

It is hard to deny the appeal of investing in the most populous country on Earth¹. Despite slowing growth of late, China is still outpacing global growth and the growth of other emerging markets.² However, many of today's most popular benchmarks of China's equity performance and the investments that mirror them are very heavily exposed to the financial sector—adding concentration risk exactly where you may not want it. CHXF, the WisdomTree China Dividend ex-Financials Fund, offers investors a diversified way to access the growth potential of China without exposure to the financial sector.

Consider that:

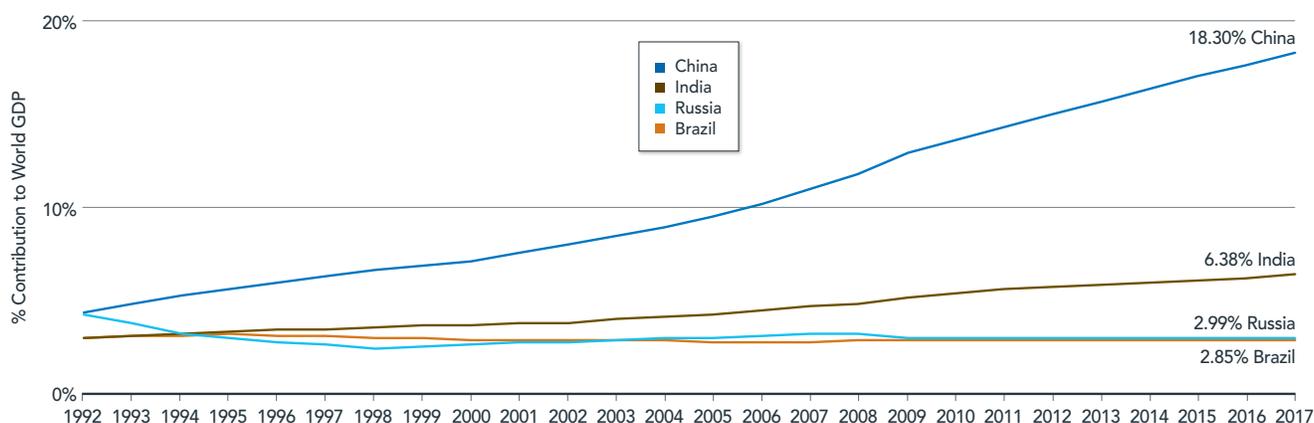
- + **China is currently the largest contributor to global growth³**
- + **China is growing faster than other emerging economies⁴**
- + **Financials may be "cheap," but some exchange-traded funds (ETFs) have more than 50% exposure to them⁵**
- + **Removing financials and providing better diversification may reduce risks**

CHINA CONTRIBUTES MORE TO THE WORLD'S GROSS DOMESTIC PRODUCT (GDP) THAN BRAZIL, RUSSIA AND INDIA COMBINED

China's growth far outstrips that of Brazil, Russia and India (the remaining BRIC countries) combined. In fact, China is currently the largest contributor to global growth. It's no wonder, considering that China has the largest population in the world and is a huge exporter. The government is currently focused on increasing domestic consumption as well⁶.

Contribution of BRIC Countries to World GDP, Purchasing Power Parity (PPP⁷) Exchange Rates

[12/31/1992–12/31/2010⁸]



Source: International Monetary Fund World Economic Outlook, October 2012

¹ Source: CIA World Factbook, 2012.

² Source: IMF World Economic Outlook, October 2012.

³ Source: IMF, 2012.

⁴ Source: IMF, 2012.

⁵ Source: Bloomberg.

⁶ Weyi, Lim, "China's Stocks Fall on Growth, Earnings Concerns; Moutai Surges," *Bloomberg*, September 4, 2012.

⁷ Purchasing power parity (PPP): Academic concept stating that exchange rates should adjust so that equivalent goods and services cost the same across countries, after accounting for exchange-rate differences.

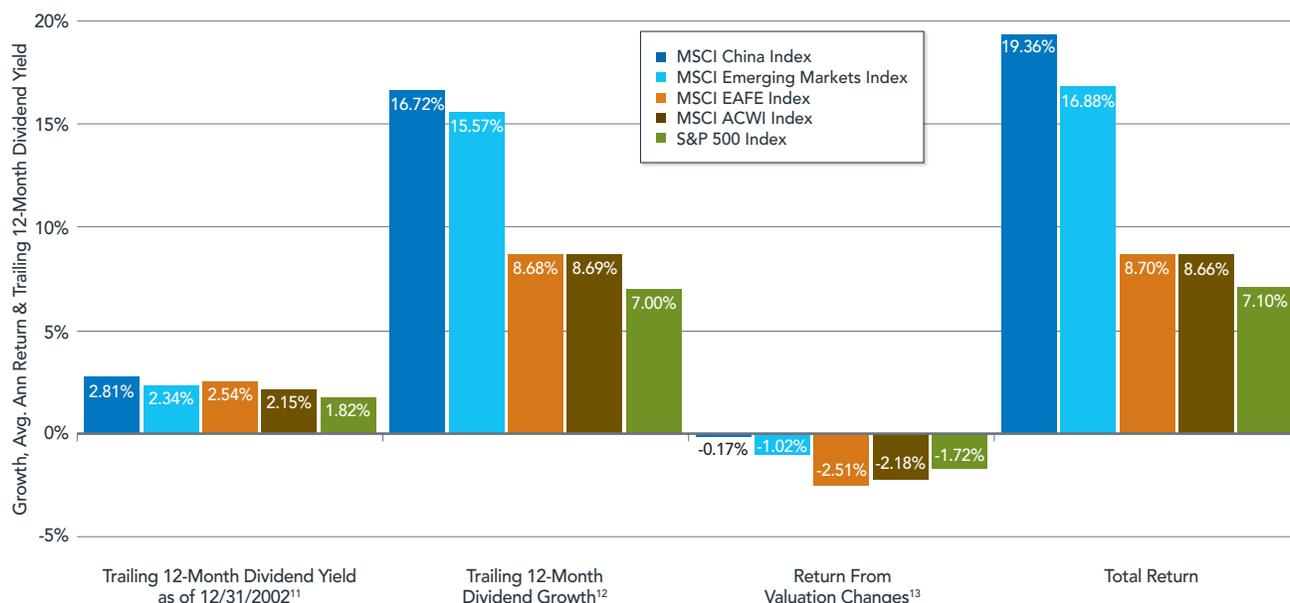
⁸ IMF estimates after 12/31/2010.

Diversification does not eliminate the risk of experiencing investment losses.

CHINESE RETURNS HAVE BEEN DRIVEN BY DIVIDEND GROWTH

Chinese equities have been providing exceptional returns (as seen in the chart below), outstripping other emerging markets⁹ as well as U.S. equities¹⁰. And the primary driver of returns over the past decade has been the significant growth in trailing 12-month dividends, as shown in the following chart.

Total Return Deconstruction [12/31/2002–12/31/2012]



Sources: MSCI, Bloomberg. Data not available from the source for the FTSE China 25 Index. Past performance is not indicative of future results. You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns.

⁹ I.e., the returns of the MSCI Emerging Markets Index.

¹⁰ I.e., the returns of the S&P 500 Index.

¹¹ Trailing 12-month dividend yield: Dividends over the prior 12 months are added up and divided by the current share price. Higher values indicate more dividends are being generated per unit of share price.

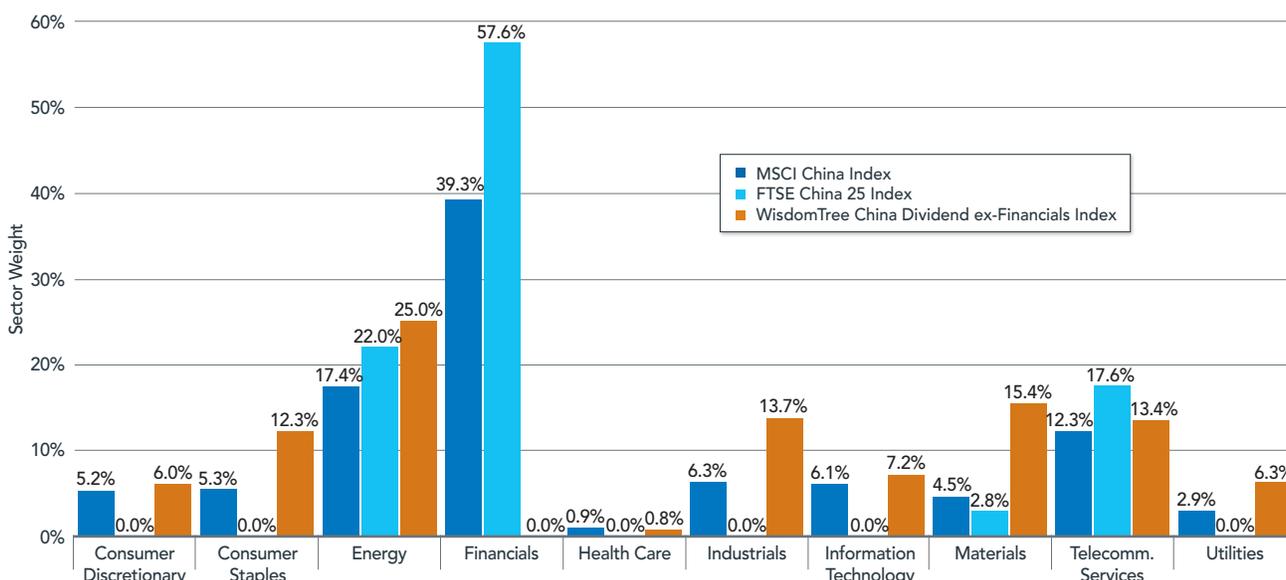
¹² Trailing 12-month dividend growth: Trailing 12-month dividends are compared at a specified starting point and ending point; from the difference in these numbers an average annual growth rate is calculated. Highly positive numbers imply a larger difference per specified period.

¹³ Return from valuation changes: Component of total return that accounts for changing price levels relative to financial metrics—for instance, rising or falling trailing 12-month dividend yields.

THE RISK OF OVERCONCENTRATION

In any market today, especially in emerging markets, risk management is crucial. Currently, the two most widely followed¹⁴ indexes measuring the performance of China's equities are very heavily skewed to the financial sector. We believe most investors would like to avoid a concentration of 40%–50%—or more—in any one sector.

Sector Weight Comparisons [As of 12/31/2012]



Sources: MSCI, Standard & Poor's, FTSE.

Introducing CHXF

The only China Dividend ex-Financials ETF

The WisdomTree China Dividend ex-Financials Fund enables investors to capitalize on the growth potential of China. The Fund offers:

- + **A diversified basket of Chinese dividend-paying securities**
- + **No financial exposure**
- + **Strict risk management**
- + **A dividend-weighted¹⁵ approach**

¹⁴ Source: Bloomberg.

¹⁵ Dividend-weighted: Weighting is by cash dividends paid, specifically trailing 12-month dividends per share multiplied by shares outstanding.

CHXF INVESTMENT PROCESS

Removing financials is just one way the WisdomTree China Dividend ex-Financials Index, which CHXF is designed to track, helps reduce risk. The Fund utilizes a disciplined investment process to manage risk and ensure diversification.

Step 1: Define the Universe

The universe is composed of non-financial Chinese dividend-paying stocks listed in Hong Kong, with a minimum float-adjusted market capitalization of \$1 billion, with at least \$5 million in cash dividends paid over the 12 months prior to the annual screening date, and meeting minimum trading volumes.

Step 2: Select and Weight the Stocks

We select at maximum the 10 largest stocks in each sector as defined by float-adjusted market capitalization¹⁶ and weight them by dividend stream¹⁷ to help magnify the effect dividends have on performance. To help manage risk, at each rebalance we use:

+ A 10% cap for any single company

+ A 25% cap for any sector

+ Additional liquidity adjustments

Between annual rebalances, individual security and sector weights may fluctuate above 10% and 25% respectively in response to market conditions.

Step 3: Rebalance Annually

The portfolio is rebalanced on an annual basis to targeted exposures, and the selection universe¹⁸ is reassessed at least annually.

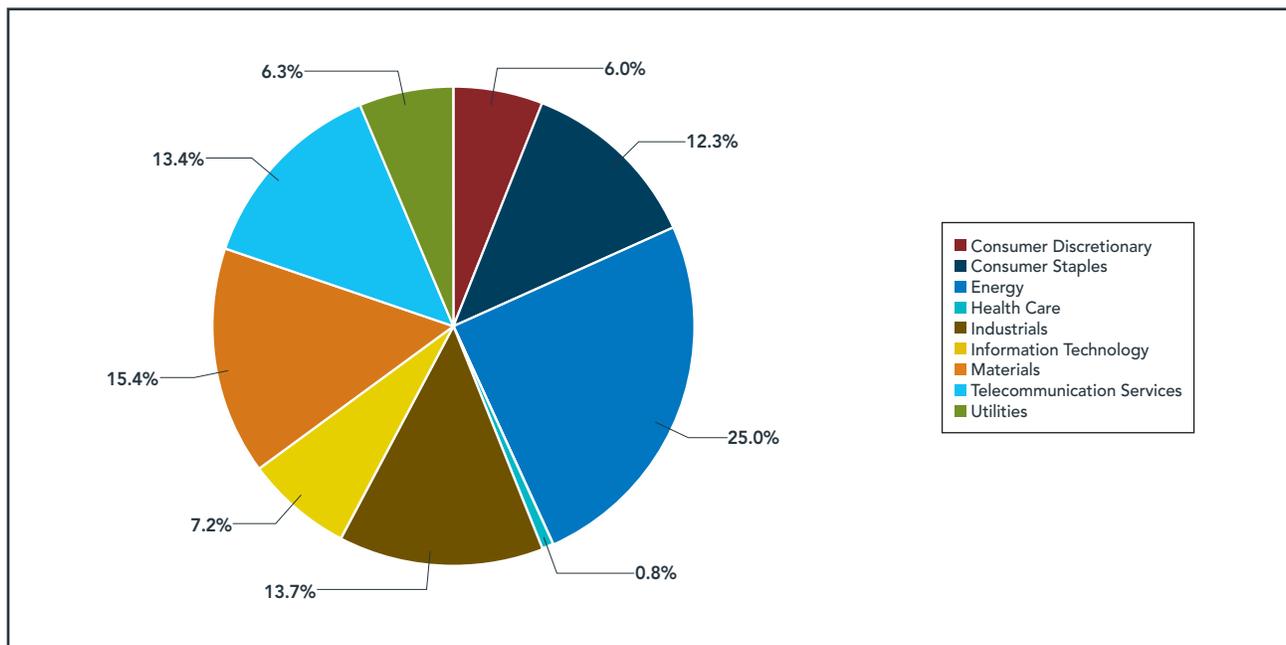
¹⁶ Float-adjusted market capitalization: Share (price) x (number of shares outstanding), with an adjustment, usually downward, to reflect the number of shares available to investors.

¹⁷ Trailing 12-month cash dividend stream, with each firm receiving a weight proportionate to its contribution of trailing 12-month cash dividend stream to the Index.

¹⁸ Selection universe: Number of stocks qualifying on initial list from which the largest market capitalization securities from each sector outside of financials are selected.

A DIVERSIFIED APPROACH TO CHINA

WisdomTree China Dividend ex-Financials Index Sector Weights [As of 12/31/2012]



Sources: Bloomberg, Standard & Poor's.
Holdings subject to change.

CHXF IN YOUR PORTFOLIO

CHXF can play many roles in investor portfolios, including:

- + Tax loss harvesting¹⁹—Investors can use CHXF to capture unrealized losses²⁰ in other China funds, while gaining diversification in China.
- + Complement or replace other China investments—CHXF can potentially be used to replace China mutual funds or ETFs in order to lower financial exposure. It also offers the potential for lower portfolio volatility and lower fees.²¹
- + Enhance asset allocation/diversification—CHXF can help investors achieve more diversified exposure to China, using a strict, rules-based approach to selecting stocks and managing risk.
- + Global income—Investors can take advantage of potentially high-yielding stocks in China to augment domestic or global dividend income.

¹⁹ Neither WisdomTree Investments, Inc., nor its affiliates, nor ALPS Distributors, Inc., or its affiliates provide tax advice. All references to tax matters or information provided are for illustrative purposes only and should not be considered tax advice and cannot be used for the purpose of avoiding tax penalties. Investors seeking tax advice should consult an independent tax advisor.

²⁰ Unrealized losses: Potentially occurs when a portfolio's value declines below the level of the investor's initial purchase. Investors should consult their tax professional to determine the viability of this strategy.

²¹ Ordinary brokerage commissions apply.

WisdomTree ETFs CHINA DIVIDEND EX-FINANCIALS FUND

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 CHXF, contact your WisdomTree representative or call 866.909.WISE.

Unless otherwise stated, data source is WisdomTree.

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, please call 866.909.WISE (9473), or visit wisdomtree.com to view or download a prospectus. 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 China, thereby increasing the impact of events and developments associated with the region, which can adversely affect performance. Investments in emerging or offshore 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. As this Fund can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

MSCI China Index: A free float-adjust market capitalization weighted equity index designed to measure the performance of the Chinese equity market. FTSE China 25 Index: Represents the 25 largest and most liquid Chinese stocks (H Shares and Red Chips) listed and trading on the Hong Kong Stock Exchange. MSCI Emerging Markets Index: Broad market cap-weighted index showing performance of equities across 21 emerging market countries, defined as "emerging markets" by MSCI. MSCI EAFE Index: Market cap-weighted index composed of companies representative of the developed market structure of 21 developed countries in Europe, Australasia and Japan. S&P 500 Index: Market capitalization-weighted index of 500 stocks selected by the Standard and Poor's Index Committee, designed to represent the performance of the leading industries in the United States economy. MSCI ACWI Index: Measures the performance of the world stock market indexes covered by MSCI and representing both developed and emerging markets. Weighted by market cap. WisdomTree China Dividend ex-Financials Index: Measures the performance of the 10 largest stocks by float-adjusted market capitalization in each sector outside of financials, weighted by trailing 12-month cash dividends.

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WIS004998 2/2014

