

**RULES-BASED METHODOLOGY FOR
WISDOMTREE LOW P-E INDEX**

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WISDOMTREE RULES-BASED CORE EQUITY METHODOLOGY

1. Overview and Description of Methodology Guide for the WisdomTree Low P/E Index

The WisdomTree Low P/E Index was developed by WisdomTree Investments, Inc. to define the universe of low price to earnings ratio companies from a large cap universe of profitable companies in the U.S. stock market. The Low P/E index is derived from two other WisdomTree Indexes: the WisdomTree U.S. Total Market (“TI”) and WisdomTree U.S. LargeCap Index.

- The TI measures the performance of investable U.S.-based companies that have generated positive cumulative earnings in the prior four fiscal quarters to the Index measurement date. All of the other domestic earnings-weighted Indexes, defined below, are derived from the TI.
- The LargeCap Index is comprised of companies with positive earnings from the large-capitalization segment of the TI.
- The Low P/E Index is comprised of 100 companies with the lowest P/E ratios from the WisdomTree U.S. LargeCap Index.

The WisdomTree Low P/E Index is reconstituted annually, at which time each component’s weight is adjusted to reflect equal weighting. 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 Domestic Earnings Indexes, component companies must be under coverage by the market management team of the third party independent index calculation agent and must list their shares on a U.S. stock exchange, be incorporated and headquartered in the United States and have positive cumulative earnings over the four fiscal quarters preceding the annual reconstitution, which takes place in December.

Companies need to have a market capitalization of at least \$100 million by the “Screening Date” (the duration of time after the close of trading on the last trading day in November, and before the open of trading on the next trading day); shares of such companies need to have had an average daily dollar volume of at least \$1,000,000 for each of the six months preceding the Screening Date; and components companies need to have had a P/E ratio of at least 2 as of 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), mortgage REITS 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.

2.2 Base Date and Base Value

The WisdomTree U.S. Total Market Index and WisdomTree U.S. LargeCap Index were established with a base value of 200 on January 31, 2007. The WisdomTree Low P/E Index was established with a base value of 200 on June 10, 2011.

2.3 Calculation and Dissemination

The following formula is used to calculate the index levels for the Domestic Earnings 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

The Domestic Earnings Indexes are calculated every weekday.

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 U.S. dollars. The price Index is updated on a real time basis, while the total return Index is calculated and disseminated on an end-of-day basis. Price index values are calculated and disseminated every 15 seconds.

2.4 Weighting

The WisdomTree Low P/E Index is an equal-weighted index consisting of 100 companies with the lowest P/E ratios from the WisdomTree U.S. LargeCap Index. Thus, each component’s weight in the Index at the “Weighting Date” (defined below) reflects equal weighting. The Weighting Date is when component weights are set, and it occurs

immediately after the close of trading on the second Friday in 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.”

The index had an initial Screening Date for its inception on June 8, 2011 and regular Screening Dates occur every November 30th thereafter.

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 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, the most liquid share class will be included in the index. Conversion of a share class in the Index into another share class not in the Index results in the conversion of the share class being phased out into the surviving share class.

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 Domestic Earnings Indexes. Some corporate actions, such as stock issuances, stock buybacks, warrant issuances, increases or decreases in earnings between reconstitutions, restatements of earnings between reconstitutions, do not require changes in the index shares or the stock prices of the component companies in the Domestic Earnings Indexes. Other corporate actions, such as special dividends, 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, or when the Index Calculation Agent typically applies 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 Domestic Earnings 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 Domestic Earnings Indexes between annual reconstitutions, except in the cases of certain spin-off companies, defined below.

- 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 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. 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 it is allowed to stay in the Domestic Earnings Index that its parent company is in until the next annual reconstitution. Companies that go public in an Initial Public Offering (IPO) and have positive cumulative earnings after four fiscal quarters of operations and that meet all other inclusion requirements are eligible for inclusion in the Domestic Earnings Indexes at the next annual reconstitution.

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 Investments 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 in the intervening weeks between the Screening Date and the reconstitution date are not included in the Domestic Earnings Indexes, and the weights of the remaining components are adjusted accordingly.

5. Selection Parameters for the Domestic Earnings Indexes

- 5.1. Selection parameters for the **WisdomTree U.S. Total Market Index** are defined in 2.1. Companies that pass this selection criteria as of the Screening Date are included in the TI. The component companies are assigned weights in the Index as defined in section 2.4. and the annual reconstitution of the Index takes effect as defined in section 3.1.
- 5.2. The **WisdomTree U.S. LargeCap Index** is created by selecting the 500 largest component companies of the TI by market capitalization. The component companies are assigned weights in the Index as defined in section 2.4, and the annual reconstitution of the Index takes effect as defined in section 3.1 of the Index takes effect as defined in section 3.1.
- 5.3 The **WisdomTree Low P/E Index** is created by selecting 100 companies with the lowest P/E ratios from the WisdomTree U.S. LargeCap Index. The component companies are equal weighted.