WisdomTree ECONOMIC & MARKET OUTLOOK Actionable Ideas

Q2/2024

Macro Insight: What Will 'Higher for Longer' Actually Mean?

+ **Macro backdrop**
    - The U.S. economy has remained surprisingly resilient and could be poised to avoid a recession
    - Inflation is expected to continue cooling but the 'last mile' could prove to be a bit more challenging
    - A solid labor market is underpinning the U.S. consumer; the Fed is watching closely
    - Broad stock market earnings growth should provide support for valuations in 2024
    - The Q4 rally in Treasuries was not validated and yield levels have retraced more than 50% of the prior decline
+ **Fed policy**
    - The Fed is still on course for rate cuts this year, but the more important aspect for the markets will be what this easing in policy will ultimately look like
    - Powell & Co. appear to be more flexible with policymaking decisions
    - Reducing the pace of quantitative tightening (QT) will become part of the monetary policy landscape this year as well
    - Equity and bond markets have now gotten in better alignment with the Fed's narrative

Investment Ideas:

U.S. Equities Exposure:

WisdomTree U.S. Quality Dividend Growth Fund **(DGRW)**

WisdomTree U.S. SmallCap Quality Dividend Growth Fund **(DGRS)**

Developed Markets Exposure:

WisdomTree International Hedged Quality Dividend Growth Fund **(IHDG)**

WisdomTree Japan Hedged Equity Fund **(DXJ)**

Emerging Markets Exposure:

WisdomTree Emerging Markets High Dividend Fund **(DEM)**

WisdomTree India Earnings Fund **(EPI)**

Fixed Income Exposure:

WisdomTree Floating Rate Treasury Fund **(USFR)**

WisdomTree Yield Enhanced U.S. Aggregate Bond Fund **(AGGY)**

WisdomTree U.S. Short-Term Corporate Bond Fund **(SFIG)**

Please reach out to your WisdomTree representative or visit WisdomTree.com/investments for additional detail on the Actionable Ideas presented here.

Glossary

Earnings growth: The annual compound annual growth rate of earnings from investments. Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States. Inflation: Characterized by rising price levels. Monetary policy: Actions of a central bank or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates. Quantitative Tightening (QT): The reverse process of quantitative easing whereby securities are either sold or the proceeds of maturing securities are not reinvested with the goal of tightening economic conditions to prevent the economy from overheating. Recession: Two consecutive quarters of negative GDP growth, characterized generally by a slowing economy and higher unemployment. Treasury: Debt obligation issued by the U.S. government with payments of principal and interest backed by the full faith and credit of the U.S. government. Valuations: Refers to metrics that relate financial statistics for equities to their price levels to determine if certain attributes, such as earnings or dividends, are cheap or expensive.

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. Read the prospectus or, if available, the summary prospectus carefully before investing.

This material contains the opinions of the authors, which are subject to change. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results.

Important Risk Information

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

DGRW, DGRS: 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. Dividends are not guaranteed and a company's future abilities to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time.

IHDG: Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. To the extent the Fund invests a significant portion of its assets in the securities of companies of a single country or region, it is likely to be impacted by the events or conditions affecting that country or region. Dividends are not guaranteed and a company currently paying dividends may cease paying dividends at any time. Investments in currency involve additional special risks, such as credit risk and interest rate fluctuations. Derivative investments can be volatile and these investments may be less liquid than other securities, and more sensitive to the effect of varied economic conditions. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index or take defensive positions in declining markets. Due to the investment strategy of this Fund it may make higher capital gain distributions than other ETFs.

DXJ: Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. The Fund focuses its investments in Japan, thereby increasing the impact of events and developments in Japan that can adversely affect performance. Investments in currency involve additional special risks, such as credit risk, interest rate fluctuations, derivative investments which can be volatile and may be less liquid than other securities, and more sensitive to the effect of varied economic conditions. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. Due to the investment strategy of this Fund it may make higher capital gain distributions than other ETFs. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time.

DEM: Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Funds focusing on a single sector generally experience greater price volatility. 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, intervention and political developments. Due to the investment strategy of this Fund it may make higher capital gain distributions than other ETFs.

EPI: Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. This Fund focuses its investments in India, thereby increasing the impact of events and developments associated with the region which can adversely affect performance. Investments in emerging, offshore or frontier markets such as India 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. As this Fund has a high concentration in some sectors, the Fund can be adversely affected by changes in those sectors. Due to the investment strategy of this Fund it may make higher capital gain distributions than other ETFs.

USFR: Securities with floating rates can be less sensitive to interest rate changes than securities with fixed interest rates, but may decline in value. Fixed income securities will normally decline in value as interest rates rise. The value of an investment in the Fund may change quickly and without warning in response to issuer or counterparty defaults and changes in the credit ratings of the Fund's portfolio investments. Due to the investment strategy of this Fund it may make higher capital gain distributions than other ETFs.

AGGY: Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. 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. Investing in mortgage- and asset-backed securities involves interest rate, credit, valuation, extension and liquidity risks and the risk that payments on the underlying assets are delayed, prepaid, subordinated or defaulted on. Due to the investment strategy of the Fund, it may make higher capital gain distributions than other ETFs.

SFIG: Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. 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. While the Fund attempts to limit credit and counterparty exposure, the value of an investment in the Fund may change quickly and without warning in response to issuer or counterparty defaults and changes in the credit ratings of the Fund's portfolio investments.

Please read each Funds' prospectus for specific details regarding the Funds' risk profiles.

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