How Is Our Managed Futures Index Positioned Today?

Published July 8, 2016

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As of July 1, the WisdomTree Managed Futures Strategy Fund (WDTI) began tracking a proprietary WisdomTree Index, the WisdomTree Managed Futures Index. We have recently outlined the new Index methodology developed by WisdomTree. Below, we review the latest positions in the Index. **Key Features of the WisdomTree Managed Futures Index** 1) **Lower Volatility Emphasis:** We have deemed commodities with high volatility to be poor candidates for a long/short managed futures strategy, and we thus allocate zero weight to the four assets from our universe that have the highest volatility. As of the June 2016 rebalance, the four commodities with the highest volatility were corn, sugar, coffee and wheat. 2) **Equal Weight:** WisdomTree uses an equal-weighted allocation across the Index. 3) **Scaled Position Sizes:** WisdomTree's new Index incorporates a composite momentum signal, such that we evaluate price trends on three time horizons: short-, medium- and long-term signals using three-, six- and twelve-month price trends. When two of the three signals agree on the direction of the commodity, two-thirds of the notional position is established, as there is not a uniform conviction in the price trend. The table below illustrates the allocation as of the June rebalance.

	Included	Weight If Fully Invested	Scaled / Effective Weight		Composite
Crude Oil	Yes	5.00%	3.33%	↑	2
Natural Ga	Yes	5.00%	3.33%	↑	2
Heating Oi	Yes	5.00%	3.33%	↑	2
Gasoline	Yes	5.00%	3.33%	↑	2
Copper	Yes	5.00%	3.33%	↓	-2
Gold	Yes	5.00%	5.00%	↑	3
Silver	Yes	5.00%	5.00%	↑	3
Soybeans	Yes	5.00%	5.00%	↑	3
Corn	No	0.00%	0.00%	↑	2
Wheat	No	0.00%	0.00%	↓	-3
Coffee	No	0.00%	0.00%	↑	2
Sugar	No	0.00%	0.00%	↑	3
Cotton	Yes	5.00%	3.33%	↑	2
Cocoa	Yes	5.00%	3.33%	↓	-2
Live Cattle	Yes	5.00%	5.00%	↓	-3
Lean Hogs	Yes	5.00%	3.33%	↑	2
EURUSD	Yes	5.00%	3.33%	↓	-2
JPYUSD	Yes	5.00%	5.00%	↑	3
GBPUSD	Yes	5.00%	5.00%	↓	-3
CHFUSD	Yes	5.00%	3.33%	↓	-2
AUDUSD	Yes	5.00%	3.33%	↓	-2
CADUSD	Yes	5.00%	3.33%	↓	-2
30Y Bond	Yes	5.00%	5.00%	↑	3
10Y Note	Yes	5.00%	5.00%	↑	3
		100.0%	**80.0%**		

Latest Re-balance:
20 Futures Contracted selected due to:

-24 Contract Starting Universe
- **4 Most Volatile Futures**
- ***Crude, Natural Gas, Heating Oil,* and *Gasoline* were included due to their long signals**

-Weight if Fully Invested = 100%/20 (5.00%)

-Scaled/Effective Weight =
Weight if Fully Invested *2/3

Sources: WisdomTree, Bloomberg, as of 6/28/16. You cannot invest directly in an index. Subject to change.

• This year has been bullish for commodities in general. A number of the commodities show long exposures, but they have varying degrees of conviction.

o In the energy complex, for instance, crude oil, heating oil, natural gas and gasoline all currently have a long bias, but only two of the three signals agree, so weight is scaled down to 3.33% from the 5.00% it would be if there were full alignment of a long signal.o Gold and silver have been in bullish trends because of some of the uncertainty in the market this year, and all three signals agree, so there are full positions long gold/silver.o Copper has been declining and two of the three signals agree, so there is a short position there of 3.33%. • Commodities with bullish signals over all time horizons that we measure include gold, silver, sugar and soybeans. • There are still a number of shorts in commodities, including cocoa and cattle. • On the currency side according to our composite momentum framework, the dollar is now strengthening versus the majority of currencies, but only on two of the three signals, so long dollar/short euro, Swiss franc, Australian dollar and Canadian dollar are all positions that are expressed. The British pound is the only currency to see full conviction on the short signal. o The only currency that has a long bias versus the U.S. dollar right now is the Japanese yen, which shows all three time horizons agreeing. • The trend has favored falling interest rates; therefore, there are two long bond positions and the three signals are aligned there, so full long positions were taken. Managed futures strategies are coming back into focus as a result of market volatility and uncertainty. We believe indexes that go long and short the various asset classes can play a key diversifying role in a portfolio allocation. In our view, the new WisdomTree Managed Futures Index represents an important addition to the WisdomTree proprietary Index family.

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. An investment in this Fund is speculative and involves a substantial degree of risk. One of the risks associated with the Fund is the complexity of the different factors that contribute to the Fund's performance, as well as its correlation (or noncorrelation) to other asset classes. These factors include use of long and short positions in commodity futures contracts, currency forward contracts, swaps and other derivatives. Derivatives can be volatile and may be less liquid than other securities, and more sensitive to the effects of varied economic conditions.

The Fund generally does not make intramonth adjustments and therefore is subject to substantial losses if the market moves against the Fund's established positions on an intramonth basis. The Fund is actively managed; thus, the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager. Due to the investment strategy of this Fund, it may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

Diversification does not eliminate the risk of experiencing investment loss. Investments in commodities may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes and international economic and political developments. Commodities and futures are generally volatile and are not suitable for all investors. Investments in currency involve additional special risks, such as credit risk and interest rate fluctuations.