

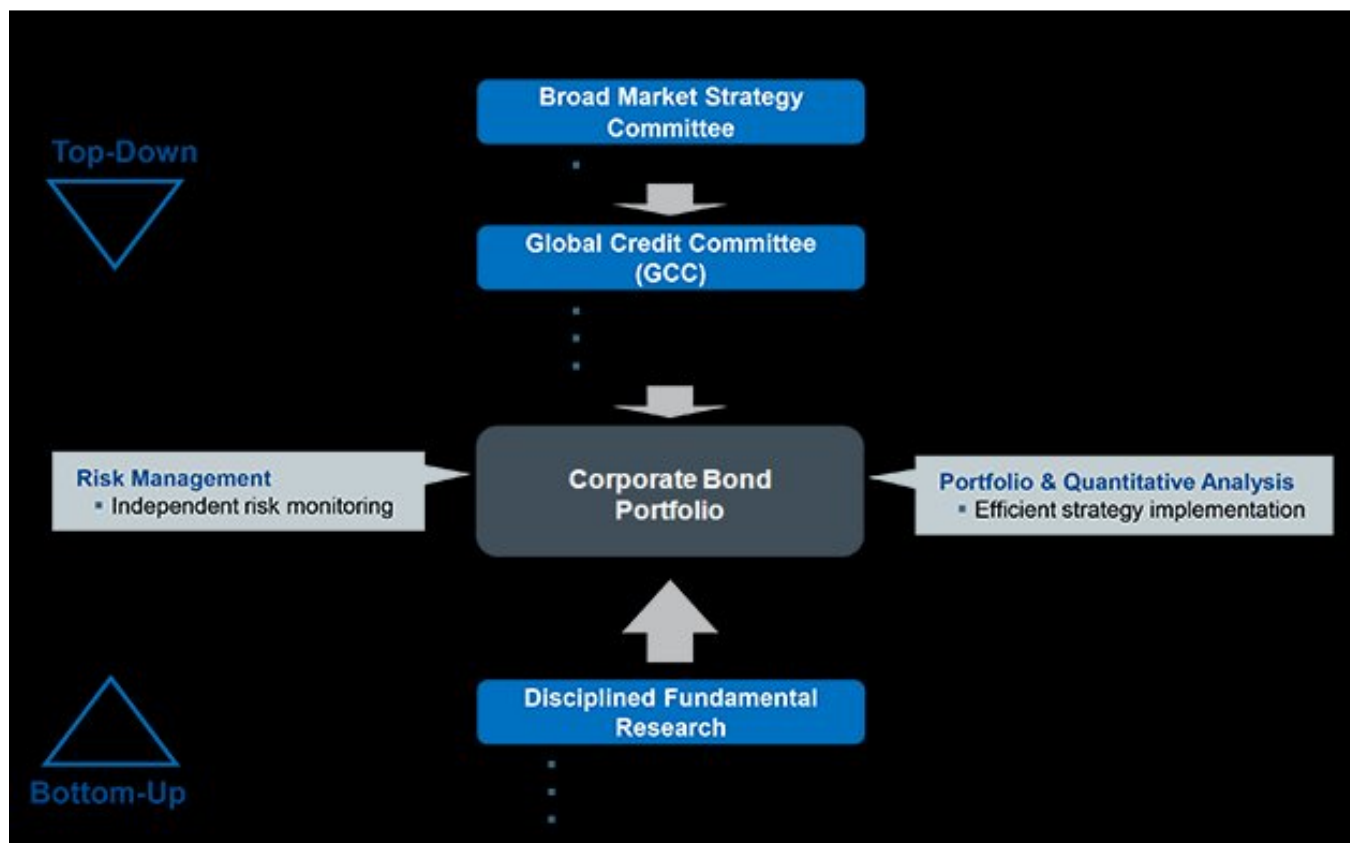
What Dictates Your Fund's Investment Allocations?

Published March 19, 2013

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In many fixed income [exchange-traded funds](#) (ETFs), the security selection and investment allocations of the fund are determined by a market capitalization-based index. As a result of market cap-based investing, an issuer's weight in the portfolio will continue to rise as it issues more debt. From the investor's perspective, companies are rewarded for issuing more debt, regardless of their capacity to actually service it. For investors, this could be a recipe for trouble, particularly in less-than-placid markets. As an alternative to a market capitalization-based approach, active management empowers the portfolio manager to make a conscious decision to take a position in a particular bond and have an investment thesis for why that bond is a part of the investor's portfolio. At WisdomTree, we believe that bond investing requires a different approach to market cap-based investing in order to adequately assess opportunities when navigating credit markets. As a result, we have partnered with Western Asset Management (Western), a well known credit manager, to sub-advise the WisdomTree [Emerging Markets Corporate Bond Fund \(EMCB\)](#) and the WisdomTree [Global Corporate Bond Fund \(GLCB\)](#). Central to both funds' investment process is the concept of integrating top-down analysis of macro-economic factors with a comprehensive bottom-up examination of firm-specific risks and opportunities. As a result, we believe this approach has the potential to lead to performance over time. **Top Down** What countries or sectors present the greatest opportunities, given the risks involved? Where in the world do I believe there is the greatest opportunity for profits? Where can I reduce risk during unfavorable markets?



Bottom Up What companies currently offer, in our view, the best characteristics and prospects to express the output of our credit analysis? Western combines disciplined credit research with active risk oversight to manage portfolios through the credit cycle. As part of this investment process, Western employs 28 research analysts that are singularly focused on understanding the businesses they are investing in and making recommendations to the portfolio management team. In addition to highlighting potential credit pitfalls, Western is often willing to avoid participating in large index-influencing issuers that are deemed to offer more limited return prospects. Having done their homework, they are able to sell securities that have reached their profit target or to remove a position if their opinion of a company's prospects has changed. In our actively managed Funds, the focus is on providing thoughtful exposure in an attempt to generate attractive risk-adjusted returns from the asset class. Ultimately, we believe that a fixed income portfolio constructed with economic rationale provides a more intuitive investment approach than many traditional market cap indexes. With daily visibility into the portfolios, investors can now refine their asset class exposures in corporate bonds with the expertise of a preeminent credit manager like Western.

Important Risks Related to this Article

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 Funds attempt to track or replicate. Thus, the ability of the Funds to achieve their objective will depend on the effectiveness of the portfolio manager. Due to the investment strategy of these Funds, they may make higher capital gain distributions than other ETFs. Please read the Funds' prospectus for specific details regarding the Funds' risk profiles. ALPS Distributors, Inc., is not affiliated with Western Asset Management Company, sub-advisor for the Funds.