

Over the past few years, investors have become increasingly sophisticated. Not only do they understand the benefits of expanding their holdings beyond traditional asset classes—but they also better understand the impact that currencies can have on their international investments. However, in some instances, they may not fully appreciate the role the U.S. dollar can play in their portfolios.

The truth is that simply being exposed to the dollar (through a portfolio of dollar-denominated investments) does not mean your portfolio will rise as the dollar appreciates against other currencies. In order to capitalize on an appreciating dollar, you need to have exposure to the dollar against other currencies. A popular way to do this is through exchange-traded investments tied to a dollar index. But all dollar indexes—and all exchange-traded products—are not created equal.

The WisdomTree Bloomberg U.S. Dollar Bullish Fund (USDU) seeks to provide a broad, dynamic and effective way of gaining exposure to the U.S. dollar against a basket of foreign currencies, included in the Bloomberg Dollar Spot Index (BBDXY)¹, all in a 1940 Act² exchange-traded fund (ETF).

THE DOLLAR (STILL) MAKES THE WORLD GO ROUND

The U.S. dollar continues to be a primary beneficiary during times of market stress. In our view:

- + **The euro still struggles with the delicate economic balance between its member countries**
- + **Japan is actively attempting to weaken the yen through its aggressive monetary policy**
- + **The Swiss franc does not have the global economic reach of other developed market currencies**
- + **China has only recently promoted wider use of the yuan in international trade**
- + **The dollar is likely to appreciate in value against a broad basket of currencies when risk aversion rises in global financial markets**

A CHALLENGE TO THE STATUS QUO

For many investors, the ICE U.S. Dollar Index (USD³), commonly referred to by its Bloomberg ticker (DXY), has been used as the primary barometer for the value of the U.S. dollar. To its credit, the index has a long track record

¹ The Bloomberg Dollar Spot Index (BBDXY) tracks the performance of a basket of 10 leading global currencies versus the U.S. dollar. Each currency in the basket and its weight is determined annually based on its share of international trade and foreign exchange (FX) liquidity.

² Refers to the Investment Company Act of 1940, a piece of legislation that defines responsibilities and limitations placed on public investment funds.

³ ICE U.S. Dollar Index (USD³): a geometrically-averaged calculation of six currencies weighted against the U.S. dollar. Current exposures currently include the euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc.

and is quoted on business news networks, cited in financial periodicals, and it serves as the underpinning for futures contracts traded on the Intercontinental Exchange. However, DXY relies on an index methodology created in 1973 and measures the value of the dollar against a basket of only six currencies.

Although the ICE U.S. Dollar Index was intended to provide a trade-weighted average of the dollar, it has been adjusted only once (when the euro was created), and we don't believe it accurately reflects the dollar's role in today's global markets. In our view:

- + **The global economy has changed dramatically since the 1970s and the end of the Bretton Woods system⁴**
- + **The value of the dollar continues to evolve with new economic relationships and changing market dynamics**
- + **DXY does not take into account global liquidity or economic importance; although emerging market countries account for nearly 39% of global GDP⁵, they are omitted from the index**
- + **DXY is too narrow, measuring the value of the dollar against only six currencies; nearly 60% of its exposure is to the euro and a full 83% to only three currencies⁶**

BBDXY: AN EVOLVING INDEX FOR A CHANGING WORLD

The Bloomberg Dollar Spot Index (BBDXY) was designed to be a better measure of the U.S. dollar. As such, it differs from DXY in many respects:

- + **More Representative:** BBDXY tracks a more representative basket of currencies by measuring the value of the U.S. dollar not only against America's largest trading partners⁷ but also the most frequently traded⁸ currencies in the world.
- + **More Dynamic:** BBDXY has an annual rebalancing process that captures the changing state of currency markets. As a result, the index includes important currencies (such as the Australian dollar, which is not in DXY) that rank higher in liquidity and trading than some components of DXY.
- + **Less Concentrated:** BBDXY is less exposed to the euro but includes major emerging market currencies such as the Brazilian real, Korean won, Mexican peso and Chinese yuan—all major trading partners of the United States that are growing in global liquidity rankings.⁹

WHAT BBDXY IS MADE OF

We believe BBDXY can provide a truer sense of the value of the U.S. dollar by balancing the relative impact of trade flows and portfolio flows.

⁴ Bretton Woods system: Established rules for commercial and financial relations among the major economies after World War II.

⁵ Gross domestic product (GDP): The sum total of all goods and services produced across an economy.

⁶ Sources: Bloomberg, WisdomTree, as of 6/30/16.

⁷ Based on annual trade data compiled by the Federal Reserve.

⁸ Based on the Bank for International Settlements (BIS) Triennial Survey, as of 11/7/13.

⁹ Based on the BIS Triennial Survey, as of 11/7/13.

COMPOSITION OF BBDXY VERSUS DXY [As of 6/30/16]

Country	Currency	Index Weights		Global Rankings	
		BBDXY	DXY	Liquidity	Trading
Eurozone	EUR	31.8%	57.6%	1	2
Japan	JPY	18.5%	13.6%	2	5
Canada	CAD	11.5%	9.1%	6	3
Mexico	MXN	9.9%	0.0%	7	4
Great Britain	GBP	9.5%	11.9%	3	7
Australia	AUD	6.1%	0.0%	4	17
Switzerland	CHF	4.4%	3.6%	5	11
S. Korea	KRW	3.4%	0.0%	15	6
China	CNH	3.0%	0.0%	8	1
Brazil	BRL	2.1%	0.0%	17	9
Sweden	SEK	0.0%	4.2%	10	23

Source: Bloomberg. Subject to change.

INDEX METHODOLOGY

BBDXY follows a strict, rules-based process aimed at capturing important currencies with the greatest liquidity and largest trade flows with the United States.

Currency Selection	<ol style="list-style-type: none"> 1. Identify the top 20 currencies in terms of global trading activity versus the U.S. dollar (as defined by the Federal Reserve in its Broad Index of the Foreign Exchange (FX) Value of the Dollar) 2. Identify the top 20 currencies in terms of global foreign exchange volume (from the BIS Triennial Central Bank Survey) 3. Select the top 10 currencies of both lists after removing currencies pegged to the U.S. dollar (such as the Hong Kong dollar or Saudi riyal) and use average weights from each set
Final Weightings	<p>The final Index weights are derived by:</p> <ul style="list-style-type: none"> + Capping the exposure of the Chinese yuan to 3% and distributing the extra weight to other currencies on a pro-rata basis + Removing currency positions with weights of less than 2% and distributing their weights to other currencies on a pro-rata basis
Rebalancing	<ul style="list-style-type: none"> + On an annual basis each December, the Index reconstitutes to capture the current top currencies in terms of global trading activity and global FX volume

ABOUT BLOOMBERG

Bloomberg is a leader in global business and financial information. Bloomberg Indexes offer a fresh perspective on the traditional world of indexing and give investors the opportunity to access Bloomberg's world-class data and technology.

INTRODUCING USDU—AN EVOLVING EXPOSURE IN A CHANGING WORLD

The WisdomTree Bloomberg U.S. Dollar Bullish Fund (USDU) seeks to provide total returns, before expenses, that exceed the performance of the Bloomberg Dollar Total Return Index. USDU provides a representative exposure to the U.S. dollar, seeking to capitalize on the benefits of an ETF registered under the Investment Company Act of 1940:

- + No K-1 filings
- + Low fees of only 50 basis points¹⁰
- + Full transparency of holdings¹¹
- + Intraday liquidity¹²

USDU—A SMART WAY TO ACCESS THE POTENTIAL APPRECIATION OF THE U.S. DOLLAR

- + Designed to provide exposure to the currencies of BBDXY
- + A representative investment based on market liquidity *and* global trade
- + A dynamic annual and monthly rebalancing process
- + A broad-based U.S. dollar investment with both developed and emerging market exposure

The Fund will pursue its objective through a combination of investments in Treasury bills and other investment-grade money market securities combined with positions in short-term currency forwards.

¹⁰ Ordinary brokerage commissions may apply.

¹¹ Holdings are displayed daily on wisdomtree.com.

¹² Investors can buy—or sell—shares at any time throughout the day.

FUND QUICK FACTS

Ticker: USDU

Exchange: New York Stock Exchange (NYSE)

Expense Ratio: 0.50%

Structure: Open-end ETF. Registered under the Investment Company Act of 1940.

Objective: The Fund seeks to provide total returns, before expenses, that exceed the performance of the Bloomberg Dollar Total Return Index.

Primary Exposures: Treasury bills and other investment-grade money market securities, combined with short-term currency forward contracts of developed and emerging market currencies.

Average Portfolio Maturity: 90 days or less.

Rebalancing: Annual currency selection process each December to establish currency target weights. Rebalances back to target weights on a monthly basis.

At WisdomTree, we do things differently. We build our ETFs with proprietary methodologies, smart structures or uncommon access to provide investors with the potential for income, performance, diversification and more.

For more information or to invest in USDU, contact your WisdomTree representative or call 866.909.WISE (9473).

You cannot invest directly in an Index.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. To obtain a prospectus containing this and other important information, call 866.909.WISE (9473) or visit wisdomtree.com. Read the prospectus carefully before you invest.

There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. The Fund focuses its investments in specific regions or countries, thereby increasing the impact of events and developments associated with the region or country, which can adversely affect performance. Investments in emerging, offshore or frontier markets are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation and intervention or political developments.

Investments in currency involve additional special risks, such as credit risk and interest rate fluctuations. Derivative investments can be volatile and these investments may be less liquid than other securities, and more sensitive to the effect of varied economic conditions. While the Fund attempts to limit credit and counterparty exposure, the value of an investment in the Fund may change quickly and without warning in response to issuer or counterparty defaults and changes in the credit ratings of the Fund's portfolio investments. The Fund's investment in repurchase agreements may be subject to market and credit risk with respect to the collateral securing the repurchase agreements and may decline prior to the expiration of the repurchase agreement term. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting such issuers. Unlike typical exchange-traded Funds, there are no indexes that the Fund attempts to track or replicate. Thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio. Due to the investment strategy of the Fund, it may make higher capital gain distributions than other ETFs. Although the Fund invests in very short-term, investment grade instruments, the Fund is not a "money market" Fund, and it is not the objective of the Fund to maintain a constant share price. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

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