

Introducing the WisdomTree Global Small-Cap Dividend Fund

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WisdomTree has been constructing fundamental rules-based indexes for almost a decade on the premise that markets are not always efficient, and so stock price may not be the best determinant of fair value. Consequently, we believe that screening various markets by their fundamentals and reweighting those securities by their fundamentals, instead of price, on a periodic basis can potentially improve risk-adjusted returns. So far, we are very pleased with the overall results, and historically we have seen some of the best outperformance in the least-efficient markets, like small caps and emerging markets. To enable investors to capitalize on the trend, WisdomTree over the years has brought to market numerous exchange-traded funds (ETFs) designed to track WisdomTree's proprietary fundamental Indexes. WisdomTree's first set of small-cap dividend ETFs was launched on June 16, 2006, and many of them were the first to provide access to asset classes such as international developed, Japanese and European small caps in an ETF structure. Over the years, WisdomTree has continued to launch small-cap ETFs in various markets, and now six of them have established a real-time track record of at least eight years, and we are pleased with the results.

Introducing the WisdomTree Global SmallCap Dividend Fund (GSD) Now, with the launch of the WisdomTree Global SmallCap Dividend Fund, investors can capture the performance of a broad basket of small-cap dividend payers across the globe in one ETF. GSD is designed to track the performance of the [WisdomTree Global SmallCap Dividend Index \(WTGS\)](#) before fees and expenses. Although WTGS is a newly constructed index, the methodology at its core uses the same fundamental rules-based process WisdomTree has been implementing in small caps around the world for almost a decade.

WisdomTree Global SmallCap Dividend Index Methodology

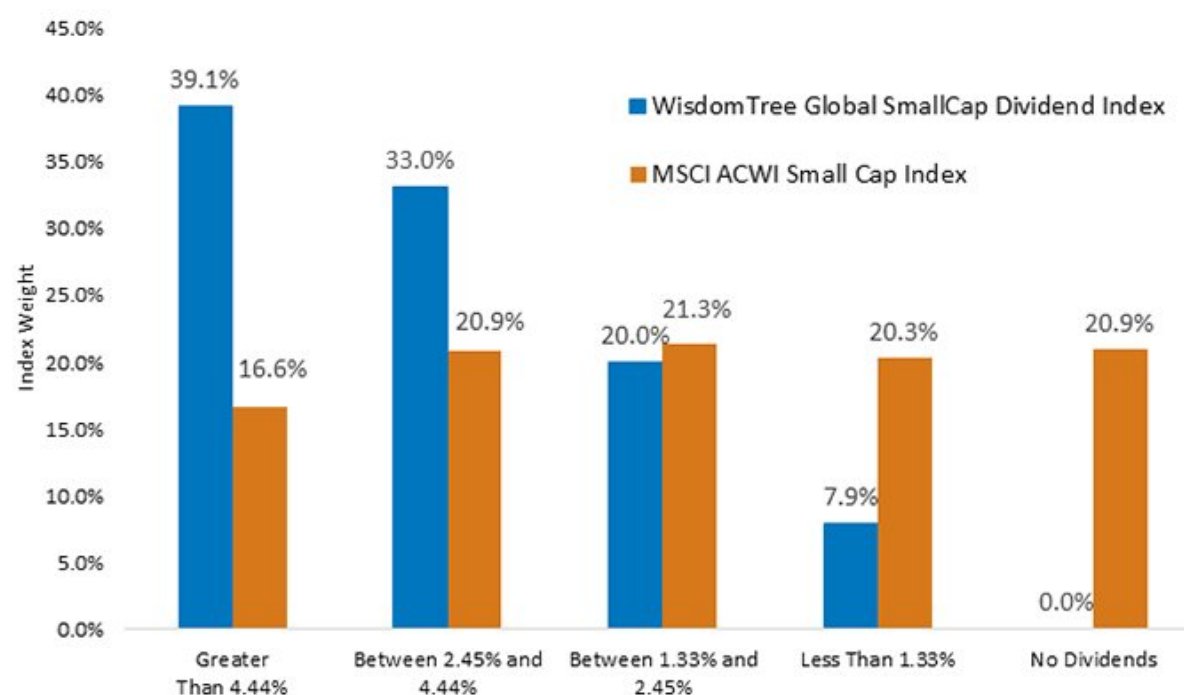
- **Eligible Universe:** Component companies must be a member of the [WisdomTree Global Dividend Index](#), which is WisdomTree's broadest measure of dividend-paying stocks that meet certain market capitalization, liquidity and listing requirements.
- **Selection:** The 1,000 largest small-capitalization companies that rank in the bottom 5% of the WisdomTree Global Dividend Index by market capitalization are selected for inclusion.
- **Weighting:** The initial weight of a component in the Index is based on its *Dividend Stream*® (derived by multiplying the U.S. dollar value of the company's annual gross dividend per share by the number of common shares outstanding for that company) divided by the total *Dividend Stream* of the Index.

- **Regional Weights:** The regional weights will be adjusted from their pure *Dividend Stream* weights to ensure that regional allocations (among the United States, developed world and emerging markets) of this global small-cap dividend Index are in line with the traditional regional allocations of global benchmarks like the MSCI ACWI Index.

- **Capping Rules¹:** Should any sector achieve a weight equal to or greater than 25% of the Index, weight of companies will be proportionally reduced to 25% as of the annual screening date.

The Fundamental Difference The WisdomTree Global SmallCap Dividend Index (WTGS) seeks to provide exposure to small-cap dividend-paying companies around the globe while maintaining sensitivity to valuation. To help achieve this, the Index weights companies by the dividends they generate, rather than their market cap, and rebalances back to dividends on an annual basis. Ultimately, the rebalancing process refreshes constituent weights based on a measure of relative value. Weights change at the rebalance based on each stock's relative price appreciation compared to its relative dividend growth. This process tends to shift more weight to firms that have higher dividend yields compared to market cap-weighted indexes. The dividend yield for WTGS was 4.21%, almost double the 2.11% dividend yield of the MSCI ACWI Small Cap Index.² The chart below provides a look at how the weight is distributed, to give a sense for why this higher dividend yield is seen at the aggregate index.

Dividend Yield Quintiles



Sources: WisdomTree, Bloomberg, as of 9/30/15. WisdomTree Index constituents based on most recent annual screening. Subject to change. Past performance is not indicative of future results. You cannot invest directly in an index.

• **More Weight in Higher Yielders:** The WisdomTree Global SmallCap Dividend Index has nearly 40% of its weight in stocks with dividend yields above 4.44%. The MSCI ACWI Small Cap Index only has 16% of its weight in highest quartile and almost 21% weight in non-dividend payers. Although weight may fluctuate throughout the year, at each annual rebalance WisdomTree requires companies to be current dividend payers before inclusion. We believe this limits the weight to firms that tend to be more speculative and lower quality to zero. The MSCI ACWI Small Cap Index does not share this requirement. 1Weights may fluctuate above the specified caps during the year but will be reset at each annual rebalance date. 2Sources: WisdomTree, Bloomberg, as of 10/31/15.

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