WisdomTree Approach to Quality

As markets respond to a rapidly changing macro environment, we believe focusing on quality businesses as a core approach can help investors avoid some of the pitfalls associated with other factors. By focusing on quality factors like return on equity (ROE) and return on assets (ROA), we believe we can identify companies that have the potential to increase profitability over time.

+ Higher operating profitability (i.e., higher quality) has produced outperformance compared to lower-quality businesses over time.

+ A quality factor focus helps ensure that companies in the portfolio have healthy balance sheets and can deliver results despite potential economic turbulence.

<table>
<thead>
<tr>
<th>Profitability Quintile</th>
<th>Return (p.a.)</th>
<th>Sharpe Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>11.73%</td>
<td>0.46</td>
</tr>
<tr>
<td>Lowest</td>
<td>7.22%</td>
<td>0.14</td>
</tr>
<tr>
<td>Market</td>
<td>10.29%</td>
<td>0.37</td>
</tr>
</tbody>
</table>

Source: Kenneth French Data Library, with data as of 11/30/22. Period based on availability of annual operating profitability returns sorted into quintiles, which begins June 30, 1963. Market is U.S.-listed equities grouped on the basis of operating profitability. Top and bottom quintiles are shown for simplicity. P.A. = Per Annum. Past performance is not indicative of future results.
HOW DO WE SCREEN FOR QUALITY?

Our approach to quality as an “all-weather” strategy involves seeking companies with clean balance sheets, strong earnings growth and low underlying leverage. We use the following methodology for our Quality strategies, starting from each broad-based universe:

**REVIEW THE COMPOSITE RISK SCORE**
This seeks to remove lower-quality companies with poor relative performance based on:

+ **QUALITY FACTOR:** ROE, ROA, gross profits over assets and cash flows over assets.
+ **MOMENTUM FACTOR:** determined by risk-adjusted total returns over historical periods (6 and 12 months).

**REVIEW FUNDAMENTALS**
Remove companies where earnings yield < dividend yield.

**RANK REMAINING COMPANIES**
based on a weighted combination of:

+ **LONG-TERM EARNINGS GROWTH EXPECTATIONS** (50%)
+ **ROE and ROA** (25% each)

**WisdomTree QUALITY FOCUS**

**WisdomTree U.S. Quality Dividend Growth Fund**
Seeks to track the investment results of dividend-paying large-cap companies with growth characteristics in the U.S. equity market.

**WisdomTree U.S. SmallCap Quality Dividend Growth Fund**
Seeks to track the investment results of dividend-paying small-cap companies with growth characteristics in the U.S. equity market.

**WisdomTree International Hedged Quality Dividend Growth Fund**
Seeks to provide exposure to dividend-paying companies with growth characteristics in the developed world, ex the U.S. and Canada, while hedging exposure to fluctuations between the U.S. dollar and foreign currencies.

**WisdomTree International Quality Dividend Growth Fund**
Seeks to track the investment results of dividend-paying companies with growth characteristics in the developed world, excluding Canada and the United States.

**WisdomTree Global ex-U.S. Quality Dividend Growth Fund**
Seeks to track the investment results of dividend-paying companies with growth characteristics in developed and emerging equity markets, ex-U.S.

**WisdomTree.com/investments**

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1Our proprietary Composite Risk Score (CRS) uses quality and momentum scores to identify the riskiest companies and aims to remove or limit the impact of such companies in our Indexes.
Glossary

Composite Risk Score: A term that refers to combining multiple factors—for example, quality and momentum—to quantify the potential riskiness of a security relative to comparable companies. Dividend yield: A financial ratio that shows how much a company pays out in dividends each year relative to its share price. Earnings yield: The 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.

Momentum: Characterized by assets with recent price increase trends. This term is associated with the momentum factor, which associates these stock characteristics with excess return versus the market over time. 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. Sharpe ratio: Measure of risk-adjusted return. Higher values indicate greater return per unit of risk, specifically standard deviation, which is viewed as being desirable.

Important Information

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.

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

DGRW and DGRS risk information: 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. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. Please read the Fund’s prospectus for specific details regarding the Fund’s risk profile.

DNL risk information: Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. 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 currently paying dividends may cease paying dividends at any time. Please read the Fund’s prospectus for specific details regarding the Fund’s risk profile.

IHDG risk information: 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. Please read the Fund’s prospectus for specific details regarding the Fund’s risk profile.

IQDG risk information: Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Heightened sector exposure increases the Fund’s vulnerability to any single economic, regulatory or other development impacting that sector. This may result in greater share price volatility. 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. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. Please read the Fund’s prospectus for specific details regarding the Fund’s risk profile.

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