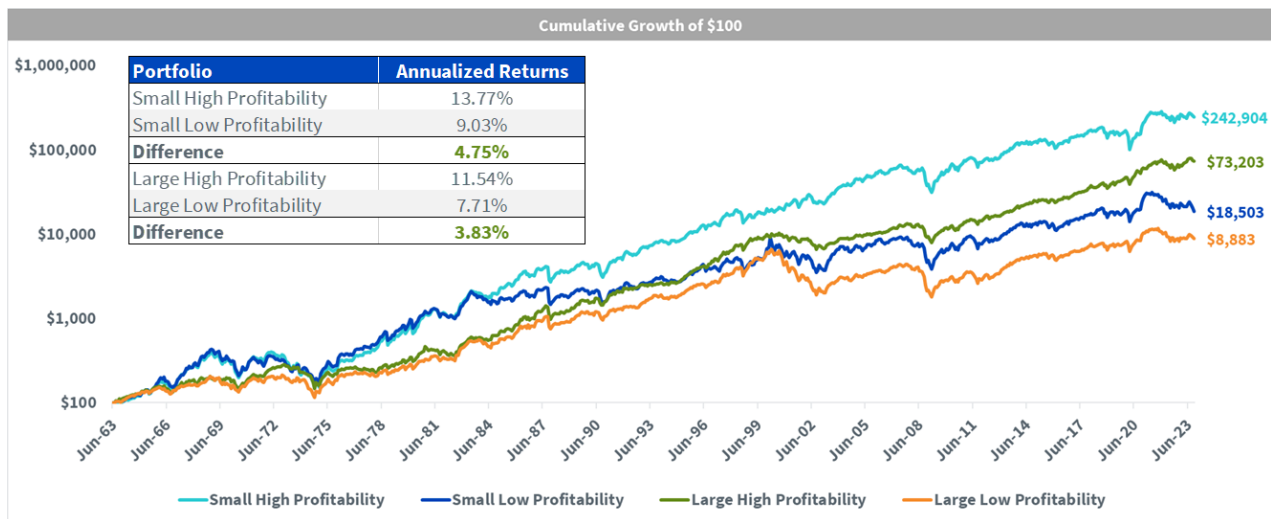
The natural question is, “what are these unprofitable companies?” In general, they are in the Health Care and Information Technology sectors; almost 75% of mid- and small-cap Health Care and 55% of Info. Tech. companies are unprofitable. Screening for quality (profitability) in a growth universe, by design, results in under-weights to these unprofitable companies.



Source: WisdomTree, FactSet, as of 11/30/2023. You cannot invest directly in an index.

### Why Quality for Mid- and Small-Caps

Investors are familiar with the standard value, blend, and growth styles. Higher operating profitability (higher quality) has outpaced lower quality over time. And that outperformance has been most pronounced in the higher growth (less value) segments of the market. Among investors who allocate to Quality, many often think Large-Cap when they think of Quality. High-profitability small-caps have outperformed high-profitability large-caps over the long-run. The performance spread between high-profitability and low-profitability companies is even greater within small-caps than large-caps.



Source: Kenneth French Data Library, 6/30/63-10/31/23. Period based on availability of annual operating profitability returns, which begins 6/30/1963. Portfolios are market capitalization weighted. Market is U.S.-listed equities grouped on the basis of operating profitability and market capitalization. The portfolios, which are constructed at the end of each June, are the intersections of 2 portfolios formed on size (market equity, ME) and 3 portfolios formed on profitability (OP). The size breakpoint for year t is the median NYSE market equity at the end of June of year t. OP for June of year t is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in t-1. The OP breakpoints are the 30th and 70th NYSE percentiles. For simplicity, only 4 of the 6 portfolios are shown in this graph. “Small High Profitability” portfolio is the intersection of securities with below median market capitalization and in the top 30% on operating profitability. “Small Low Profitability” portfolio is the intersection of securities with below median market capitalization and in the bottom 30% on operating profitability. “Large High Profitability” portfolio is the intersection of securities with above median market capitalization and in the top 30% on operating profitability. “Large Low Profitability” portfolio is the intersection of securities with above median market capitalization and in the bottom 30% on operating profitability. Past performance is not indicative of future results.

### How do you Identify Growth Stocks?

A few common measures to identify growth stocks include trailing sales and earnings growth, future sales and earnings growth estimates, and relative valuations like price-to-earnings, price-to-sales, and price-to-book ratios.

Because earnings-based measures of growth may be undefined for loss-making growth companies, growth strategies may ignore profitability considerations in favor of metrics like price-to-sales and price-to-book as proxies for growth.

At times, growth investors become enamored with more narrow non-earnings growth measures like “eye-balls” during the internet craze of the early 2000s or “subscriber-growth” in recent years as it relates to streaming platforms and social media companies.



This can lead to an approach to growth that over-weights highly speculative, or junky, growth names.

Alternatively, some investors have been considering focusing on quality stocks—companies with higher profitability—to implicitly tilt towards profitable growth stocks. But ignoring explicit growth signals can lead to excluding some of the fastest growing companies, diluting the intended growth exposure.

The WisdomTree U.S. MidCap Quality Growth and WisdomTree U.S. SmallCap Quality Growth Indexes aim to identify stocks that have both quality and growth characteristics to avoid having to make sacrifices on either factor.

### WisdomTree U.S. MidCap and SmallCap Quality Growth Indexes

The WisdomTree U.S. MidCap and SmallCap Quality Growth Indexes are market-cap weighted indexes that consist of companies with quality and growth characteristics. Mid- and small-cap U.S. companies are ranked on a composite score of two fundamental factors: growth and quality, which are equally weighted.

<p><b>Quality</b></p>  <p><b>50%</b></p>	<p><b>+ 50% Trailing 3-year Average Return-on-Equity</b></p> <p><b>+ 50% Trailing 3-year Average Return-on-Assets</b></p>	<p><b>Better quality stocks have tended to outperform lower quality stocks with lower volatility</b></p>
<p><b>Growth</b></p>  <p><b>50%</b></p>	<p><b>+ 20% Medium-Term Earnings Growth Estimates (1-3 year)</b></p> <p><b>+ 40% Trailing 3-Year Sales Growth</b></p> <p><b>+ 40% Trailing 3-Year Earnings Growth</b></p>	<p><b>Using an equal-weight of forward earnings estimates and trailing sales/earnings growth provides a high-conviction growth composite</b></p>

The Index is comprised of the top 30% of companies with the highest composite scores.

**Investment Process**



Rebalance Frequency / Weighting / Caps
Semi-annual rebalance (June and December)
Market-cap weighted
Exclude Real Estate, Utilities, and Banks
Individual Security Caps (5%)

You cannot invest directly in an index.

**Index Characteristics**

Real Estate, Utilities, and Banks are excluded from the Indexes because companies from these sectors tend to have lower earnings growth and/or high earnings volatility (lowering earnings quality).

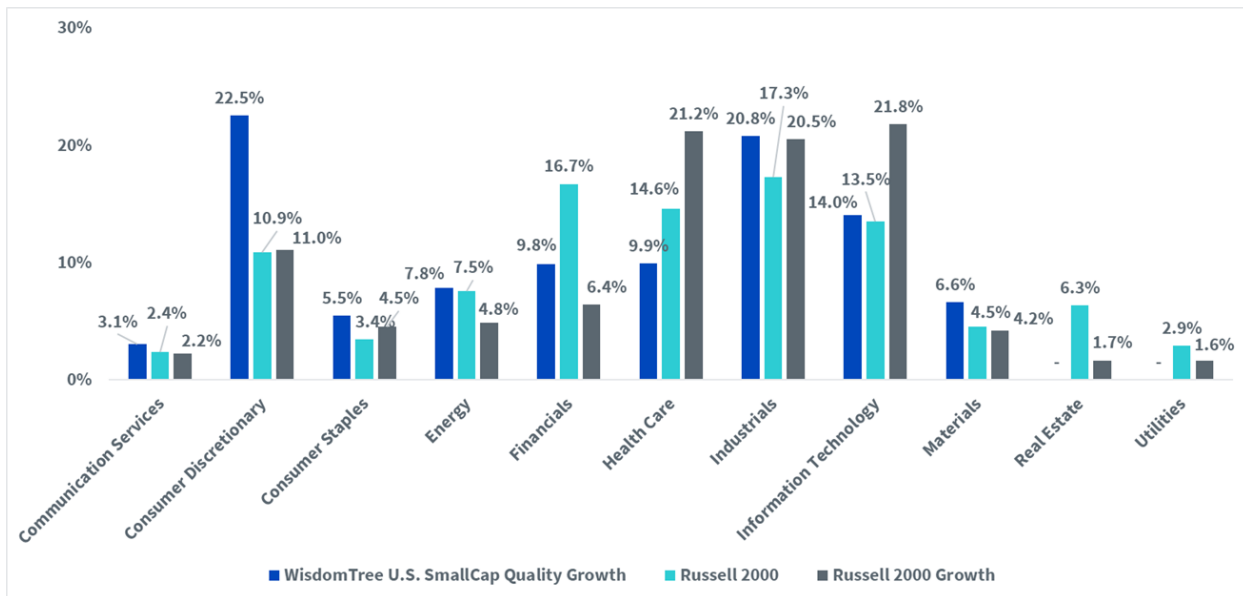
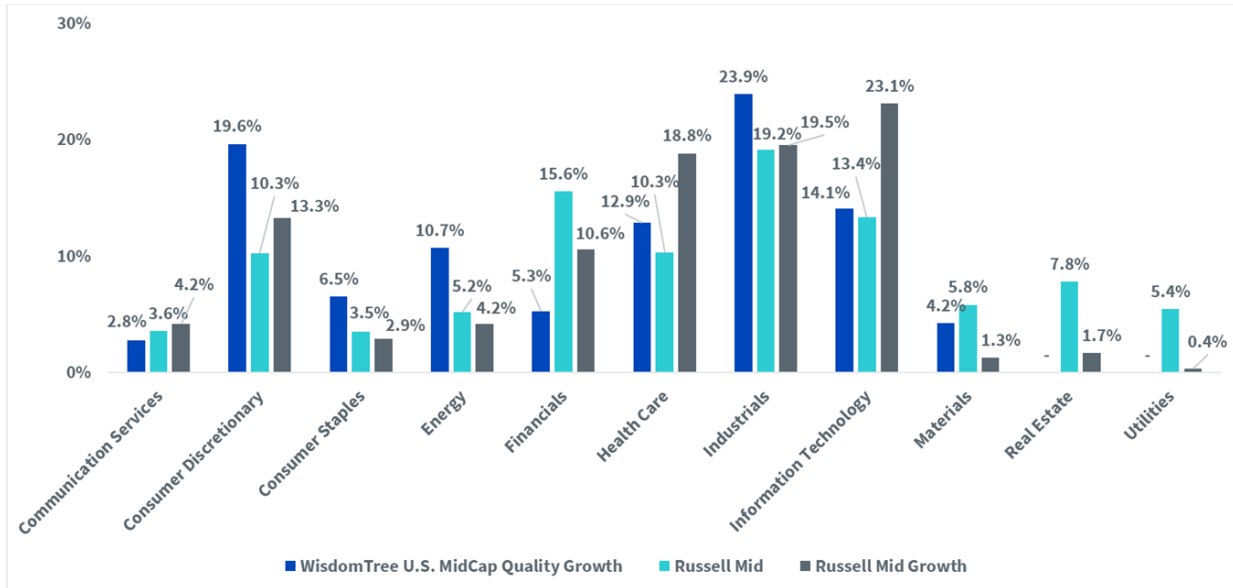
The low growth of these sectors can be seen from the relative under-weight of the Russell Growth indexes on these sectors relative to the broad Russell Indexes.

Compared to the Russell Midcap Growth Index, the WisdomTree U.S. MidCap Quality Growth Index is overweight in sectors not traditionally associated with growth, such as Consumer Staples, Energy, and Industrials. The Index is underweight Health Care and Information Technology; two sectors commonly associated with growth investing.

A similar pattern of over- and under-weights can be seen in the small-cap Indexes, with an even greater difference in Health Care, to which the WisdomTree U.S. SmallCap Quality Growth Index is underweight compared to even the broad Russell 2000 Index.

By screening for quality in addition to growth, the WisdomTree U.S. MidCap and SmallCap Quality Growth Indexes gain exposure to fast-growing companies with high quality scores, while filtering out highly speculative names with weaker profitability measures.

### Index Sector Weights



Source: WisdomTree, FactSet, as of 11/30/2023. You cannot invest directly in an index.

These Indexes are each narrower in terms of number of holdings than the respective Russell Indexes, representing a higher conviction quality growth basket that more selectively weeds out “junkier” companies.

Each Index skews towards a smaller weighted average market-cap than the Russell indexes, with the difference more pronounced in the mid-cap version where the Russell indexes have more than one-quarter of weight in companies over \$10 billion in market-cap.

As each Index selects companies that are both profitable and have higher growth, we see consistently higher profitability metrics and generally higher growth metrics.

### Index Characteristics

Characteristics	WisdomTree U.S. MidCap Quality Growth	Russell Midcap	Russell Midcap Growth
<b>Weighted Average Market Cap (\$bn)</b>	<b>\$7.4</b>	\$22.8	\$26.2
Over \$10 billion	<b>12.3%</b>	77.3%	82.7%
\$2 billion - \$10 billion	<b>87.2%</b>	22.4%	17.1%
Under \$2 billion	<b>0.5%</b>	0.3%	0.2%
Number of Holdings	<b>125</b>	808	332
<b>Valuation</b>			
Price/Earnings (Forward Ex Negatives)	<b>15.3</b>	16.3	23.5
Price/Book	<b>3.4</b>	2.8	9.5
Price/Sales	<b>1.3</b>	1.5	2.3
<b>Profitability</b>			
Return on Equity (ROE)	<b>20.0%</b>	11.8%	21.2%
Return on Assets (ROA)	<b>8.3%</b>	2.7%	3.9%
Intangible Adjusted ROE	<b>19.4%</b>	11.6%	18.1%
Intangible Adjusted ROA	<b>9.3%</b>	3.3%	5.3%
Leverage (Assets / Equity)	<b>2.40x</b>	4.39x	5.46x
Percentage Negative Earnings (TTM)	<b>3.8%</b>	10.9%	16.9%
<b>Growth</b>			
Trailing 3-Year Sales Growth	<b>23.9%</b>	16.7%	23.3%
Trailing 3-Year Earnings Growth	<b>39.6%</b>	32.2%	52.6%
Forward Earnings Growth Estimates	<b>16.9%</b>	14.0%	17.7%

Source: WisdomTree, FactSet, Russell, as of 11/30/2023. Intangible Adjusted ROE/ROA accounts for investments in intangible assets proxied by expenditures in Research and Development (R&D) and a fraction of Selling, General, and Administrative (SG&A) expenses. You cannot invest directly in an index.

Characteristics	WisdomTree U.S. SmallCap Quality Growth	Russell 2000	Russell 2000 Growth
<b>Weighted Average Market Cap (\$bn)</b>	<b>\$2.3</b>	\$2.9	\$3.3
Over \$10 billion	<b>0.0%</b>	0.6%	1.2%
\$2 billion - \$10 billion	<b>63.4%</b>	62.4%	71.1%
Under \$2 billion	<b>36.6%</b>	37.1%	27.7%
Number of Holdings	<b>329</b>	1958	1070
<b>Valuation</b>			
Price/Earnings (Forward Ex Negatives)	<b>12.9</b>	13.5	17.8
Price/Book	<b>2.3</b>	1.9	4.0
Price/Sales	<b>0.9</b>	1.1	1.7
<b>Profitability</b>			
Return on Equity (ROE)	<b>16.1%</b>	5.1%	5.8%
Return on Assets (ROA)	<b>6.1%</b>	1.0%	1.1%
Intangible Adjusted ROE	<b>15.3%</b>	6.6%	8.1%
Intangible Adjusted ROA	<b>7.6%</b>	2.0%	3.9%
Leverage (Assets / Equity)	<b>2.63x</b>	5.33x	5.29x
Percentage Negative Earnings (TTM)	<b>8.3%</b>	24.2%	27.9%
<b>Growth</b>			
Trailing 3-Year Sales Growth	<b>21.0%</b>	17.7%	21.2%
Trailing 3-Year Earnings Growth	<b>43.8%</b>	65.3%	80.6%
Forward Earnings Growth Estimates	<b>20.1%</b>	18.9%	22.8%

Source: WisdomTree, FactSet, Russell, as of 11/30/2023. Intangible Adjusted ROE/ROA accounts for investments in intangible assets proxied by expenditures in Research and Development (R&D) and a fraction of Selling, General, and Administrative (SG&A) expenses. You cannot invest directly in an index.



**The WisdomTree U.S. MidCap Quality Growth Fund (QMID) and the WisdomTree U.S. SmallCap Quality Growth Fund (QSML)**

The WisdomTree U.S. MidCap Quality Growth Fund (Ticker: QMID) seeks to track the price and yield performance, before fees and expenses, of the WisdomTree U.S. MidCap Quality Growth Index.

The WisdomTree U.S. SmallCap Quality Growth Fund (Ticker: QSML) seeks to track the price and yield performance, before fees and expenses, of the WisdomTree U.S. SmallCap Quality Growth Index.

**Why QMID/QSML?**

- 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

Quick Facts <sup>1</sup>	
Index	WisdomTree U.S. Mid-Cap Quality Growth Index
Index Base Date	11/30/2023
Fund Launch Date	12/20/2023
Fund Expense Ratio	0.38%
Index Number of Stocks	125

Quick Facts <sup>1</sup>	
Index	WisdomTree U.S. Small-Cap Quality Growth Index
Index Base Date	11/30/2023
Fund Launch Date	12/20/2023
Fund Expense Ratio	0.38%
Index Number of Stocks	329

**For more information on QMID or QSML, contact your WisdomTree representative or visit [WisdomTree.com/investments](https://www.wisdomtree.com/investments).**

<sup>1</sup> As of 12/18/2023.

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.

## Glossary

**Earnings growth (Earnings growth estimates):** 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. **Growth stocks:** Stocks whose share prices are higher relative to their earnings per share or dividends per share. Investors are willing to pay more because of their earnings or dividend growth expectations going forward. **Market Capitalization:** Market cap = share prices x number of shares outstanding. Firms with the highest values receive the highest weights in approaches designed to weight firms by market cap. **Price to Earnings ratio:** Share price divided by earnings per share. Lower numbers indicate an ability to access greater amounts of earnings per dollar invested. **Price to Sales ratio:** A valuation ratio that compares a company's stock price to its revenues. It is an indicator of the value that financial markets have placed on each dollar of a company's sales or revenues. **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. **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. **Russell 1000 Index:** A measure of the performance of the 1,000 largest companies by market capitalization in the Russell 3000 Index. **Russell 1000 Growth Index:** A measure of the large-cap growth segment of the U.S. equity universe, selecting from the Russell 1000 Index. **Russell 2000 Growth Index:** Measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values. **Russell 2000 Index:** Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. **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 2500 Index:** A market-cap-weighted index that includes the smallest 2,500 companies covered in the broad-based Russell 3000 sphere of United States-based listed equities. All 2,500 of the companies included in the Index cover the small- and mid-cap market capitalizations. **Russell Midcap Growth Index:** Measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values. **Russell Midcap Index:** The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. **S&P MidCap 400 Index:** provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis. **S&P SmallCap 600 Index:** Market capitalization-weighted measure of the performance of small cap equities within the United States, with constituents required to demonstrate profitability prior to gaining initial inclusion. **Return on Equity (ROE):** Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Yield:** The income return on an investment. Refers to the interest or dividends received from a security that is typically expressed annually as a percentage of the market or face value.

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. For a prospectus or, if available, the summary prospectus containing this and other important information about the fund, call 866.909.9473 or visit [WisdomTree.com/investments](http://WisdomTree.com/investments). Read the prospectus or, if available, the summary prospectus carefully before investing.**

#### IMPORTANT INFORMATION

There are risks associated with investing, including possible loss of principal.

**QMID:** 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. The Fund is 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. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit. The Fund does not attempt to outperform its Index or take defensive positions in declining markets and the Index may not perform as intended. 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 stable 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.

**QSML:** 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 Fund is 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. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit. The Fund does not attempt to outperform its Index or take defensive positions in declining markets and the Index may not perform as intended. 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.

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

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