Finding Opportunities in Corporate Bonds

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In an increasingly global economy, opportunities for investors are occurring all over the world. In fact, the majority of the world's corporate earnings (64%1) are currently being generated by companies outside the United States. Many investors understand the importance and appreciate the benefits of diversifying their equity portfolios internationally. But many of these same investors have traditionally limited their corporate bond exposure to opportunities in the United States. However, diversifying your corporate bond exposure globally has the potential to reduce risk, increase income and enhance total returns. Consider that: • Investors the world over use corporate bonds as a core position to help generate income, reduce risk and diversify their portfolios2 • There is a much wider opportunity set in corporate bonds when investors do not restrict themselves to U.S. issuers—a global universe currently features 2,761 issuers and $11.2 trillion in overall debt3 • Historically, incorporating non-U.S. corporate debt has provided diversification benefits within a corporate bond portfolio4 In our opinion, global corporate bonds could provide many important benefits as a core holding in an investor's fixed income portfolio. Additionally, we think it is essential to have an experienced active manager such as Western Asset Management Company ("Western") to manage a portfolio through credit cycles. Through their disciplined research process, Western has the potential to add value through active risk oversight and by exploiting market inefficiencies. The WisdomTree Global Corporate Bond Fund (GLCB) brings you both exposure to the global corporate bond market and access to a leading5 institutional fixed income manager (Western) with the transparency6 of an exchange-traded fund (ETF). This Fund is where we believe core bond investing meets opportunity. *Learn more about the WisdomTree Global Corporate Bond Fund.*

Hear WisdomTree's Luciano Siracusano discuss Global Corporate Bonds with Western's Ryan Brist in this podcast.

1MSCI, Bloomberg, as of December 31, 2012. Calculation based on the MSCI ACWI and MSCI ACWI ex-U.S. indexes.
2Western Asset Management, 2013.
3Barclays Global Credit Index, as of December 31, 2012. The Barclays Global Credit Index (Hedged) contains investment-grade and high-yield credit securities from the Multiverse Index. The Multiverse Index is the merger of two index groups: the Global Aggregate Index and the Global High Yield Index.
4Barclays, WisdomTree, 2013.
5Morningstar, 2013.
6Daily fund holdings are available at www.wisdomtree.com.

Important Risks Related to this Article

Diversification does not eliminate the risk of experiencing investment loss. 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. 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. Derivative investments can be volatile, and these investments may be less liquid than other securities, and more sensitive to the effects of varied economic conditions. Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. In addition, when interest rates fall, income may decline. Fixed income investments are also subject to credit risk, the risk that the issuer of a bond will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Unlike typical exchange-traded funds, there is no index that the Fund attempts to track or replicate. Thus, the ability of the Fund to achieve its objective will depend on the effectiveness of the portfolio manager. Due to the investment strategy of this Fund, it may make higher capital gains distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile. ALPS Distributors, Inc., is not affiliated with Western Asset Management Company.