

Enhancing Exposure to European Equities

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Alejandro Saltiel, CFA

Head of Indexes, U.S.

European equity markets have shown strength this year, rebounding from last year's pandemic-related slowdown and ranking among the top performers year-to-date¹.

Many companies in cyclical sectors like Consumer Discretionary and Financials have reinstated their dividend payments this year after being forced to suspend them in 2020.

The eurozone economy appears to be firing on all cylinders. In the second quarter, the eurozone's growth, measured by GDP, expanded by 2% quarter-on-quarter², outpacing that of the U.S. and China. The third-quarter earnings season has been strong so far, showing a net earnings surprise of 7% driven³ by upward revisions to net income margins—the highest upward revisions to net income margins since 2010.

Consumption demand aided by the economic reopening and accommodative monetary policy has helped unleash excess savings that had accumulated during the pandemic, and increases on the production side have been led by the services sectors.

WisdomTree provides exposure to different European themes through the below funds:

WisdomTree European Exposures				
Theme	Index Name	Index Ticker	ETF Name	Tracking ETF Ticker
Large-cap, export-focused eurozone companies; EUR-hedged	WisdomTree Europe Hedged Equity Index	WTEHIP	WisdomTree Europe Hedged Equity Fund	HEDJ
Broad Europe (UK included) quality dividend growth; unhedged	WisdomTree Europe Quality Dividend Growth Index	WTEDG	WisdomTree Europe Quality Dividend Growth Fund	EUDG
Small-cap, broad Europe (UK included); unhedged	WisdomTree Europe SmallCap Dividend Index	WTESC	WisdomTree Europe SmallCap Dividend Fund	DFE

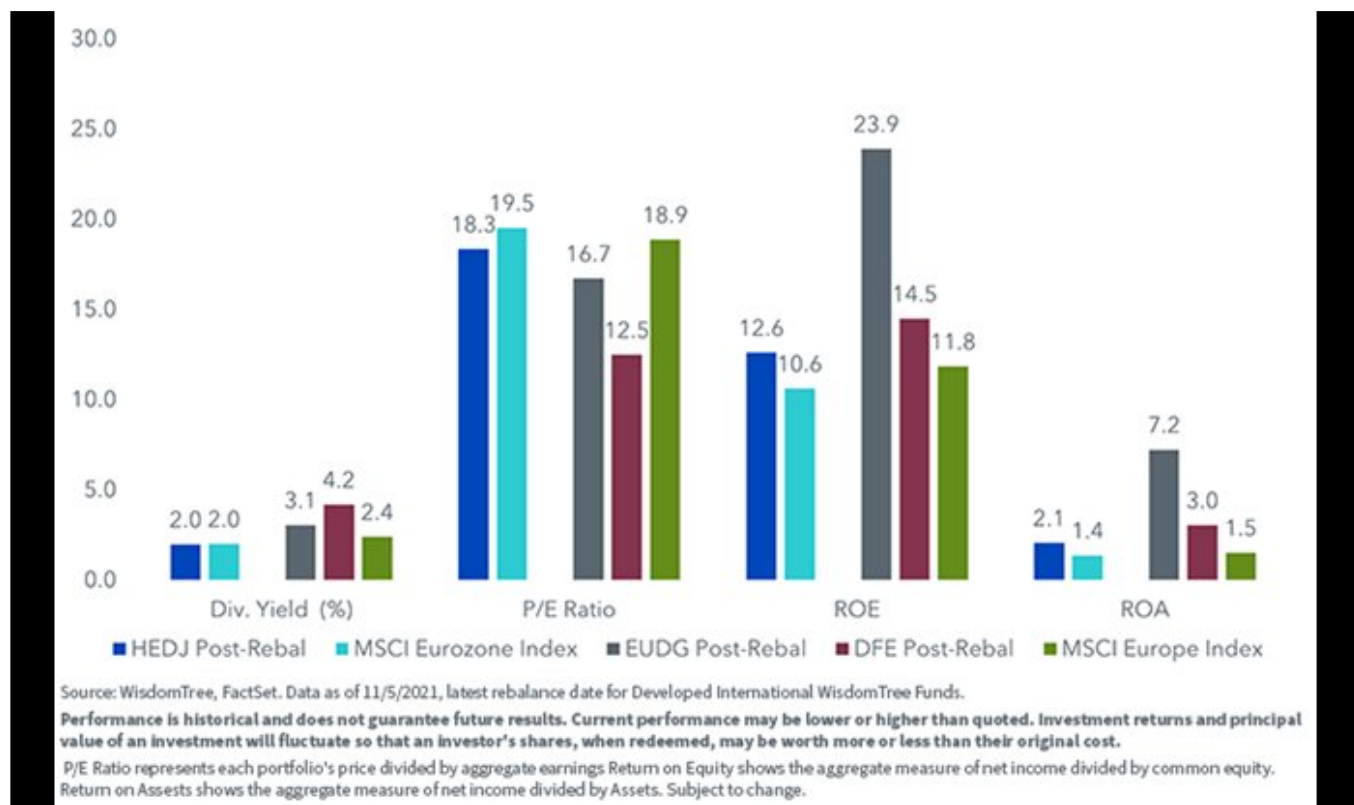
These Europe-focused Indexes rebalanced earlier in November as part of our annual developed international rebalance process.

Fundamental Changes

After [WTEHIP's](#) rebalance, the ETF Ticker [HEDJ](#), will have a slightly higher dividend yield, lower P/E valuation and higher profitability metrics relative to its benchmark the MSCI Eurozone Index. Similarly, [WTEDG](#) (ETF Ticker [EUDG](#)) and [WTESC](#) (ETF Ticker [DFE](#)) will show similar characteristics versus the MSCI Europe Index with the quality basket, [EUDG](#) exhibiting a higher quality factor and the SmallCap basket, [DFE](#), trading at a larger P/E discount.

Please read the [prospectus](#) carefully before investing.

Portfolio Fundamentals



For the most recent standardized performance, 30-day SEC yield, and month-end performance click the respective tickers: [HEDJ](#), [EUDG](#), [DFE](#).

Sector Changes

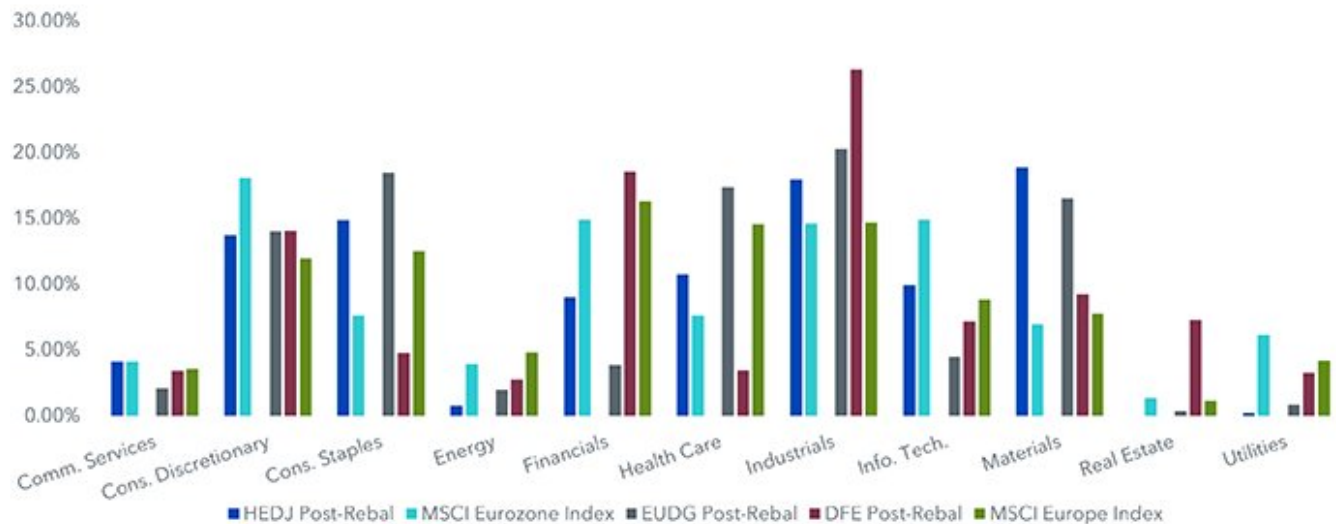
As a result of European Consumer Discretionary and Financials companies reinstating their dividends, [HEDJ](#) saw its exposure to these sectors increase, while its exposure to the Consumer Staples, Information Technology and Materials sectors was reduced. Overall, [HEDJ's](#) exporter focus continues to drive its overweight in the Consumer Staples, Health Care, Industrials and Materials sectors versus its benchmark the MSCI Eurozone Index.

For [EUDG](#), the effect of reinstated dividends was also seen in its increased exposure to Consumer Discretionary, while rising commodity prices and increased inflation caused a significant increase in exposure to the Materials sector. Overall, [EUDG's](#) quality and dividend growth focus resulted in overweight allocations in Consumer Staples and Consumer Discretionary, as well as Health Care, Industrials and Materials relative to its MSCI Europe Index benchmark.

The European small-cap exposure of [DFE](#) saw a combination of the other Funds' sector increases. Dividend reinstatements, along with increased commodity prices, caused WTESC to increase exposure

to the Consumer Discretionary, Financials and Industrial sectors. European small-cap exposures will give investors overweight exposures to cyclical sectors relative to the broad MSCI Europe Index.

Sector Exposures



Country Changes

The largest country-level changes in [HEDJ](#) were an increase in exposure to Spain and reduced exposure to the Netherlands.

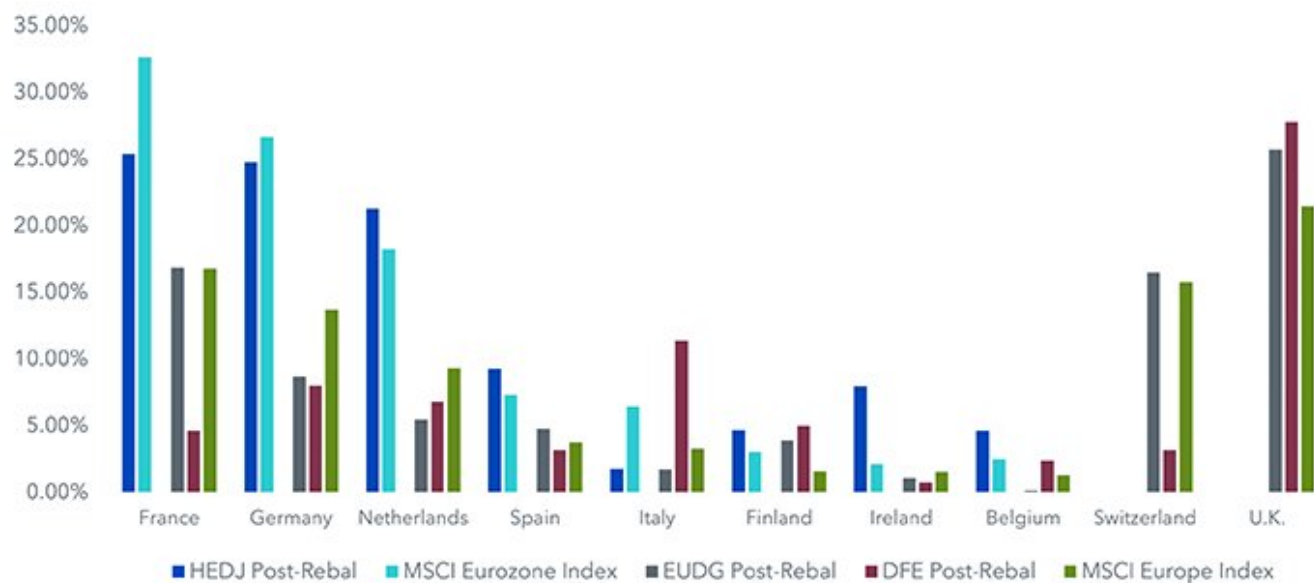
The increase in exposure to Spain can be attributed to Banco Santander, S.A., and BBVA, S.A., being added to the portfolio after they reinstated their dividends. On the other hand, the reduction to the Netherlands is related to Unilever's unification of its legal structure under its U.K. entity at the end of 2020.

For [EUDG](#), the largest changes were increased exposure to Germany, as companies like Adidas AG and Covestro AG were added to the portfolio, and reduced exposure to the U.K. through British American Tobacco being dropped from the portfolio for its increased composite risk score (CRS) as a result of its high dividend yield.

Small caps and the [DFE](#) portfolio saw its most important increase in exposure to Italy due to Italian banks reinstating their dividend payments. This portfolio saw a decrease in exposure to Switzerland and the Netherlands.

For current holdings for each fund click the respective tickers: [HEDJ](#), [EUDG](#), [DFE](#).

Country Exposures



Source: WisdomTree, FactSet. Data as of 11/5/21, the latest rebalance date for WisdomTree Developed International Funds. Subject to change.

1 MSCI Europe Index outperforming MSCI EAFE and MSCI EM Indexes year-to-date. Data as of 11/5/2021.

Source: WisdomTree, Bloomberg.

2 Data as of 08/17/2021. Source: Bloomberg.

3 Data as of 10/29/2021. Source: Bloomberg.

Important Risks Related to this Article

The WisdomTree Europe Funds seek to track the price and yield performance, before fees and expenses, of the appropriate WisdomTree Europe Indexes.

There are risks associated with investing, including the possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. 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. HEDJ can have a high concentration in some issuers, the Fund can be adversely impacted by changes affecting those issuers. Due to the investment strategy of HEDJ it may make higher capital gain distributions than other ETFs. EUDG focuses its investments in Europe, thereby increasing the impact of events and developments associated with the region which can adversely affect performance. Dividends are not guaranteed and a company currently paying dividends may cease paying dividends at any time. Investments in currency involve additional special risks, such as credit risk and interest rate fluctuations. EUDG invests in the securities included in, or representative of, its Index regardless of their investment merit. EUDG does not attempt to outperform its Index or take defensive positions in declining markets. Funds focusing their investments on certain sectors and/or smaller companies increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. Please read each Fund's prospectus for specific details regarding the Fund's risk profile.