

WISDOMTREE RULES-BASED METHODOLOGY

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WISDOMTREE RULES-BASED U.S. DIVIDEND-WEIGHTED METHODOLOGY

1. Overview and Description of Methodology Guide for U.S. Dividend Indexes

WisdomTree U.S. Dividend Index (“DI”), WisdomTree U.S. MidCap Dividend Index CAD (“MidCap Dividend Index”), and WisdomTree U.S. Quality Dividend Growth Index CAD (together, the “U.S. Dividend Indexes”) were developed by WisdomTree Investments, Inc. (“WTI”) to define the dividend-paying segments of the U.S. stock market and to serve as performance benchmarks for equity income investors.

The selection and weighting methodology is identical for the CAD, CAD-Hedged and Variably CAD-Hedged Indexes.

- The DI measures the performance of investable U.S.-based companies that pay regular cash dividends on shares of common stock. All of the other U.S. Dividend Indexes, defined below, are derived from the DI.
- The U.S. MidCap Dividend Index CAD is comprised of dividend-paying companies from the mid-capitalization segment of the DI.
- The U.S. MidCap Dividend Index CAD-Hedged is comprised of dividend-paying companies from the mid-capitalization segment of the DI and is designed to remove from index performance the impact of changes to the value of U.S. Dollar relative to Canadian Dollar.
- The U.S. Quality Dividend Growth Index CAD is comprised of dividend-paying stocks with growth characteristics.
- The U.S. Quality Dividend Growth Index CAD-Hedged is comprised of dividend-paying stocks with growth characteristics and is designed to remove from index performance the impact of changes to the value of U.S. Dollar relative to Canadian Dollar.
- The U.S. Quality Dividend Growth Index Variably CAD-Hedged is comprised of dividend-paying stocks with growth characteristics and is designed to remove from index performance the impact of changes to the value of U.S. Dollar relative to Canadian Dollar with a hedge ratio ranging from 0 to 100% on a monthly basis.

On a monthly basis the hedge ratios for the Variably CAD-Hedged Indexes can be adjusted to either 0.00%, 16.67%, 33.33%, 50%, 67.67%, 83.33% or 100.00% and are determined by the following signals:

- **Momentum:** 33.3% of the total hedge ratio is determined by momentum. When the ten-day moving average of the currency’s spot price versus Canadian dollar is weaker than the 240-day moving average (i.e. the targeted currency is depreciating), the hedge ratio of 33.3% is applied.

- **Interest Rate Differentials:** 33.3% of the total hedge ratio is determined by measuring the difference in interest rates, as implied in one month FX forwards, between each currency and the Canadian dollar. If the implied interest rate in Canada is higher than that within the targeted currency, a further 33.33% hedge ratio is applied for that currency on this signal.
- **Value:** The final 33.3% of the total hedge ratio is determined by a value signal that utilizes the concept of purchasing power parity in order to define a measure of relative value for a currency against the Canadian dollar.
 - The full 33.3% hedge ratio for this signal is applied from the point when a currency is greater than 20% overvalued against purchasing power parity level and until it crosses the purchasing power parity level.
 - There is no hedge ratio applied for the value signal from the point when an individual currency is more than 20% undervalued (equivalent to saying the Canadian Dollar is 20% overvalued versus this currency) against purchasing power parity level and until it crosses the purchasing power parity level.
 - If a currency is between 20% overvalued and 20% undervalued and until it crosses one of these levels, the hedge ratio for the value signal is set to 16.67% (or $\frac{1}{2}$ of the value's total hedge ratio).

When the variable hedges are added, the Indexes are designed to have higher (or similar subject to costs) returns than their equivalent non-currency hedged indexes when the Canadian dollar is going up in value relative to foreign currencies. Conversely, the Indexes are designed to have lower (or similar subject to costs) returns than their equivalent non-hedged indexes when the Canadian dollar is falling in value relative to foreign currencies (e.g., foreign currencies are rising relative to the Canadian dollar). Calculation of the Indexes is discussed in section 2.3.

Each Index is reconstituted annually, at which time each component's weight is adjusted to reflect its dividend-weighting in the Index. Dividend weighting is defined as each component's projected cash dividends to be paid over the coming year divided by the sum of the projected cash dividends to be paid by all the components in the Index over the same period. This quotient is the percentage weight assigned to each component in the Index at the annual reconstitution. Projected cash dividends to be paid is calculated by multiplying a company's indicated annual dividend per share by common shares outstanding. Each of the Indexes is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Indexes are calculated using primary market prices.

2. Key Features

2.1. Membership Criteria

To be eligible for inclusion in the U.S. Dividend Indexes, a company must list its shares on a U.S. stock exchange, be incorporated and headquartered in the United States and pay regular cash dividends on shares of its common stock in the 12 months preceding the annual reconstitution, which takes place in December. Companies need to have a market capitalization of at least US\$ 100 million by the “Screening Date” (after the close of trading on the last trading day in November) and shares of such companies need to have had an average daily dollar volume of at least US\$ 100,000 for three months preceding the Screening Date.

Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, as are limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs), and companies that are not incorporated and headquartered in the United States (“United States” is defined herein as the 50 U.S. states plus the Commonwealth of Puerto Rico). Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.¹ The publicly traded security for WisdomTree Investments, Inc., ticker WETF, is not eligible for inclusion in any of WisdomTree’s equity indexes.

Companies that fall within the bottom decile of a composite risk factor score, which is composed of an equally weighted score of the below two factors, are not eligible for inclusion.

- 1) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 2) Momentum Factor – determined by stocks’ risk adjusted total returns over historical periods (6 and 12 months)

Companies that fall within the top 5% ranked by dividend yield and also the bottom ½ of the composite risk factor score are not eligible for inclusion.

The score for each factor is used to calculate an overall factor score, i.e. composite risk score, that is used to eliminate potentially higher risk companies that would have otherwise been eligible for inclusion.

¹ Beginning with the December 2006 reconstitution, Mortgage REITs will no longer be eligible for inclusion in the WisdomTree U.S. and International Dividend Indexes.

2.2. Base Date and Base Value

Indexes covering entire regions were established with a base value of 300 on May 31, 2006. Market-cap segment and high dividend indexes were established with a base value of 200 on May 31, 2006. The WisdomTree U.S. Quality Dividend Growth Index CAD was established with a base value of 200 on April 11, 2013.

The U.S. MidCap Dividend Index CAD, the U.S. MidCap Dividend Index CAD-Hedged, the U.S. Quality Dividend Growth Index CAD, the U.S. Quality Dividend Growth Index CAD-Hedged, and the U.S. Quality Dividend Growth Index Variably CAD-Hedged started calculating on a daily basis on June 7, 2016.

2.3. Calculation and Dissemination

The following formula is used to calculate the index levels for the U.S. Dividend Indexes:

$$\frac{\sum i \{S_i P_i\}}{D}$$

S_i = Number of shares in the index for security i .
 P_i = Price of security i
 D = Divisor

For CAD Indexes, quantitative screens are applied in USD for the purpose of determining the index constituents and then the value of each index constituent is converted to CAD based on market exchange rates determined by the Index calculation agent.

WisdomTree calculates Currency Hedged Indexes. The hedged indexes are designed to approximate the investable return available to investors that seek to neutralize currency fluctuations. The total returns for the Indexes are calculated once a day on a daily basis to remove the impact of currency and uses a WM/Reuters 1-month forward rate to do so.

WisdomTree Currency-Hedged Indexes will be calculated using forward amounts and foreign currency weights determined one business day prior to the month end—in accordance with the standard currency hedged calculations of WisdomTree's independent index calculation agent. The precise calculation for the daily hedged currency index equals:

$$WT_Hedged_1 = WT_Hedged_0 * \left(\frac{WT_Unhedged_1}{WT_Unhedged_0} + HedgeRet_1 \right)$$

$$HedgeRet_1 = \frac{SpotRate_{m0}}{ForwardRate_{m0}} - \frac{SpotRate_{m0}}{SpotRate_{md} + \left(\frac{D-d}{D} \right) * (ForwardRate_{md} - SpotRate_{md})}$$

Where Forward Rate = WM/Reuters 1-month forward rate in U.S. dollar per Canadian dollar.

Spot Rate = Spot Rate in U.S. dollar per Canadian dollar.

For each month m , there are $d = 1, 2, 3, \dots, D$ calendar days so md is day d for month m and $m0$ is one business day prior to the month end of month $m-1$.

D = Total # days In Month

md = d day of Month m

WT_Hedged_0 – previous month-end

$WT_Unhedged_0$ – previous month-end

HedgeRet has a hedge ratio applied to it when determining what percentage of the currency is hedged. This is a ratio WisdomTree will send to the calculation agent every month.

The U.S. Dividend Indexes are calculated whenever the US exchanges are open for trading. If trading is suspended while one of the exchanges is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in Canadian dollars. Price and total return Indexes are calculated and disseminated on an end-of-day basis.

2.4 Weighting

The U.S. Dividend Indexes are modified capitalization-weighted Indexes that employ a transparent weighting formula to magnify the effect that dividends play in the total return of the Indexes. The initial weight of a component in the Index at the annual reconstitution is equal to the dollar value of the company's cash dividends to be paid in the coming year based on the company's indicated annual dividend per share. To calculate the weighting factor – Cash Dividends to be Paid – indicated annual dividend per share is multiplied by common shares outstanding.² Thus, each component's weight in the Index at the "Weighting Date" (defined below)

² Special Dividends are not included in the computation of Index weights.

reflects its share of the total Dividend Stream projected to be paid in the coming year by all of the component companies in the Index.

The dividend stream will be adjusted for constituents with dividend yields greater than 12% at the screening date. The dividend stream of these capped securities will be their market cap multiplied by 12%.

For the size segment dividend indexes (total, large, mid and small caps), companies that fall within the top two deciles of the composite risk factor will have their dividend stream multiplied by 1.5 while all other dividends will remain unadjusted. Companies will be weighted in the index based on this adjusted dividend stream.

The Weighting Date is when component weights are set, and it occurs immediately after the close of trading on the second Friday of December. New components and component weights take effect before the opening of trading on the first Monday following the third Friday of December the “Reconstitution Date.”

Should any company achieve a weighting equal to or greater than 24.0% of the Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weights of all other components in the Index will be rebalanced proportionally. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 10%.

In the case of the WisdomTree U.S. Dividend Index the following caps apply:

- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 5%.

In the case of the WisdomTree U.S. Quality Dividend Growth Index CAD, the following capping rules are applied in this order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should the technology sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Real Estate sector will be capped at 10%.
- All other sectors will be capped at 20%.

The weights may fluctuate above the specified caps during the year, but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after top holding and sector caps have been applied:

A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than US\$ 200 million to be eligible for each index. If a security's volume factor falls below US\$ 200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by US\$ 400 million.

In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than US\$ 400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / US\$ 400 million. The implementation of the volume factor may cause an increase in the holding, sector and country weights above the specified caps.

2.5 Dividend Treatment

Normal and special dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index.

2.6 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, each class of share will be included in any broad-based Index, provided that dividends are paid on that share of stock. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index. For all Mid and Small cap cuts, if a security has multiple listed share classes and the total market capitalization of the listed share classes is greater than largest market capitalization cutoff of that index, the security would not be eligible for that index. At least one share class will be eligible for inclusion in either large, mid or small size cut based on total market value of the company.

3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the U.S. Dividend Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the U.S. Dividend Indexes. Other corporate actions may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate action. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

3.1. Component Changes

- Additions

Additions to the U.S. Dividend Indexes are made at the annual reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the close of trading on the third Friday in December. No

additions are made to any of the U.S. Dividend Indexes between annual reconstitutions.

- **Deletions**

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.³ A component company that re-incorporates or relocates its headquarters outside of the U.S. is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into U.S. Dividend Indexes until the next annual reconstitution, provided it meets all other Index inclusion requirements. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay a regular cash dividend and that meet all other inclusion requirements must wait until the next annual reconstitution to be included in the U.S. Dividend Indexes.

³ Companies being acquired will be deleted from the WisdomTree indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information.

4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate or relocate headquarters outside of a defined domicile or that cancel their dividends in the intervening weeks between the Screening Date and the reconstitution date are not included in the U.S. Dividend Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters for the U.S. Dividend Indexes

- 5.1. Selection parameters for the **WisdomTree U.S. Dividend Index** are defined in 2.1. Companies that pass this selection criteria as of the Screening Date are included in the DI. The component companies are assigned weights in the Index as defined in section 2.4. and annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.2. The **WisdomTree U.S. MidCap Dividend Index CAD** is created based on a defined percentage of the remaining market capitalization of the DI, once the 300 largest companies by market capitalization have been removed. The companies that comprise the top 75% of the remaining market capitalization are selected for inclusion in the U.S. MidCap Dividend Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.3. The **WisdomTree U.S. Quality Dividend Growth Index CAD** is created as a subset of the DI. On the Screening Date, companies within the DI with market capitalizations of at least US\$ 2 billion and an earnings yield greater than the dividend yield are eligible for inclusion. Eligible companies are ranked using a weighted combination of three factors: 50% weighted to the rank of long-term estimated earnings growth, 25% weighted to the rank of the historical three-year average return on equity, and 25% weighted to the rank of the historical three-year average return on assets. Companies that rank in the top 300 companies by this

combined ranking will be selected for inclusion. Companies that lack long-term earnings growth estimates will be eligible for the Index but their composite rank for ultimate selection in the index will be the average ranks of their Return on Equity (ROE) and Return on Assets (ROA). Eligible companies for the WisdomTree U.S. Quality Dividend Growth Index must not be a member of the WisdomTree U.S. SmallCap Dividend Index. The component companies are assigned weights in the Index as defined in section 2.4., and annual reconstitution of the Index takes effect as defined in section 3.1.

WISDOMTREE RULES-BASED INTERNATIONAL DIVIDEND-WEIGHTED METHODOLOGY

1. Overview and Description of Methodology Guide for International Dividend Indexes

WTI has created a family of international indexes that track the performance of dividend-paying companies in developed markets consisting of WisdomTree International Equity Index, WisdomTree International Quality Dividend Growth Index CAD, WisdomTree Europe CAD-Hedged Equity Index (together the “International Dividend Indexes”), WisdomTree Europe Equity Index CAD and WisdomTree Emerging Markets Dividend Index CAD (“Emerging Markets Index”).

The selection and weighting methodology for the CAD-Hedged and Variably CAD-Hedged Indexes is identical to the selection and weighting methodology used for the CAD Indexes.

- The WisdomTree International Equity Index measures the stock performance of investable companies that pay regular cash dividends on shares of common stock and that are incorporated in Japan, the 15 European countries, Australia, Israel, Hong Kong or Singapore.
- The WisdomTree International Quality Dividend Growth Index CAD is comprised of the top 300 companies from the WisdomTree International Equity Index with the best combined rank of growth and quality factors.
- The WisdomTree International Quality Dividend Growth Index CAD-Hedged is comprised of the top 300 companies from the WisdomTree International Equity Index with the best combined rank of growth and quality factors and is designed to remove from index performance the impact of changes to the value of foreign currencies relative to Canadian dollar.
- The WisdomTree International Quality Dividend Growth Index Variably CAD-Hedged is comprised of the top 300 companies from the WisdomTree International Equity Index with the best combined rank of growth and quality factors and is designed to remove from index performance the impact of changes to the value of the foreign currencies relative to the Canadian dollar with a hedge ratio ranging from 0 to 100% on a monthly basis.
- The WisdomTree Europe Equity Index CAD is designed to provide exposure to European equities.
- The WisdomTree Europe CAD-Hedged Equity Index is designed to remove from index performance the impact of changes to the value of Euro relative to Canadian dollar.

- The WisdomTree Japan Equity Index CAD measures the performance of investable Japanese companies that pay regular cash dividends on shares of common stock and have less than 80% of revenue come from Japan.
- The WisdomTree Japan CAD-Hedged Equity Index is designed to remove from index performance the impact of changes to the value of Japanese Yen relative to Canadian dollar.
- The WisdomTree Emerging Markets Dividend Index CAD measures the stock performance of investable companies that pay regular cash dividends on shares of common stock, have positive earnings over the past year and that are incorporated in the following 17 emerging market nations: Brazil, Chile, China, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey (“Emerging Market Countries”).

On a monthly basis the hedge ratios for the Variably CAD-Hedged Indexes can be adjusted to either 0.00%, 16.67%, 33.33%, 50%, 67.67%, 83.33% or 100.00% and are determined by the following signals⁴:

- **Momentum:** 33.3% of the total hedge ratio is determined by momentum. When the ten-day moving average of the currency’s spot price versus Canadian dollar is weaker than the 240-day moving average (i.e. the targeted currency is depreciating), the hedge ratio of 33.3% is applied.
- **Interest Rate Differentials:** 33.3% of the total hedge ratio is determined by measuring the difference in interest rates, as implied in one month FX forwards, between each currency and the Canadian dollar. If the implied interest rate in Canada is higher than that within the targeted currency, a further 33.33% hedge ratio is applied for that currency on this signal.
- **Value:** The final 33.3% of the total hedge ratio is determined by a value signal that utilizes the concept of purchasing power parity in order to define a measure of relative value for a currency against the Canadian dollar.
 - The full 33.3% hedge ratio for this signal is applied from the point when a currency is greater than 20% overvalued against purchasing power parity level and until it crosses the purchasing power parity level.
 - There is no hedge ratio applied for the value signal from the point when an individual currency is more than 20% undervalued (equivalent to saying the Canadian Dollar is 20% overvalued versus this currency) against purchasing power parity level and until it crosses the purchasing power parity level.

⁴ Israeli Shekels (ILS) and Singapore Dollars (SGD) are hedged at 50% on a monthly basis.

- If a currency is between 20% overvalued and 20% undervalued and until it crosses one of these levels, the hedge ratio for the value signal is set to 16.67% (or $\frac{1}{2}$ of the value's total hedge ratio).

When the variable hedges are added, the Indexes are designed to have higher (or similar subject to costs) returns than their equivalent non-currency hedged indexes when the Canadian dollar is going up in value relative to foreign currencies. Conversely, the Indexes are designed to have lower (or similar subject to costs) returns than their equivalent non-hedged indexes when the Canadian dollar is falling in value relative to foreign currencies. Calculation of the Indexes is discussed in section 2.3.

The Indexes are calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Indexes. The Indexes are calculated using primary market prices and are calculated in Canadian dollars.

2. Key Features

2.1. Membership Criteria

To be eligible for inclusion in the Indexes, component companies must be under coverage by the market management team of the third party independent index calculation agent and must meet the minimum liquidity requirements established by WisdomTree Investments, including the requirement that shares of such component securities must have traded at least 250,000 shares per month for each of the six months preceding the "Screening Date". Screening date for the International Equity Indexes occurs after the close of trading on the last trading day in May, for the Emerging Market Indexes after the close of trading on the last trading day in September.

Companies that fall within the bottom decile of a composite risk factor score, which is composed of an equally weighted score of the below two factors, are not eligible for inclusion.

- 1) Quality Factor – determined by static observations and trends of return on equity (ROE), return on assets (ROA), gross profits over assets and cash flows over assets. Scores are calculated within industry groups.
- 2) Momentum Factor – determined by stocks' risk adjusted total returns over historical periods (6 and 12 months)

Companies that fall within the top 5% ranked by dividend yield and also the bottom $\frac{1}{2}$ of the composite risk factor score are not eligible for inclusion.

The score for each factor is used to calculate an overall factor score, i.e. composite risk score, that is used to eliminate potentially higher risk companies that would have otherwise been eligible for inclusion.

WisdomTree International Equity Index

In the case of WisdomTree International Equity Index, component companies must list their shares on one of the stock exchanges in Europe (*i.e.*, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom), the Tokyo Stock Exchange, on the stock exchanges in Australia, Hong Kong, Singapore or Israel. Companies must be incorporated in Europe, Japan, Australia, Hong Kong, Israel, or Singapore and have paid at least US\$ 5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least US\$ 100 million on the International Screening Date and shares of such companies must have had an average daily dollar volume of at least US\$ 100,000 for three months preceding the International Screening Date. Common stocks, Real Estate Investment Trusts (REITs), tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Europe, Japan, Australia, Hong Kong, Israel or Singapore are excluded. ADRs, GDRs and EDRs⁵, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the WisdomTree International Hedged Equity Index is identical to the selection and weighting methodology used for the WisdomTree International Equity Index.

WisdomTree International Quality Dividend Growth Index CAD

WisdomTree International Quality Dividend Growth Index CAD is derived from the WisdomTree International Equity Index. Component companies must list their shares on one of the stock exchanges in Europe (*i.e.*, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, or the United Kingdom), the Tokyo Stock Exchange, on the stock exchanges in Australia, Hong Kong, Singapore or Israel. Companies must be incorporated in Europe, Japan, Australia, Hong Kong, Israel, or Singapore and have paid at least US\$ 5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least US\$ 1 billion on

⁵ Exceptions apply. A depository receipt may be included in cases where the depository receipt is trading on the local exchange and the trading volume is higher than in the ordinary local listings.

the International Screening Date, earnings yield greater than the dividend yield and shares of such companies must have had an average daily dollar volume of at least US\$ 100,000 for three months preceding the International Screening Date. Eligible companies are ranked using a weighted combination of three factors: 50% weighted to the rank of long-term estimated earnings growth, 25% weighted to the rank of the historical three-year average return on equity, and 25% weighted to the rank of the historical three-year average return on assets. Top 300 companies by this combined ranking will be selected for inclusion. Companies that lack long-term earnings growth estimates will be eligible for the Index but their composite rank for ultimate selection in the index will be the average ranks of their Return on Equity (ROE) and Return on Assets (ROA) for the purposes of stock ranking criteria. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Europe, Japan, Australia, Hong Kong, Israel or Singapore are excluded. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the International Quality Dividend Growth Index CAD-Hedged and the International Dividend Growth Index Variably CAD-Hedged is identical to the selection and weighting methodology used for the WisdomTree International Quality Dividend Growth Index CAD.

WisdomTree Europe Equity Index CAD

WisdomTree Europe Equity Index CAD component companies must list their shares on one of the stock exchanges in Europe (*i.e.*, Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal or Spain). Companies must be domiciled in Europe and traded in Euros, derive at least 50% of their revenue from countries outside of Europe⁶ and have paid at least US\$ 5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution. Companies must have a market capitalization of at least US\$ 1 billion on the International Screening Date and shares of such companies must have had an average daily dollar volume of at least US\$ 100,000 for three months preceding the International Screening Date. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. Companies that are not incorporated in Europe are excluded. American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs) and European Depositary Receipts (EDRs), limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.⁷ The selection and weighting methodology for

⁶ With Europe defined in broad fashion as developed and emerging markets Europe.

⁷ Beginning with the December 2006 reconstitution, Mortgage REITs were no longer eligible for inclusion

the WisdomTree Europe CAD-Hedged Equity Index is identical to the selection and weighting methodology used for the WisdomTree Europe Equity Index CAD.

Euro Contingency Planning: If any of the following scenarios were to occur, the following membership criteria would change:

- 1) If any of the countries in the Index were to no longer designate the Euro as their official currency, the country would remain in the Index and the Index would hedge such country's local currency as soon as practicable after forward rates in such country's local currency are available.
- 2) If Germany, France and then Netherlands were to all adopt their own currencies in lieu of the Euro, the requirement that stocks must be traded in Euros would be dropped and an intra-year Index re-constitution would be scheduled to re-balance the Index at the end of the month.
- 3) If the Euro were to no longer be traded as a currency, the requirement that stocks must be traded in Euros would be dropped and an intra-year Index re-constitution would be scheduled to re-balance the Index at the end of the month.

WisdomTree Japan Equity Index CAD

WisdomTree Japan Equity Index CAD component companies must list their shares on the Tokyo Stock Exchange. Companies must be incorporated in Japan and have paid at least US\$ 5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution and have less than 80% of revenue from Japan. Companies need to have a market capitalization of at least US\$ 100 million on the International Screening Date and shares of such companies need to have had an average daily dollar volume of at least US\$ 100,000 for three months preceding the International Screening Date. To be deleted from the Index, companies must derive more than 82% of their revenue from Japan. Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible. The selection and weighting methodology for the WisdomTree Japan CAD-Hedged Equity Index is identical to the selection and weighting methodology used for the WisdomTree Japan Equity Index CAD.

in the WisdomTree U.S. and International Dividend Indexes. For the WisdomTree International Dividend Indexes, this rule change took effect at the June 2007 reconstitution.

WisdomTree Emerging Markets Dividend Index CAD

In the developing world, component companies must have their shares listed on a stock exchange in one of the following countries: Brazil, Chile, China, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, or Turkey. Securities must have positive earnings over the past year, be incorporated in one of these Emerging Market Countries. In the case of China, companies that are incorporated or domiciled in China and that trade on the Hong Kong Stock Exchange are eligible for inclusion. In addition, approximately 100 largest Chinese domestic listed companies by dividend market capitalization that are part of the connect program and meet index requirements will be selected for inclusion. In India, only securities whose foreign ownership restriction limits have yet to be breached are eligible for inclusion in the index. Companies must have paid at least US\$ 5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the annual reconstitution in October. Securities need to have a market capitalization of at least US\$ 200 million on the Global Screening Date and securities need to have had an average daily dollar volume of at least US\$ 200,000 for each of the six months preceding the Global Screening Date. Shares of such component securities need to have traded at least 250,000 shares per month for each of the six months preceding the Global Screening Date. Local exchange shares are included in the index for all countries with the exception of Russia, which include only American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs). Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs or GDRs are eligible in Russia but no other country. Security types that are excluded from the index are: Limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights.

WisdomTree applies a Foreign Investment Screen to exclude companies that are not available to be purchased or transacted in by foreign investors (or certain segments of foreign investors) or cannot continue to be reasonably purchased or transacted in by foreign investors (or certain segments of foreign investors), as determined by the third party independent calculation agent, and a data point referred to as “Degree of Open Freedom” (DOF) or by WisdomTree based generally on the guiding principles set forth below. The first test of a stock’s investability is determining whether the market is open to foreign institutions. The third party independent calculation agent determines the extent to which and the mechanisms foreign institutions can use to buy and sell shares on local exchanges and repatriate capital, capital gains, and dividend income without undue constraint. Once determined that a market is open to foreign investors, the calculation agent then investigates each security that

may be a candidate for inclusion. Each class of share is reviewed to determine whether there are any corporate bylaw, corporate charter, or industry limitations on foreign ownership of the stock. The DOF is the variable that ranges from zero to one and indicates the amount of the security foreigners may legally own (0.00 indicates that none of the stock is legally available, 1.00 indicates that 100% of the shares are available). Any company with a DOF of 0 will not be eligible for the WisdomTree Indexes.

For purposes of both selection and weighting the following definitions would apply:

Gross Cash Dividends are based on dividends paid over latest annual cycle as determined by the ex-date of the dividends. In the case of Australia, gross dividends do not reflect the franking credit for Australian investors. The currency rate used to translate the dividends to U.S. dollars is the exchange rate on the screening date. Shares outstanding for the total dividend calculation are based on the shares outstanding at the time of each dividend payment.

Liquidity and market cap screens are based on the shares outstanding of the security in question for each company.

The specified revenue filter is derived from all readily available sources at the time of screening, including recent publicly available annual company reports. In the event that revenue data is determined to be unavailable or incomplete, WisdomTree reserves the right to exclude them from the index.

2.2 Base Date and Base Value

Name	Base Date	Base Value
WisdomTree International Equity Index	5/31/2006	300
WisdomTree International Quality Dividend Growth Index CAD	5/25/2016	200
WisdomTree International Quality Dividend Growth Index CAD-Hedged	5/25/2016	200
WisdomTree International Quality Dividend Growth Index Variably CAD-Hedged	5/25/2016	200
WisdomTree Europe Equity Index CAD	5/25/2016	200

Name	Base Date	Base Value
WisdomTree Europe CAD-Hedged Equity Index	5/25/2016	200
WisdomTree Emerging Markets Dividend Index CAD	5/25/2016	200
WisdomTree Japan Equity Index CAD	4/6/2018	300
WisdomTree Japan CAD-Hedged Equity Index	4/6/2018	100

2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the Indexes, unhedged for foreign currency:

$$\frac{\sum i \{S_i P_i E_i\}}{D}$$

S_i = Number of shares in the index for security i .

P_i = Price of security i

E_i = Cross rate of currency of Security i vs. USD. If security price in USD, $E_i = 1$

D = Divisor

For CAD Indexes, quantitative screens are applied in USD for the purpose of determining the index constituents and then the value of each index constituent is converted to CAD based on market exchange rates determined by the index calculation agent.

WisdomTree calculates Currency Hedged International indexes. The hedged indexes are designed to approximate the investable return available to Canadian based investors that seek to neutralize currency fluctuations as a source of the international index return. The total returns for the Indexes are calculated once a day on a daily basis to remove the impact of currency and uses a WM/Reuters 1-month forward rate to do so.

WisdomTree Currency-Hedged Indexes will be calculated using forward amounts and foreign currency weights determined one business day prior to the month end—in accordance with the standard currency hedged calculations of WisdomTree's independent index calculation agent. The precise calculation for the daily hedged currency index equals:

$$WT_Hedged_t = WT_Hedged_0 * (\frac{WT_Unhedged_t}{WT_Unhedged_0} + HedgeRet_t)$$

$$HedgeRet_t = \frac{SpotRate_{m0}}{ForwardRate_{m0}} - \frac{SpotRate_{m0}}{SpotRate_{md} + (\frac{D-d}{D}) * (ForwardRate_{md} - SpotRate_{md})}$$

Where Forward Rate = WM/Reuters 1-month forward rate in foreign currency per Canadian dollar

Spot Rate = Spot Rate in foreign currency per Canadian dollar.

For each month m , there are $d = 1, 2, 3, \dots, D$ calendar days so md is day d for month m and $m0$ is one business day prior to the month end of month $m-1$.

D = Total # days In Month

md = d day of Month m

WT_Hedged_0 – previous month-end

$WT_Unhedged_0$ – previous month-end

HedgeRet has a hedge ratio applied to it when determining what percentage of the currency is hedged. This is a ratio WisdomTree will send to the calculation agent every month.

The Indexes are calculated every weekday. If trading is suspended while the exchange the component company trades on is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in Canadian dollars. The price and total return Indexes are calculated and disseminated on an end-day basis.

2.4 Weighting

The WisdomTree International Equity and Emerging Market Indexes are modified capitalization-weighted indexes that employ a transparent weighting formula to magnify the effect that dividends play in the total return of the Indexes. The initial weight of a component in the Index at the annual reconstitution is derived by multiplying the U.S. dollar value of the company's annual gross dividend per share by the number of common shares outstanding for that company, "The Cash Dividend Factor."⁸ The Cash Dividend Factor is calculated for every component in the Index and then summed. Each component's weight, at the Weighting Date, is equal to its Cash Dividend Factor divided by the sum of all Cash Dividend

⁸ Special Dividends are not included in the computation of Index weights.

Factors for all the components in that Index. The dividend stream will be adjusted for constituents with dividend yields greater than 12% at the screening date. The dividend stream of these capped securities will be their market cap multiplied by 12%.

For the size segment dividend indexes (total, large, mid and small caps), companies that fall within the top two deciles of the composite risk factor will have their dividend stream multiplied by 1.5 while all other dividends will remain unadjusted. Companies will be weighted in the index based on this adjusted dividend stream.

The Weighting Date is when component weights are set and for the International Equity Indexes it occurs immediately after the close of trading on the second Friday of June. New Component weights take effect before the opening of trading on the first Monday following the third Friday of June (the “Reconstitution Date”). The Weighting Date for the Emerging Market Dividend Indexes occurs immediately after the close of trading on the second Friday of October. New Component weights take effect before the opening of trading on the first Monday following the third Friday of October.

The following adjustment will be applied to all the Indexes:

Should any company achieve a weighting equal to or greater than 24.0% of the Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and all other components in the Index will be rebalanced. Moreover, should the “collective weight” of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied to the WisdomTree International Equity Index CAD in this order:

- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25%

as of the annual Screening Date. Real Estate sector will be capped at 15%.

The following capping rules are applied to the WisdomTree Emerging Markets Dividend Index CAD in this order:

- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Chinese domestic stock market exposure will be treated separately and capped at 5%.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the International Quality Dividend Growth Index CAD, the following capping rules apply in the following order:

- The maximum weight of any individual security is capped at 5% prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should any country achieve a weight equal to or greater than 20% of the Indexes, weight of companies will be proportionally reduced to 20% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 20% of the Indexes, weight of companies will be proportionally reduced to 20% as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the Europe Equity Index CAD, the following capping rules apply in the following order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance prior to the introduction of country and sector caps.
- Should any country achieve a weight equal to or greater than 25% of the indexes, the weight of companies will be proportionally reduced to 25% as of the annual Screening Date.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

For the Japan Equity Index CAD, the following capping rules apply in the following order:

- The maximum weight of any individual security is capped at 5% on the annual rebalance prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should any sector achieve a weight equal to or greater than 25% of the Indexes, weight of companies will be proportionally reduced to 25% as of the annual Screening Date. Real Estate sector will be capped at 15%.

The weights may fluctuate above the specified caps during the year, but will be reset at each annual rebalance date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to all the Indexes after top holding, country and sector caps have been applied:

A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than US\$ 200 million to be eligible for each index. If a security's volume factor falls below US\$ 200 million at the annual screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by US\$ 400 million.

In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than US\$ 400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / US\$ 400 million. The implementation of the volume factor may cause an increase in the holding, sector and country weights above the specified caps.

2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index.⁹ However, special dividends that are not reinvested in the total return index

⁹ For the International total return indexes, where information is available about both gross and net dividends, the Indexes assume re-investment of net dividends.

require index divisor adjustments to prevent the distribution from distorting the price index.

2.6 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, each class of share will be included in any broad-based Index, provided that dividends are paid on that share of stock. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index.

3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Index. Other corporate actions, such as special dividends and entitlements, may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate actions. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

3.1. Component Changes

Additions

Additions to the Indexes are made at the annual reconstitution according to the inclusion criteria defined above. For the International Equity Indexes, changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in June. For the Emerging Markets Dividend Indexes, changes are implemented before the opening of trading on the first Monday following the closing of trading on the third Friday in October. No additions are made to the Indexes between annual reconstitutions.

Deletions

Shares of companies that are de-listed or acquired by a company outside of the Indexes are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in

composition of the Index. For the dividend indexes, a component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.¹⁰ Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into the indexes until the next annual reconstitution, provided it meets all other inclusion requirements. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay regular cash dividends and that meet all other Index inclusion requirements must wait until the next annual reconstitution to be included in the Index.

4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

¹⁰ Companies being acquired will be deleted from the WisdomTree indexes immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate outside of a defined domicile or that cancel their dividends, (applicable to Dividend Indexes only), in the intervening weeks between the Screening Date and the Reconstitution Date are not included in the Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters

Selection parameters for the Indexes are defined in section 2.1. Companies that pass these selection criteria as of the Screening Date are included in the Indexes. The component companies are assigned weights in the Indexes as defined in section 2.4., and annual reconstitution of the Indexes takes effect as defined in section 3.1.

WISDOMTREE RULES-BASED METHODOLOGY FOR CANADA QUALITY DIVIDEND GROWTH INDEX

1. Overview and Description of Methodology Guide for Canada Quality Dividend Growth Index

WisdomTree Investments, Inc. (“WTI”) created the WisdomTree Canada Quality Dividend Growth Index [referred to as “the Index”].

- The Canada Quality Dividend Growth Index measures the performance of dividend-paying Canadian companies with growth characteristics.

The Index is reconstituted quarterly (following the close of trading on the second Friday in March, June, September and December), at which time each component’s weight is adjusted to reflect its weighting in the Index. The Index is calculated to capture price appreciation and total return, which assumes dividends are reinvested into the Index. The Index is calculated using primary market prices.

2. Key Features

2.1. Membership Criteria

To be eligible for inclusion in the Canada Quality Dividend Growth Index, component companies must be under coverage by the market management team of the third party independent index calculation agent, must be incorporated and have their shares listed on a major stock exchange in Canada, have paid at least US\$5 million in gross cash dividends on shares of their common stock in the annual cycle prior to the “Screening Date”, which takes place after the close of trading on the last trading day in February, May, August and November, and a dividend coverage ratio greater than 1. Companies need to have a market capitalization of at least US\$ 200 million by the Screening Date and shares of such companies need to have had an average daily dollar volume of at least US\$ 200,000 for three months preceding the Screening Date. Shares of such component securities need to have traded at least 250,000 shares per month for each of the three months preceding the Screening Date.

Common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs and EDRs are excluded, as are limited partnerships, limited liability companies, royalty trusts, Business Development Companies (BDCs), and companies that are not incorporated in Canada. Preferred stocks, closed-end funds, exchange-traded funds, and derivative securities such as warrants and rights are not eligible.¹¹

¹¹ Mortgage REITs are not eligible for inclusion in the Index.

2.2. Base Date and Base Value

The WisdomTree Canada Quality Dividend Growth Index will be set with a base value of 200 on August 18, 2017.

2.3. Calculation and Dissemination

The following formula is used to calculate the index levels for the Canada Index:

$$\frac{\sum i \{S_i P_i\}}{D}$$

S_i = Number of shares in the index for security i .

P_i = Price of security i

D = Divisor

Quantitative screens are applied in USD for the purpose of determining the index constituents and then the value of each index constituent is converted to CAD based on market exchange rates determined by the Index calculation agent.

The Index is calculated whenever the Canada stock exchanges are open for trading. If trading is suspended while the exchange is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated on both a price and total-return basis, in Canadian dollars and disseminated on an end-of-day basis.

2.4 Weighting

Companies that pass the initial eligibility criteria, are then ranked and selected based on the below criteria in the following order:

- Market Capitalization – top 100 companies by share class market capitalization are selected. Only one share class is eligible.
- Growth and Quality Rank – the selected companies are then ranked based on the below three factors
 - Estimated Earnings Growth Rank (50%)
 - 3-Year Return on Equity (25%)
 - 3-Year Return on Assets (25%)

- 50 companies with the highest combined growth and quality rank are selected for inclusion

The selected 50 companies are weighted by their cash dividend factor. The cash dividend factor is determined by multiplying the US dollar value of the company's annual gross dividend per share by the number of common shares outstanding for that company. The Cash Dividend Factor is calculated for every component in the Index and then summed. Each component's weight, at the Weighting Date, is equal to its Cash Dividend Factor divided by the sum of all Cash Dividend Factors for all the components in that Index. The dividend stream will be adjusted for constituents with dividend yields greater than 12% at the screening date. The dividend stream of these capped securities will be their market cap multiplied by 12%. The Weighting Date is when component weights are set and it occurs on Monday following the first Friday of the reconstitution month. New components and component weights take effect before the opening of trading on Monday following the second Friday of March, June, September and December (the "Reconstitution Date").

Should any company achieve a weighting equal to or greater than 24.0% of the Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and the weights of all other components in the Index will be rebalanced proportionally. Moreover, should the "collective weight" of Index component securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those component securities will be reduced so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and other components in the Index will be rebalanced proportionally to reflect their relative weights before the adjustment. Further iterations of these adjustments may occur until no company or group of companies violates these rules.

The following capping rules are applied in this order:

- The maximum weight of any individual security is capped at 5% on the quarterly reconstitution prior to the introduction of sector caps and the weights of all other components will be adjusted proportionally.
- Should any sector achieve a weight equal to or greater than 33.3% of the Index, weight of companies will be proportionally reduced to 33.3% as of the quarterly Screening Date. Real Estate sector will be capped at 15%.

The weights may fluctuate above the specified caps during the year, but will be reset at each reconstitution date.

Note: all sector cappings are conducted based on the GICS sector classifications.

The following liquidity adjustment factors will be applied to the Index after top holding and sector caps have been applied:

A further volume screen requires that a calculated volume factor (the average daily dollar volume for three months preceding the Screening Date / weight of security in each index) shall be greater than US\$ 200 million to be eligible for each index. If a security's volume factor falls below US\$ 200 million at the screening, but is currently in the Index, it will remain in the Index. The securities' weight will be adjusted downwards by an adjustment factor equal to its volume factor divided by US\$ 400 million.

In the event a security has a calculated volume factor (average daily volume traded over the preceding three months / weight in the index) that is less than US\$ 400 million, its weight will be reduced such that weight after volume adjustment = weight before adjustment x calculated volume factor / US\$ 400 million. The implementation of the volume factor may cause an increase in the holding, sector and country weights above the specified caps.

2.5 Dividend Treatment

Normal dividend payments are not taken into account in the price Index, whereas they are reinvested and accounted for in the total return Index. However, special dividends that are not reinvested in the total return index require index divisor adjustments to prevent the distribution from distorting the price index.

2.7 Multiple Share Classes

In the event a component company issues multiple classes of shares of common stock, the share class with higher liquidity will be selected for inclusion. Conversion of a share class into another share class results in the deletion of the share class being phased out and an increase in shares of the surviving share class, provided that the surviving share class is in the Index.

3. Index Maintenance

Index Maintenance includes monitoring and implementing the adjustments for company deletions, stock splits, stock dividends, spins-offs, or other corporate actions. Some corporate actions, such as stock splits, stock dividends, and rights offerings require changes in the index shares and the stock prices of the component companies in the Index. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances,

increases or decreases in dividend per share between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Index. Other corporate actions may require Index divisor adjustments. Any corporate action, whether it requires divisor adjustments or not, will be implemented after the close of trading on the day prior to the ex-date of such corporate action. Whenever possible, changes to the Index's components, such as deletions as a result of corporate actions, will be announced at least two business days prior to their implementation date.

3.1. Component Changes

- Additions

Additions to the Canada Quality Dividend Growth Index are made at the reconstitution according to the inclusion criteria defined above. Changes are implemented before the opening of trading on the first Monday following the close of trading on the second Friday in March, June, September and December. No additions are made to the Index between reconstitutions.

- Deletions

Shares of companies that are de-listed or acquired by a company outside of the Index are deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in composition of the Index. A component company that cancels its dividend payment is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. A component company that files for bankruptcy is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. If a component company is acquired by another company in the Index for stock, the acquiring company's shares and weight in the Index are adjusted to reflect the transaction after the close of trading on the day prior to the execution date.¹² A component company that re-incorporates outside of Canada is deleted from the Index and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Component companies that reclassify their shares (i.e. that convert multiple share classes into a single share class) remain in the Index, although index shares are adjusted to reflect the reclassification.

¹² Companies being acquired will be deleted from the Index immediately before the effective date of the acquisition or upon notice of a suspension of trading in the stock of the company that is being acquired. In cases where an effective date is not publicly announced in advance, or where a notice of suspension of trading in connection with an acquisition is not announced in advance, WisdomTree reserves the right to delete the company being acquired based on best available market information.

3.2. Spin-Offs and IPOs

Should a company be spun-off from an existing component company and pay a regular cash dividend, it is not allowed into the Index until the next reconstitution, provided it meets all other Index inclusion requirements. Spin-off shares of publicly traded companies that are included in the same indexes as their parent company are increased to reflect the spin-off and the weights of the remaining components are adjusted proportionately to reflect the change in the composition of the Index. Companies that go public in an Initial Public Offering (IPO) and that pay a regular cash dividend and that meet all other inclusion requirements must wait until the next reconstitution to be included in the Index.

4. Index Divisor Adjustments

Changes in the Index's market capitalization due to changes in composition, weighting or corporate actions result in a divisor change to maintain the Index's continuity. By adjusting the divisor, the Index value retains its continuity before and after the event. Corporate actions that require divisor adjustments will be implemented prior to the opening of trading on the effective date. In certain instances where information is incomplete, or the completion of an event is announced too late to be implemented prior to the ex-date, the implementation will occur as of the close of the following day or as soon as practicable thereafter. For corporate actions not described herein, or combinations of different types of corporate events and other exceptional cases, WisdomTree reserves the right to determine the appropriate implementation method.

Companies that are acquired, de-listed, file for bankruptcy, re-incorporate outside of a defined domicile or that cancel their dividends in the intervening weeks between the Screening Date and the reconstitution date are not included in the Index, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters

5.1. Selection parameters for the **WisdomTree Canada Quality Dividend Growth Index** are defined in 2.1. Companies that pass the selection criteria as of the Screening Date are included in the Index. The component companies are assigned weights in the Index as defined in section 2.4. and quarterly reconstitution of the Index takes effect as defined in section 3.1.