Invest for outcomes, not benchmarks

Published 30 September 2026

Jack Roberts
Fund Manager

Key Takeaways

- Defined return investing prioritises achieving targeted financial outcomes over outperforming benchmarks or maximising upside.
- By trading some upside participation for downside resilience, defined return strategies aim to deliver more consistent returns across different market environments.
- Diversified autocallable exposures can complement traditional equity portfolios by providing a differentiated source of returns and enhanced diversification.
- WisdomTree Defined Return Autocallable Active ETFs combine the defined outcome characteristics of autocallables with the liquidity, transparency and active management benefits of the ETF structure.

Investors rarely invest with the objective of beating a benchmark. The core purpose of investing is to achieve a set of financial goals, whatever those may be. Whilst benchmarks are a useful reference point for comparing strategies and understanding how portfolios behave, it's important not to conflate the measure with the objective.

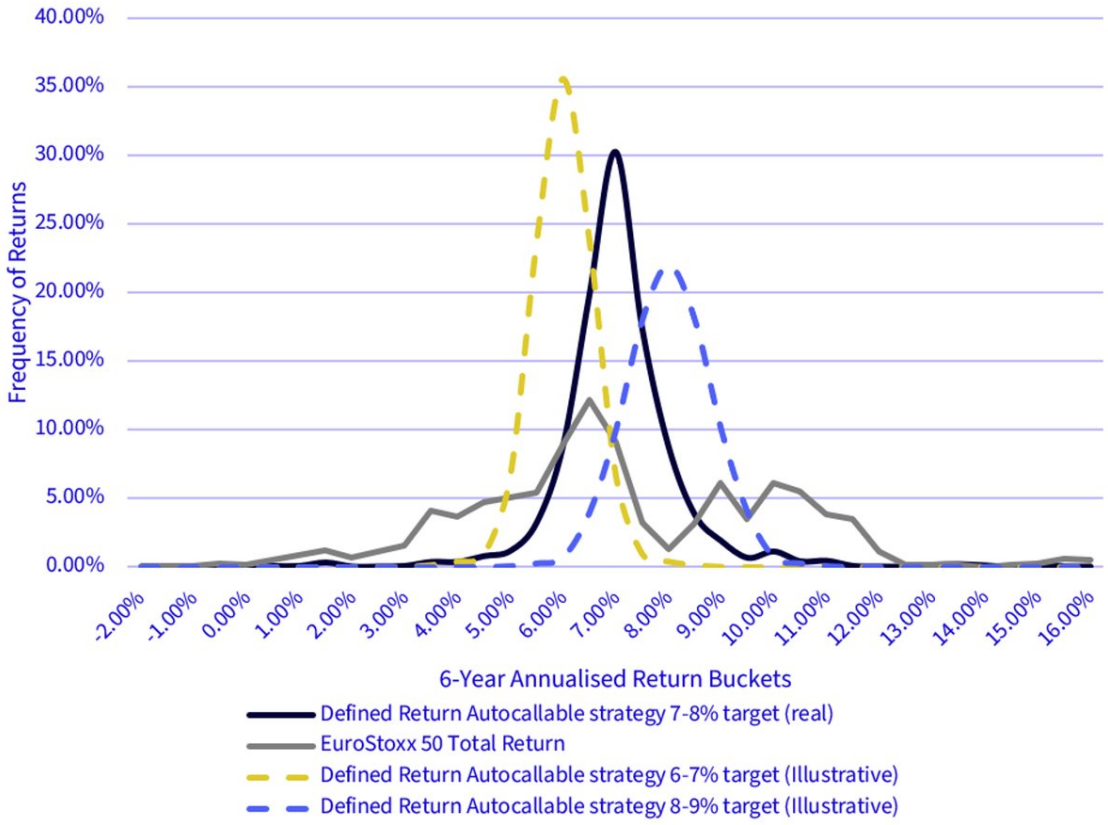
Traditional investment approaches are often built around maximising returns for a given level of risk. Defined outcome or defined return investing begins with a different question: what return do I need to achieve my objectives?

Instead of relying on strong equity market appreciation to generate good returns, defined outcome solutions can deliver attractive outcomes in rising markets, flat markets and, in defensive implementations, even moderately falling markets. As Voltaire famously observed: "The best is the enemy of the good", and defined outcome investing embraces this philosophy. In essence, investors exchange the possibility of the highest investment return in order to increase the probability of achieving a good outcome.

Narrowing the range of outcomes

Traditional equity investing offers unlimited upside, but it also exposes investors to a very wide range of potential outcomes. Defined return strategies reshape this distribution by sacrificing some upside participation in exchange for downside resilience and a higher probability of achieving returns within a targeted range.

Figure 1: Illustration - Defined return investing can narrow the range of outcomes



Source: WisdomTree. For Illustrative purposes only. This analysis is based on assumptions and does not represent actual or guaranteed Fund performance. Actual outcomes may differ materially, including the possibility of capital loss. **Forecasts are not a reliable indicator of future performance.**

Defined return strategies can use autocallables to achieve this effect. Autocallables are contracts linked to the performance of one or multiple underlying assets, typically equity indices such as the Euro Stoxx 50, S&P 500, or FTSE 100. They are designed to deliver predefined return profiles and conditional downside protection subject to predefined contractual conditions. Autocallables have historically delivered attractive investor outcomes and generated returns comparable to long-term equity markets, whilst providing a more predictable range of potential outcomes.

The role of defined return strategies in a portfolio

Since defined return investments do not require strong equity markets to achieve attractive long-term returns, many investors have used them to complement an equity allocation and generate a more consistent return profile. Investors may also choose to overweight defined return investments when they expect equity returns to be lacklustre over the medium term, as defined return strategies have historically outperformed in these environments.

For other investors, the ability of defined return investments to generate attractive returns in sideways or even moderately falling markets, provides sufficient diversification benefits for them to be included in an alternatives allocation. Within an alternatives allocation, defined return investments generally sit at the

more predictable and higher return end of the asset mix. However, investors should be mindful that if markets were to become significantly stressed in the short-term, defined return investments are likely to behave similarly to their underlying equity exposures.

Whether they are used as part of an equity or alternatives allocation, defined return investments generally provide a differentiated source of returns within a broader portfolio, enhance diversification, and improve the consistency of investor outcomes.

The next evolution of defined return investing

Traditionally, investors have accessed defined return investments through individual structured products. While these products have historically delivered attractive investment outcomes[1], they have often introduced additional considerations, including issuer credit risk, liquidity limitations, and operational complexity.

The WisdomTree Defined Return Autocallable Active ETFs were designed to address these challenges. Rather than providing exposure to a single autocallable, the exchange-traded funds (ETFs) provide access to a diversified portfolio of autocallable exposures on liquid large cap indices (such as the EURO STOXX 50), across maturities, structures and counterparties within a single vehicle. As positions mature or autocall, proceeds are actively reinvested into new opportunities, maintaining diversification and helping investors avoid the reinvestment risk associated with individual products. The ETF range includes the WisdomTree Defined Return Autocallable EUR Active UCITS ETF (DRTN) has been designed with an investment objective that seeks to deliver annualised returns in the region of 8–9% over the medium term. The WisdomTree Defensive Defined Return Autocallable EUR Active UCITS ETF (DRTD) has a similar objective targeting approximately 6–7% per annum.

Please note the target is not guaranteed and actual returns will depend on market conditions and the performance of the Fund's investments. The Fund does not provide a capital guarantee. Investors may receive a lower return than the target and may lose capital.

The active management approach is a particularly important evolution. This is because the attractiveness of autocallable opportunities is not static. Changes in interest rates, volatility, dividends and correlations can materially alter the value available to investors. Through active management, the investment team can assess relative value across opportunities, selectively allocate capital to the most attractive structures and adapt the portfolio as market conditions evolve to maintain the desired return profile and optimise the ETFs for their investment objectives.

The ETF structure also provides significant operational advantages. Investors could benefit from daily liquidity, transparency, diversification and operational simplicity, without sacrificing the defined outcome characteristics that have driven increasing investor adoption over recent decades.

Conclusion

As investors increasingly seek greater certainty around portfolio outcomes, defined return strategies offer an alternative to traditional equity investing by prioritising the probability of achieving a target return over

maximising potential upside. By combining the long-established benefits of autocallable strategies with the diversification, liquidity and operational simplicity of the ETF structure, WisdomTree Defined Return Autocallable ETFs provide a modern approach to outcome-oriented investing, helping investors align their portfolios more closely with the objectives they are ultimately trying to achieve.

[1] A 2025 empirical study by the Bundesverband für Strukturierte Wertpapiere (BSW), analysing 12,445 EURO STOXX 50-linked Autocallable Certificates issued between 2018 and 2025 in the German market, found that 99.94% generated a positive return outcome over the observation period. Conducted by Prof. Dr. Christian Koziol, University of Tübingen.

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area ("EEA") & Switzerland: This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA, except Switzerland: This document has been issued and approved by WisdomTree UK Limited or Atlantic House Investments Limited, which are both authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited, WisdomTree UK Limited and Atlantic House Investments Limited are referred to as "WisdomTree" (as applicable) throughout. Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication is intended for all investors; however, the WisdomTree products described in this document and related materials may be restricted in certain jurisdictions and may only be available to particular categories of investors in accordance with applicable laws and regulations. Where a product is not authorised or its distribution is restricted in your jurisdiction, it is the responsibility of any person or entity in possession of this information to inform themselves of, and comply with, all relevant restrictions. Before making any investment, investors should seek appropriate legal, regulatory, tax and investment advice to assess the suitability and implications of investing in these products. Information about WisdomTree products is available at wisdomtree.eu. WisdomTree does not offer investment advice tailored to individual circumstances. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

This marketing communication should be read in conjunction with the relevant WisdomTree products' Prospectus, Key Investor Information Document ("KIID"), Key Information Document ("PRIIPS KID") as relevant. In particular, investors should carefully read the specific risks detailed under the section entitled 'Risk and Reward Profile' in the KIID, 'What are the risks and what could I get in return?' in PRIIPs KID and under the section entitled 'Risk Factors' in the Prospectus of the Issuer for further details of risks associated with an investment in the product(s) detailed herein. Further information regarding the WisdomTree exchange-traded product(s) detailed herein, such as a detailed list of the underlying investments and the indicative net asset value, can be obtained by visiting the WisdomTree website at (www.wisdomtree.eu).

An investment in WisdomTree exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. An investment in WisdomTree funds is dependent on the performance of the underlying investments, less costs.

Both WisdomTree ETPs and funds involve numerous risks including among others, general market risks relating to any relevant underlying index, credit risks on the provider of index swaps utilised in ETPs, exchange rate risks, interest rate risks, inflationary risks, liquidity risks, derivatives risk and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

WisdomTree Issuer ICAV

Certain funds referred to in this document are issued by WisdomTree Issuer ICAV ("WT Issuer"). WT Issuer is an open-ended, umbrella-type Irish Collective Asset-management Vehicle with segregated liability between sub-funds and is authorised by the Central Bank of Ireland ("CBI") as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under Irish law. Each fund is represented by a separate class of shares (the "Shares") issued by WT Issuer.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer ("WT Prospectus"). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the Shares.

The summary of investor rights associated with an investment in the fund is available in English on WisdomTree Europe's website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.

For Investors in Switzerland:/

This document/constitutes/an advertisement of the financial product(s) mentioned/herein./

The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree's website: https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports/

For WisdomTree UCITS products only:/the representative and paying agent of the ETPs in Switzerland is Société Générale Paris, Zurich Branch,/Talacker/50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of/jurisdiction/and performance is at the registered seat of the representative and paying agent. Some of the sub-funds referred to in this document may not have

been registered with the Swiss Financial Market Supervisory Authority (“FINMA”). In Switzerland, such sub-funds that have not been registered with FINMA may only be available to Qualified Investors.

FOR INVESTORS IN FRANCE:

Further information regarding the WisdomTree exchange-traded product(s) detailed herein, such as a detailed list of the underlying investments and the indicative net asset value, can be obtained by visiting the WisdomTree website at (www.wisdomtree.eu).

The product is intended for retail investors who: (i) can withstand capital loss, are not seeking to preserve capital and are not seeking a capital guarantee; (ii) have specific knowledge or experience in investing in similar products and in the financial markets; and (iii) are looking for a product that provides exposure to the performance of the underlying asset(s) and have an investment horizon in line with the recommended holding period indicated in the KID.

In addition, the indicative net asset value is shown on the Reuters and Bloomberg pages of the product and may also be mentioned on the websites of the product's listing venues.

Units in a listed exchange-traded product purchased on the secondary market generally cannot be sold directly back to the listed exchange-traded product. For investors who are not authorised participants, the purchase and sale of units must be done on a secondary market with the help of an intermediary (e.g., a broker), and may therefore be subject to additional fees and taxes. In addition, it is possible that investors may pay more than the current net asset value when purchasing units and receive less than the current net asset value when selling them.

Investors should carefully read the specific risks detailed under the section entitled ‘What are the risks and what could I get in return?’ in the Key Information Document for Packaged Retail and Insurance-based Investment Products (PRIIPs KID) and under the section entitled ‘Risk Factors’ in the Prospectus of the Issuer for further details of risks associated with an investment in the product detailed herein.

Investors are advised that the prospectus is available in French and English.

This document is a promotional material relating to the financial product(s) mentioned herein. The prospectus and the Key Investor Information Document (KIID) are available on the WisdomTree website: https://www.wisdomtree.eu/resource-library/prospectus-and-regulatory-reports

The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Central Bank of Ireland as UCITS compliant with European regulations although it may not have to comply with the same rules as those applicable to a similar product approved in France.

The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, any supplements or addenda thereto, the Key Information Document, the latest annual reports and the instrument of incorporation) are available in France, free of charge at the French centralizing agent,

Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this UCITS presents disproportionate communication on the consideration of non-financial criteria in its management.

For Investors in Malta:/This document does not constitute or form part of any offer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.

For Investors in Monaco:/This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.

For Investors in Israel:/Offering materials for the offering of the Shares and securities have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful. The products mentioned herein have not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law “), as applicable. The products are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, “Sophisticated Investors”) who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

This prospectus or this document may not be reproduced or used for any other purpose, nor be/furnished/to any other person other than those to whom copies have been sent. Any offeree who purchases a product is purchasing such product for its own benefit and account and not with the aim or intention of distributing or offering such product to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing a product for another party which is a Sophisticated Investor).

Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. A recipient of this document may/be required/to provide

confirmation that it is a Sophisticated Investor/purchasing/a product for its own account or, where applicable, for other Sophisticated Investors.